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CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE JEAN MARCHAND, P.C.
SPEAKER

1980-81-82-83
FIRST SESSION, THIRTY-SECOND PARLIAMENT
29-30-31-32 ELIZABETH II

VOLUME II

(November 24, 1980 to June 11, 1981)

Parliament was opened on April 14, 1980
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Queen's Printer for Canada, Ottawa

The Speaker

THE HONOURABLE JEAN MARCHAND, P.C.

The Leader of the Government

THE HONOURABLE HORACE ANDREW OLSON, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.



THE SENATE

Monday, November 24, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE LATE JULES LÉGER

TRIBUTES TO FORMER GOVERNOR GENERAL OF CANADA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a great many moving tributes have been paid to the late and distinguished former Governor General, the Right Honourable Jules Léger, who passed away last Saturday.

Jules Léger was truly a great Canadian with a record of outstanding service to this nation. Tonight, I know I reflect the sentiments of all honourable senators as I rise, with a great deal of sadness, to note some of the reasons why we grieve his passing.

[*Translation*]

He started his career as a newspaper man for the daily *Le Droit* in 1938 and then was a professor at Ottawa University until 1942.

In 1942, he was appointed secretary to the Canadian embassy in Chile. From 1943 to 1949, he performed the same duties in London. In 1951, he became Assistant Under Secretary of State for External Affairs. Later on, he was appointed Canadian Ambassador to Mexico, Ambassador to the Council of the North Atlantic Treaty (NORAD) and Ambassador to Italy.

[*English*]

Jules Léger became Canadian Ambassador to France in 1964 and held that post at a time when relations between our two countries became particularly strained as a result of General de Gaulle's visit to Canada in 1967. Canada was fortunate to be able to count on someone of Jules Léger's experience and character at such a time.

[*Translation*]

In 1968, Jules Léger was appointed Under Secretary of State responsible for arts, culture, bilingualism, education and citizenship.

● (2205)

[*English*]

Before being named Governor General, Mr. Léger was named to his last diplomatic post as Ambassador to Belgium and Luxembourg.

In 1974, Jules Léger became Canada's twenty-first Governor General, the fourth Canadian and only the second French Canadian to be so honoured. Only six months after assuming his functions, Mr. Léger suffered a severe stroke, leaving him partially paralyzed. Yet he refused to resign and his will to recover became a symbol of courage to all Canadians. Within two years, Mr. Léger had recovered enough to work full days and he managed to visit every Canadian province as well as the two territories.

However, Mr. Léger's most important accomplishment may have been the Canadianization of the office of Governor General. He excelled in this task, contributing to Canadian unity and lending a sharper perspective to the concept of Canadian identity. His perseverance and his courage in this regard will serve as an example to all Canadians.

[*Translation*]

We offer our most sincere condolences to Madam Léger and her daughter Hélène.

[*English*]

Hon. Jack Marshall: Honourable senators, I feel very humble tonight because of the fact that I have to replace my leader and pay tribute to the late Jules Léger, former Governor General and a great and distinguished Canadian, but I feel it an honour and a privilege to act in this capacity.

● (2010)

Unfortunately, because I am a relatively new member of the Senate, I did not enjoy the privilege and honour of knowing the former Governor General, but I followed his career and was astounded by the humanitarian aspect of it, and the manner in which he brought the high office of Governor General to the people of Canada.

As a veteran, I was struck by the fact that, despite suffering a stroke, he insisted on continuing his duties. In doing so, he had the comfort and assistance of his wife, Gaby Léger. She helped him carry out those duties—duties which meant so much to Canada.

I join the Prime Minister and many distinguished Canadians more worthy than I, in paying tribute to a great Canadian. We, in this party, and all Canadians, in line with the words of the Leader of the Government, feel that we have lost a part of Canada and a most distinguished Canadian.

[*Translation*]

The Hon. the Speaker: Honourable senators, I had the good fortune of being a personal acquaintance of His Excellency Jules Léger. His good humor, lack of pretence, his sense of duty and devotion to the service of his country will reserve him a special place in our memories as a man who was always equal to the tasks inherent in the important posts he held. With the courageous assistance of his magnificent wife, he worked and reworked, like some master ploughman, the ter-

rain given into his charge. Much was shown by this great man, and the harvest will continue for a long time to come.

Happy are those who, like Jules Léger, leave to their brothers such a rich heritage. We are proud of what he did and prouder still of what he was.

Truly, he was a man deserving of our fondest memories and undying gratitude.

To his family, and particularly Madame Léger, we extend our deepest sympathies.

[*English*]

STATUS OF WOMEN

SPECIAL JOINT COMMITTEE ON THE CONSTITUTION—REMARKS BY SENATE JOINT CHAIRMAN—QUESTION OF PRIVILEGE

Hon. Martha P. Bielish: Honourable senators, I rise on a matter of privilege to demand, on behalf of Canadian women, an apology from the Senate Joint Chairman of the Special Joint Committee on the Constitution. Senator Hays, referring as he did in committee last week, to Canadian women as the "girls," and suggesting that our place is in the home looking after children, demonstrated that he is completely insensitive to the aspirations of contemporary Canadian women.

We realize full well that we have been biologically favoured by nature to bring children into the world. We are also aware of the fact that we have traditionally been expected to play a major role in their upbringing. We have no intention of attempting to rewrite the laws of nature, nor do we for a moment intend to lessen our dedication to properly care for our children. But we do not intend to sit back and allow anyone to dictate to us how our everyday lives should be organized, what our priorities should be, and in what fields of endeavour our talents would be welcomed.

● (2015)

We consider ourselves Canadian citizens, enjoying all of the rights that that privilege carries, and one of those rights is certainly that of not being treated like children.

Senator Hays' behaviour was totally reprehensible. It showed a singular lack of respect and revealed that he is totally out of touch with developments in contemporary society. I think his behaviour cast serious doubts on his fitness to occupy the position of Joint Chairman of the Special Joint Committee on the Constitution. I would therefore invite him to consider seriously whether he should not step down and allow someone with a greater awareness of social evolution to take his place.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Hays is well able to speak for himself; but, as honourable senators will have observed, he is not in the chamber at this time. The usual parliamentary practice, if remarks of a personally critical nature are directed at another member of this place, is to ensure, first of all, that the senator is either in his place so that he is in a position to respond immediately or, alternatively, to at least provide him with an advance copy of personally critical remarks and prior notification that these remarks are to be voiced in the Senate.

I presume that the Honourable Senator Bielish has provided the Honourable Senator Hays with an advance copy of her statement so that he will be in a position to reply if he so desires.

Senator Phillips: Honourable senators, if I understood Senator Perrault correctly, he referred to Senator Bielish's remarks as being of a personal nature. I listened carefully to those remarks, and while they were critical of Senator Hays' action, they were not personal. The leader is entirely wrong in his interpretation of Senator Bielish's remarks. It is quite proper for her to criticize Senator Hays' action, and she in no way criticized the person of Senator Hays.

Senator Perrault: Well, honourable senators, I do not wish to engage in a prolonged debate with Senator Phillips, who is surely entitled to his views, but when a senator in this place, regardless of party, is referred to as "totally unfit" to undertake certain important responsibilities which have been given to him, I feel that this harsh description constitutes a very personal remark.

May I suggest that Senator Bielish, in all fairness, should provide Senator Hays with a copy of her statement and notify him that this statement was made here this evening. Senator Hays, of course, is very busy with his responsibilities with the Special Joint Committee on the Constitution.

Senator Bielish: Could I have your last statement again, please?

Senator Perrault: I said that I felt it would be fair to another honourable colleague to notify him of the statement that was made in the chamber this evening. Furthermore, may I suggest that he be provided with a copy of the statement. May I suggest that in all fairness to Senator Hays, he should have been provided with a copy of the statement before it was made in this chamber this evening.

Senator Bielish: Honourable senators, I shall make certain that he receives a copy this evening. I had not provided him with a copy prior to this evening, but I shall send a copy of this statement to him in the committee as soon as possible.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate that the names of Messrs. Epp, Keeper, Miss Jewett, Messrs. Robinson (Burnaby), Tobin, Miss Jewett, Miss MacDonald, Messrs. Lapierre, Epp, Tobin, Robinson (Burnaby), Lapierre, Hawkes, Irwin, Miss Jewett and Mr. Gimaïel had been substituted for those of Messrs. La Salle, de Jong, Keeper, Miss Jewett, Messrs. Lapierre, Robinson (Burnaby), Epp, Tobin, Fraser, Lapierre, Miss Jewett, Messrs. Irwin, Beatty, Tobin, Robinson (Burnaby) and Irwin; and that the names of Messrs. Young, Dinsdale and Irwin had been substituted for those of Miss Jewett, Miss MacDonald and

Mr. Gimaïel on the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

● (2020)

CANADA POST CORPORATION BILL

SUBJECT MATTER OF CLAUSES 2, 3 AND 17 REFERRED TO STANDING JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS—COMMONS MESSAGE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received a message from the House of Commons in the following words:

Thursday, November 20, 1980

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the subject matter of Clauses 2, 3 and 17 of Bill C-42, An Act to establish the Canada Post Corporation, to repeal the Post Office Act and other related Acts and to make related amendments to other Acts, has been referred to the Standing Joint Committee on Regulations and other Statutory Instruments.

Attest

C. B. Koester
The Clerk of the House of Commons

Ordered that the message do lie on the Table.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of document entitled "A Review of the Taxation of Capital Gains in Canada: An examination of the Canadian experience and of issues involved in proposals for change", dated November 1980, issued by the Department of Finance.

Copies of Order in Council P. C. 1980-3142, dated November 21, 1980, directing Petro Canada to negotiate with Esso Resources Canada Limited with a view to advancing to that company up to forty million dollars ($40,000,000) for the period to June 1, 1981, on such terms and conditions as may be determined by Petro Canada, in order to maintain the Cold Lake Project in existence.

BANKING, TRADE AND COMMERCE

BANKS AND BANKING LAW REVISION BILL, 1980—REPORT OF COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I desire to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-6, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date and form part of the permanent records of this house.

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 1289.*)

[*Translation*]

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting tomorrow, Tuesday, November 25, 1980, and that rule 76(4) be suspended in relation thereto.

[*English*]

The Hon. the Speaker: Honourable senators, is leave granted?

Senator Phillips: Honourable senators, could the deputy leader explain why the committee is seeking this privilege, and perhaps he could tell us if the Standing Senate Committee on Banking, Trade and Commerce will be meeting tomorrow afternoon, because the thought occurs to me that if both committees meet tomorrow afternoon and there are still transportation problems, it will be difficult to have a quorum in three places at the same time.

Senator Frith: Honourable senators, Senator Phillips's question is apropos. I wish I could give a definite answer, but I can only give an indefinite one. As honourable senators will remember, the objective was to deal with the second reading stage of the Bank Act this evening, and have it referred to committee tomorrow morning in the hope that we might get it back in the house tomorrow afternoon.

● (2025)

After making our plans a problem arose in connection with the attendance of an important witness, and it looked as if we were unlikely to have the Banking, Trade and Commerce Committee sit until tomorrow afternoon. However, I was informed about 30 seconds ago that it looks as though the witness will be able to attend in the morning, and therefore we will be able to proceed with our arrangement to have the house sit tomorrow afternoon.

That brings me to my reason for asking permission for the Foreign Affairs Committee to sit tomorrow afternoon. It is because that committee had planned a long time ago to have some witnesses from Toronto and the United States appear before it tomorrow afternoon, assuming that the Senate would be sitting Tuesday evening. The caveat raised by Senator Phillips is one that we should keep in mind with reference to a quorum, if several committees are authorized to sit tomorrow

afternoon. I thank the honourable senator for bringing that to my attention.

Senator Phillips: We will give leave, honourable senators, on condition that the Deputy Leader of the Government will be responsible for maintaining the three quorums.

Senator Frith: That is difficult but it is fair.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

STATUS OF WOMEN

SPECIAL JOINT COMMITTEE ON THE CONSTITUTION—REMARKS BY SENATE JOINT CHAIRMAN

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government. Having regard for the importance of the question of privilege raised by my colleague, Senator Bielish, could the Leader of the Government undertake to make every effort to have Senator Hays present in the chamber tomorrow to deal with that question?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in the ordinary course, Senator Hays would be present tomorrow afternoon. I understand that the special joint committee will be sitting at approximately 3.30 p.m. tomorrow. I must say, however, that I have not read the entire transcript of the remarks which have been attributed to the honourable senator, and I do not think that any honourable senator would wish to pass judgment until we had the record before us. I do not intend to engage in any personal criticism or make any comment until I make sure that the facts are as outlined.

YUKON TERRITORY

THE CONSTITUTION—ENTRENCHMENT OF CHARTER OF RIGHTS AND FREEDOMS

Hon. Nathan Nurgitz: I have a further question for the Leader of the Government. In an interview last Friday the Honourable John Munro acknowledged as valid the concerns of the Government of the Yukon Territory regarding its ability to control the economy of the Yukon should the new Charter of Rights become entrenched in the Constitution. It relates to the question that has been raised in the Northern Pipeline Committee and which I have raised with the Minister responsible for Economic Development.

The Government of the Yukon is joined by the Human Rights Commissioner, the Commissioner of Official Languages, the National Indian Brotherhood, the Canadian Civil Liberties Association, the National Action Committee on the Status of Women, the Canadian Jewish Congress, and almost every other group to appear before the joint committee, in labelling the proposed charter as seriously flawed. Some have even had the audacity to refer to it as dangerous.

With that in mind—and I am referring not just to those reflections of the various interest groups, but also to the minister's comment—is the Government of Canada at least giving consideration to a total rewrite of the charter, given that it appears that mere amendments would be unlikely to rectify some of its substantial flaws?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, some time ago it was stated by the Right Honourable the Prime Minister, and other government spokesmen, including spokesmen in this chamber, that one of the values of forming a joint committee made up of able parliamentarians was to enable various interest groups and governments, associations and organizations to appear and make known their views. That process is now under way, and it is a valuable one. I am certain that the fair-minded people who make up that joint committee will listen attentively to the representations made to them by the representatives of the Yukon, and the weight that they wish to accord to those views will be reflected subsequently in a committee report to Parliament, which will then, of course, be debated in both chambers.

• (2030)

Senator Nurgitz: Honourable senators, the question, really, that I directed to the Leader of the Government was as to whether, in the light of such substantial criticism from so many quarters, any consideration has been given not just to making amendments, as the honourable leader suggests, but to a rewrite of the constitutional proposals. That, really, is the question.

Senator Perrault: Honourable senators, in my view it would be most unparliamentary for the government to announce that it is going to alter substantially its constitutional proposals before the committee of qualified parliamentarians studying those proposals has had a chance to report back with its recommendations. It would certainly be out of character for a government that believes in the democratic process for that government to initiate unilateral action to change its constitutional proposals before the joint committee has presented its report. However, the Prime Minister has stated many times that he is prepared to consider changes in the constitutional proposals if the weight of the evidence appears to warrant changes.

Senator Nurgitz: I thank the Honourable Leader of the Government, and I appreciate his remarks. I, too, am against unilateral action. It is interesting that he chose that word.

TRANSPORT

URBAN TRANSPORT ASSISTANCE PROGRAM—ALLEGED DISCRIMINATION AGAINST ONTARIO

Hon. Nathan Nurgitz: Honourable senators, I would like to ask the Leader of the Government a question arising from an

article appearing in today's Toronto *Globe and Mail*, dealing with a report that the Ontario Transport Minister, the Honourable James Snow, has accused the federal government of discriminating against Ontario in its policies with regard to aid to urban transit.

When asked in the Commons today about the $290 million commitment that was made to urban transit by the party of the government—I believe in the 1974 election campaign—almost none of which has been delivered, the Minister of Transport said that the government may have been overly enthusiastic in making commitments of that sort, without giving any answer to the question.

While we are unaccustomed to this sort of frankness from Liberal ministers, can the Leader of the Government provide us now with details as to when these specific commitments will be honoured, or if there have been other commitments made during periods of high enthusiasm which we can expect will not be fulfilled as well.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would like to defer to our distinguished colleague, Senator Olson, who has some information on that point.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am informed, of course, that there were some questions raised in the other house earlier today, but I understand that under the arrangements of the Urban Transport Assistance Program, although the federal government allocates funds, it is the responsibility of the provincial governments to determine which programs or projects will benefit from these moneys.

In the case of Ontario, apparently most of their funds went towards grade separations. As I understand it the actual allocation of funds is based on a formula of $10 per capita. This allocation formula was agreed to on consultation with the provinces, which felt that a per capita basis was the only feasible way of assigning the money. It is obvious that this agreement takes into account the greater needs of more populous areas for funds, for both urban transportation and grade separations.

Senator Perrault: Call Mr. Davis on that.

ITALY

EARTHQUAKE DISASTER—GOVERNMENT AID

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. I am sure that honourable senators have heard about the devastating earthquake in southern Italy yesterday, an earthquake that claimed thousands of victims. A fund-raising committee has been established in Toronto under the auspices of the National Congress of Italian Canadians, and committees will be established in other parts of Canada.

Has the government leader any indication to give us of whether any Canadian aid will be despatched to the earthquake area similar to the aid that was despatched to the Friuli region in 1976, when a similar earthquake took place there?

• (2035)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the reports from Italy are most tragic. The formal information I received this morning from the Office of the Secretary of State for External Affairs is that Italy has not yet appealed for international support. However, should an international appeal be launched, without question Canada would consider a response to the appeal. Canadian generosity and compassion in the aftermath of human tragedy has been demonstrated many times, including the occasion of the Friuli disaster.

In the present tragic circumstances, the government encourages concerned Canadians to contact the Canadian Red Cross Society, which has been asked to co-ordinate contributions to the stricken area. Donations in cash are encouraged, as they allow local relief workers to respond quickly with supplies which meet local needs more adequately and effectively than gifts in kind.

I understand that this afternoon a further personal statement was made by the Secretary of State for External Affairs, the Honourable Mark MacGuigan. Hopefully, a copy of that statement can be obtained at some point this evening, or in time for tomorrow's Question Period. At that time I hope to provide further information regarding Canadian aid to alleviate that terrible and devastating disaster.

Senator Bosa: Will the government leader undertake to make representations to the government that if any relief in the way of cash is going to be made to the earthquake victims, it be made through the National Congress of Italian Canadians, who did such an outstanding job after the Friuli earthquake in building shelters for the earthquake victims, rather than just providing temporary relief, which is provided quite capably by the Italian government?

Senator Perrault: The Honourable Senator Bosa has a long history of expertise and concern in this area. He has been most helpful in the past in advancing contructive proposals affecting refugee relief in various part of the world, not the least of which have been the human problems arising from the unfortunate earthquake in Italy.

The suggestion he has made this evening will certainly be communicated to the government. May I invite Senator Bosa to share with the government other ideas that he might have on this important subject?

PACIFIC RIM TRADE CONFERENCE

REPORT BY GOVERNMENT LEADER

Hon. Orville H. Phillips: Honourable senators, last week we missed the cheerful replies of the Honourable Leader of the Government, who was absent at a conference in British Columbia, a conference which I believe is commonly termed the Pacific Rim Conference. It was a rather unusual conference, in that it was held behind locked doors. I want to assure

the Leader of the Government that we on this side do not believe the rumour that the Prime Minister ordered the doors locked when he heard the Leader of the Government in the Senate was attending. I wonder if the Leader of the Government in the Senate could provide this chamber with a report on the conference.

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator has asked his question with his usual spirit of personal generosity, and I listened intently to what he had to say.

The conference held on the west coast last week, the Pacific Rim Trade Conference, featured participation by many provincial governments of various political persuasions, a cross-section of business people concerned with export trade, representatives from labour, participants from the federal government and many others. The meeting was designed to determine the ways in which we might increase Canadian trade with the rapidly expanding Pacific Rim trading area. Ambassadors of many Pacific Rim nations were present in Vancouver during the conference, although they were not direct participants in the conference sessions.

• (2040)

Important matters were discussed relating to Canada's trade potential with these Pacific nations whose increase in gross national product this year will be something in the order of eight per cent. There is truly remarkable growth taking place, and those who attended the conference are convinced that more goods and services from the Atlantic provinces, Quebec, Ontario, the western provinces and northern Canada can find large and profitable trading opportunities in the important Pacific region.

The conference was not, in any real sense, a closed conference. A number of sessions were held to discuss ways in which Canadian products and services can be sold and merchandised more effectively in many of the Pacific nations. There were discussions about ways in which exports can be financed and markets extended and expanded. All of the luncheon and dinner sessions, and the plenary session, were open and the press were invited to attend.

One of the distinguished and able speakers at the conference was Senator Olson. I believe all honourable senators would have been proud of the contribution he made to the conference. Other participants included the Honourable Lloyd Axworthy, the Minister of Employment and Immigration. The Secretary of State for External Affairs opened the conference sessions.

Erroneous reports have been circulated that the sessions were kept absolutely closed and the media excluded completely. The fact is that the basic terms of reference were very similar to those contemplated by the Conservative government when it underlook the initial organization of this conference. There are memoranda to that effect in existence. There have been some references in the media to those memoranda. Both the previous and the present governments, I think with good reason, felt that certain sessions of this important workshop on how to develop better trade in the Pacific region should be kept within the Canadian family. For that reason certain sessions and certain sectors of the conference were not open to general media coverage.

Senator Phillips: Honourable senators, before asking a supplementary question, I would point out to the Leader of the Government in the Senate that the previous government had also planned to have certain sessions televised.

The meeting dealt with a potential market of $8 billion to $10 billion in export trade. Would the Leader of the Government tell us who represented the Department of Industry, Trade and Commerce at that meeting?

Senator Perrault: The conference organizer and national host, the Honourable Ed Lumley, the Minister of State for Trade, made a major and effective contribution to the success of the meeting.

Honourable senators, I think it would be to the advantage of all of Canada to become more competitive in the contest for export markets. For example, surely it would be a very useful initiative to have an Atlantic Canada International Trade Fair one year and a Pacific International Trade Fair the following year, and perhaps alternate in this way.

It is my personal view that we should be far more aggressive than we have been. Canadians attend trade fairs in other nations of the world. Why do we not have a major world-scale trade fair annually on one coast or the other? I believe many Canadians would support that idea. With our potential, our skill, our industry and our workmen, we should not be "backward in coming forward" as far as trade is concerned.

Senator Phillips: Honourable senators, I am very pleased to hear the Leader of the Government adopting Conservative policy. I should like to see him adopt more of that. I particularly support his concept of an Atlantic trade conference for the Atlantic provinces. I will go further than that, and offer to help him organize it.

Senator Perrault: I will help too, honourable senators.

NEWFOUNDLAND

PROVINCIAL ECONOMY—CONTROL OVER NATURAL RESOURCES

Hon. Jack Marshall: Honourable senators, my question is for the Minister of State for Economic Development, and has to do with a study of Newfoundland conducted by the Economic Council of Canada.

It is obvious from the statistics given by the Economic Council that there is a wide welfare gap, despite the appreciated equalization payments by the federal government to Newfoundland over the past number of years since Confederation. It is alarming to note that the handouts from Ottawa raised the provincial average to 228 per cent of the national per capita unemployment insurance benefit.

In view of the fact that the national average earned income is $6,928 whereas the average earned income for Newfoundlanders is $3,710, or 53 per cent of the national average, is the

Minister of State for Economic Development willing to admit that Premier Peckford is correct in insisting that Newfoundland should have control over its natural resources in order to lift itself out of this existing welfare gap? If Newfoundland has control of its resources, it can attempt to provide benefits to Newfoundlanders and become a "have" province, which it has not been since 1949.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not believe there is any question but that Newfoundland has control over its natural resources. The only question is: How far out to sea does that control extend? The federal government has offered Newfoundland 100 per cent of the revenue from the development of those natural resources. The course my honourable friend is suggesting is not new since we have been on that course for some time.

Senator Marshall: Honourable senators, as I was cleaning out my office today, I discovered files on Newfoundland that cover the past 12 years and which lead me to the conclusion that there have been countless studies done of the problems in Newfoundland. The only thing I can say is that these studies must be of great assistance to the pulp and paper industry.

As a supplementary, would the minister, in his overall supervision of the economic development of Canada—and I compliment him on his appointment to his important portfolio—agree that Newfoundland is correct, and support Newfoundland's position to review the Upper Churchill agreement with Quebec? Would he also support Newfoundland's stand that it should be able to transmit hydro-electric power across Quebec to new customers in the United States?

Senator Olson: Honourable senators, my honourable friend knows that the federal government has made a number of positive assertions with respect to that matter. The Prime Minister has indicated that the federal government is prepared to take some action. I am sure that my honourable friend will agree with me that a negotiated settlement of that is still the most desirable course in the long run.

INCOME TAX

UNINCORPORATED BUSINESSES—DEDUCTION OF SALARIES PAID TO SPOUSES

Hon. Martha P. Bielish: Honourable senators, my question is for the Leader of the Government in the Senate. In his mini budget of April 21 last, the Minister of Finance promised he would introduce the measure first brought in by Mr. Crosbie last December that would provide for the deduction of salaries paid to spouses by persons carrying on an unincorporated business.

In checking with the Department of Finance I am told that the measure is operative, and anyone who asked should be told to count on that spousal deduction. When I checked with Revenue Canada, however, they stated that the deduction would not be permitted unless the legislation was passed.

[Senator Marshall.]

Would the government leader tell us when he anticipates this legislation will reach us, and also what might happen if the legislation is not passed before the income tax forms for 1980 are printed, or before April, 1981, when taxes are due for payment?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. However, opposition members of Parliament might be helpful in this regard by expediting the passage of some of these measures. The information will be brought to the chamber as soon as possible.

● (2050)

ENERGY

THE BUDGET—EFFECT ON OIL AND NATURAL GAS EXPLORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to a question asked by Senator Roblin on November 6 concerning the Petroleum Monitoring Agency.

Under the existing legislation, namely, the Petroleum Administration Act, the Petroleum Monitoring Agency will examine *inter alia* all investment patterns. Accordingly, the agency would monitor shifts in expenditures by industry, and this would include capital investments and profits.

Honourable senators would want to know that Mr. Renouf, Chairman of the Petroleum Monitoring Agency, is expected to issue a discussion paper on the proposed functions and operations of the agency as a prelude to drafting the new regulations.

Hon. Duff Roblin (Deputy Leader of the Opposition): Before my honourable friend goes to the next answer, could I ask him to clarify the one he just gave. Does the Petroleum Monitoring Agency just take into account the investment patterns within Canada, or does it also take into account the movement of capital out of Canada in that industry? That is the point I originally made.

Senator Olson: I understand that, and I expect that they are going to be giving us as much information as they can on intentions even in advance of the movement having been made, if there is any movement.

THE BUDGET—PROVISIONS RESPECTING OIL AND NATURAL GAS—EFFECT ON OFFSHORE DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to a question asked by Senator Doody on October 31 concerning the impact of the Canada Oil and Gas Act respecting Petro-Canada and Hibernia. It is a rather long and detailed answer and perhaps, since Senator Doody is not here, honourable senators could take it as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): Yes.

(*The answer follows:*)

Presently, Petro-Canada has a 25 per cent interest in Hibernia. With the 25 per cent carried interest announced in the National Energy Program, the federal government would have a 25 per cent interest in the balance, which would be, in real terms, an additional 18¾ per cent. This, plus the 25 per cent, could amount to a 44 per cent interest in the project.

The federal government's position has been that no compensation is required. With the incentive offered by the federal government to encourage exploration and development on Canada Lands, exploration costs in many cases have been supported up to 93 per cent by Canadian taxpayers. In addition, the government has taken the position that the 25 per cent grant for exploration and development on Canada Lands for all companies, including those with less than 50 per cent Canadian ownership, is sufficient to offset the 25 per cent carried interest by the federal government.

With reference to the honourable senator's specific concern for the Hibernia project, one of the reasons for Petro-Canada's involvement is to ensure that the project will go ahead. While the federal government has not had detailed discussions with Newfoundland, I am sure that the province is as anxious as the federal government to support and encourage any incentives which will promote the development of Hibernia.

THE BUDGET—POLICY RESPECTING CANADIAN OWNERSHIP OF OIL COMPANIES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked by Senator Doody on November 6 which concerns Petro-Canada's financing. It is not a long answer, but perhaps it could go in the same category and be taken as read.

(*The answer follows:*)

Honourable senators will know that Petro-Canada is a schedule D crown corporation. There are provisions in the Petro-Canada legislation whereby the government may agree to purchase shares and thereby provide equity to the corporation. Petro-Canada annually submits a capital budget, which sets out its budgetary requirements and its plans for investment in future years.

THE BUDGET—EFFECT ON ENERGY INDUSTRY IN WESTERN CANADA

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question asked on October 29 by Senator Balfour which concerned the effect of the budget on the energy industry. Part of this answer deals with what Senator Roblin asked about the Petroleum Monitoring Agency monitoring the shifts in expenditures by industry.

I suggest that this answer be taken as read. It will appear in today's *Hansard*.

(*The answer follows:*)

As honourable senators can appreciate, at the present time it is difficult to determine how many, if indeed any, companies will be leaving Canada to go to the U.S. or other countries. The federal government in its National Energy Program provided a wide range of incentives to encourage exploration and development of Canada's energy resources to investors interested in the energy industry.

I might add, for the honourable senator's information, that the Petroleum Monitoring Agency will be monitoring shifts in expenditures by industry so that if there is any movement these figures will be available to us.

PROPOSED TAX ON NATURAL GAS—FEDERAL REVENUE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question asked on October 31 by Senator Roblin concerning natural gas revenues.

Honourable senators may know that licensed gas exports for 1980 are 1.35 trillion cubic feet. Presently the domestic demand stands at about 1.65 trillion cubic feet per year; therefore, exports represent approximately 45 per cent of the total demand.

Based on licensed levels the ratio between domestic and export sales is 55-45. However, exports this year have been below the licensed levels. If this situation continues the export versus domestic tax revenue in 1981-82, would also be somewhat less than the present 45 per cent rate. I would caution honourable senators, however, that we do not know for sure what these levels will be, particularly when that gas market strengthens, which is fully expected.

POST OFFICE

THE BUDGET—REVENUES AND EXPENDITURES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Doody on October 29 concerning possible postage rate increases, and I am pleased to confirm what I stated in the Senate on that day. There will be no postage rate increase over the Christmas season.

The Postmaster General told the Commons Committee on Miscellaneous Estimates that there will be a letter rate increase in 1981. This should come as no surprise as the former Postmaster General indicated, while in office, that an increase was warranted. There has not been an increase since 1979, and the general practice has been to adjust rates approximately every two years.

The rate increase will be reasonable and will be in line with those in other comparable industrial nations.

On the general question of balancing Post Office books, I would like to point out that the deficit has been consistently reduced each year for the past three years. Many factors are involved. Rates are one factor. The completion of the modernization plan with the opening of new plants in Halifax and

Montreal in 1979, and the introduction of new services, such as the rapidly expanding Intelpost system, are others that are expected to continue generating both efficiencies and revenues.

THE CONSTITUTION

RENEWABLE RESOURCES—INDIRECT TAXATION BY PROVINCES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by the distinguished Acting Leader of the Opposition in the Senate, Senator Marshall, concerning clarification of the government's position respecting indirect taxation on renewable resources by the provinces and, particularly, the position with regard to hydro-electric power.

The government is prepared to include in the proposed resolution on the Constitution a provision which would allow provincial governments to apply indirect taxes to their non-renewable natural resources and forestry resources, and to sites and facilities for the generation of electrical energy and the primary production therefrom. This taxation could apply whether or not the resources were exported from the province, provided that the tax did not discriminate between those resources used in the province and those exported.

Hon. Jack Marshall: I rise on a point of order after the kind words of the Deputy Leader of the Government. With the entry of my deputy leader, who is much more capable, I am now going to return to my seat in the second row.

AGRICULTURE

STORAGE CONSTRUCTION ASSISTANCE PROGRAM

Question No. 27 on the Order Paper—**By Hon. Jack Marshall:**

Has the Province of Newfoundland applied for assistance under the Storage Construction Assistance Program, and, if so, how many applications were received and how many were approved?

Reply by the Minister of Agriculture:

Yes: —Two

—None

(See answer to similar question, page 608 of the *Debates of the Senate,* July 10, 1980)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before the Orders of the Day are called, I should like to give a supplementary answer to what was not necessarily a supplementary question asked by Senator Phillips in his role as Acting Deputy Leader of the Opposition in the Senate. His question concerned the motion that the Standing Senate Committee of Foreign Affairs have the right to sit tomorrow while the Senate is sitting.

[Senator Perrault.]

• (2100)

In common with many other senators, I arrived late at the airport because of the weather problems we are experiencing. I came directly here and consequently I did not know, as I now do, that that committee meeting had been cancelled, no doubt partly for reasons mentioned by Senator Phillips.

BANKS AND BANKING LAW REVISION BILL, 1980

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill C-6, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof.

He said: Honourable senators, the first comment I must make is that the wisdom of the Senate in establishing the practice of pre-study of important bills introduced in the House of Commons, and commencing such pre-study as early as possible, has been justified again, if it needed any further justification.

Historically, it would be interesting to note just what the Senate committee, at the direction of the Senate, has done over the period that the banking legislation has been before Parliament. I should point out, first of all, that the 1967 Bank Act provided for the decennial review of the banking legislation in 1977. In 1976, the government of the day issued a white paper on banking legislation. That was during the summer recess, and when Parliament resumed in the fall, the Standing Senate Committee on Banking, Trade and Commerce was directed to consider, study and report on the subject matter of the white paper.

That study was proceeded with over a considerable period of time, and the report of the Standing Senate Committee on Banking, Trade and Commerce on the white paper on Canadian banking legislation was tabled in the Senate on June 8, 1977. The committee concluded its report with 37 recommendations or groups of recommendations. Bill C-15, a bill which followed shortly thereafter, included 24 of those proposed recommendations by way of amendment of the terms of the white paper.

Then the subject matter of Bill C-15 was studied by the Standing Senate Committee on Banking, Trade and Commerce. This included, as well, Bill C-57, which had a very short life. It was introduced in the House of Commons in one session, and almost immediately we entered into another session which necessitated the reprinting and reintroduction of the bill. This time it became known as Bill C-15.

Bill C-15 was studied by the committee, which tabled its report on March 7, 1979. This contained 51 recommendations. Bill C-14, which succeeded Bill C-15, reflected approximately 35 of the recommendations made in respect of Bill C-15. Some of those recommendations and the amendments which proceeded from them had very important effects on the provisions that were originally outlined in the white paper.

The next report of the committee on the subject matter of Bill C-14 was tabled on December 5, 1979. This contained 13 recommendations. The last report was an interim report of the Senate committee, tabled on July 16, 1980, and that contained five principal recommendations.

You can see that throughout the course of its study the committee has been gradually reducing the necessity of dealing with items which it felt should not be in this type of legislation, and the bill has been conforming more and more to the approaches, views and considerations of the members of the committee.

A great advantage was that generally the membership of the committee during that time remained constant. We had some very welcome additions, including the Deputy Leader of the Opposition, whose comments were always worthwhile.

Having indicated the historical aspect, I think I should point out what are the main changes proposed in Bill C-6. Of course, I would regard the main change, if I had to select one, as the entry, control and conditions for the operation in Canada of foreign banks. The other items I would list as follows: The method of incorporation of new banks into the banking system in Canada, either by special act of Parliament or letters patent. Heretofore and under the present law, such incorporation could only take place by a special act of Parliament. Then I would list changes to the primary reserves required to be provided by Canadian chartered banks.

On that point, I should indicate that one of our original criticisms in relation to the white paper, and again in relation to Bill C-57 and Bill C-15, was that the rates for cash reserves were too high. Those cash reserves provided by the chartered banks are intended as a safeguard for purposes of liquidity, for purposes of monetary control, and they continued in the 1976 white paper, and in Bill C-15, with the original rates, which were 12 per cent on demand deposits and 4 per cent on notice deposits. Those cash reserves were non-interest bearing, yet we discovered in our examination of the Governor of the Bank of Canada that these cash reserves were used by the Bank of Canada to provide a market for government bonds. When we pressed as to the need for the cash reserves in Bill C-15, we were told by the Governor of the Bank of Canada, and by the Inspector General of Banks, that the government's market needs were such that they required these funds in order to be able to assist in the market needs for government bonds.

● (2110)

In studying the statements of the Bank of Canada, we found that the net income from the holding of government bonds, plus other income which the Bank of Canada earned, was paid into the Consolidated Revenue Fund of Canada in each year. While it was never carried into effect in any subsequent bill, we suggested that there should be interest paid on these cash reserves. But, of course, the answer to that was that the money was required for market purposes, for fiscal purposes and, therefore, we must get it at no cost.

The Governor of the Bank of Canada and the Inspector General of Banks both said at that time, in their evidence before us on Bill C-15, that liquidity did not require reserves of 12 per cent and 4 per cent—that monetary control did not require that amount, but the market needs require a substantial amount. Therefore, in the subsequent bills which were introduced, the 12 per cent, as we had recommended in our original report on the white paper, was reduced to 10 per cent, and the 4 per cent to 3 per cent. But provision was made for the phasing-in of these lower rates over a period of four and one-half years. We complained about that being an extraordinary period of time, and the explanation was that the market needs of the government over the period of the next three or four years were such that they had to ease the reduction in the amount coming to the Bank of Canada by way of cash reserves very slowly.

Subsequently, I should tell you, that period of four and one-half years was reduced to three and one-half years. Once the bill has become law and has been in operation for a month, the demand deposit rate of 12 per cent, under that three and one-half year period, will be reduced by one-quarter of one per cent every six months, and the notice deposit rate will be reduced by one-eighth of one per cent every six months. So, the net result is that our objections and our recommendations were heeded to that extent.

Perhaps I might indicate, without developing them, some of the other changes which might be regarded as important but which, I am sure by this time, are well known to members of the Senate. For instance, there are the provisions permitting banks to conduct certain types of undertakings, such as financial leasing, factoring, and mortgage lending through subsidiaries; and the provision concerning ownership of bank shares by provincial governments, which has carried from the white paper through each of the succeeding bills. In respect of that provision, notwithstanding the objections that we have made and the recommendations that we have made, there has been no statement as to why this provision should be put in this form, because this marked the beginning of the introduction of such a provision in any Bank Act.

Next, there is the establishment by act of Parliament of the Canadian Payments Association, which would include banks and near-banks in an evolving national electronic payments system for clearing and settlement purposes. This Canadian Payments Association is to replace the existing clearing house which, from the early years of this century, the Canadian Bankers Association has carried on.

Then the other provision which I would regard as important relates to the amendments proposed to the Quebec Savings Banks Act and the Bank of Canada Act, and other related legislation. The amendments to the Bank of Canada Act are technical and procedural. One comes instantly to mind, and that is that the Bank of Canada, in appointing auditors, should appoint firms as opposed to individuals, the reason being that it makes for greater flexibility. You are then not frozen to the attention of two individual chartered accountants.

Having indicated that, and having indicated the method of incorporation of banks under Bill C-6, I should call your

attention to the reason for the emphasis which was put upon the entry of foreign banks into Canada.

From the early 1960s, foreign banks from the United States, Europe, the United Kingdom and Japan came into Canada in connection with the development in the leasing of equipment, something which became quite an important factor in business. It started out with such large items as airplanes and railway cars, and things of that nature, and finally moved into the area of automobiles. These foreign banks incorporated financial corporations in Canada, and these financial corporations, or most of them, were incorporated provincially. Some were incorporated federally. The net result was that the Canadian banks were in competition with the foreign banks through these financial corporations, with the Canadian chartered banks being required to make their contributions to the cash reserves and to the secondary reserves.

I have not yet mentioned the matter of secondary reserves. The secondary reserves, which are provided for under the Bank Act, are interest-bearing reserves. In relation to the secondary reserves, the banks have the option of either contributing cash or interest-bearing securities, as specified in the Bank Act itself.

If you are looking for this information, you will find it in section 72 of the existing Bank Act and in clause 208(7) of Bill C-6.

This secondary reserve, for some years, has been 5 per cent, and it can be satisfied by the contribution of Treasury bills or day loans to investment houses. The interest rates, of course, are not as high as might otherwise be earned. But this is the burden which the Canadian banks had to carry while in competition with the foreign banks that were carrying on their business through financial corporations. So, it isn't any wonder that the white paper stated that this was a very substantial advance and of great benefit to Canada. What the white paper said was that it would provide for more equitable and effective competition between Canadian and foreign-owned institutions; provide opportunities for Canadian affiliates of foreign banks to operate under Canadian legislation; and provide economic and financial surveillance by Canadian authorities.

Those were two very important factors. In other words, the foreign banks were to be given the right to come into Canada on terms and conditions, but they would be subject to all of the provisions of the Bank Act, which means they would have to provide the same kinds and the same amounts of reserves that the chartered banks were obligated to provide.

● (2120)

The net result of that was that the conditions established for foreign banks to operate in Canada were that they would have to operate through foreign bank subsidiaries in Canada, and the foreign bank itself would not be able to carry on business in Canada. Of course, there were considerations involved as to how you deal with the financial corporations that the foreign banks had in existence for quite a number of years, and there were certain grandfathering provisions put in the various bills—and they are in Bill C-6—under which the shares of the financial corporation might be transferred to the foreign bank subsidiary, or under which the financial corporation might be converted or amalgamated into the foreign bank subsidiary in Canada. The result of that was a grandfathering of the requirement since, under the Bank Bill, these shares would be ineligible assets. But an exemption, with the leave of the Governor in Council, was provided for two years. Subsequently, it was further provided that, from time to time as the situation developed, extensions might be obtained, in the discretion of the minister and the Governor in Council, of up to ten years.

Of course, that takes you to the next decennial revision in 1991. I am afraid that the end of the road with respect to my interest in the next revision will come before that date.

Senator Marshall: Oh, no, you will be here.

Senator Hayden: I should point out that the foreign bank is not completely ignored, in the sense that it may, under the bill, have a representative office in Canada. It may directly engage employees, but in the representative office it can only deal with operations outside of Canada. It cannot have any dealings in Canada.

One other point I should indicate to you is that a foreign bank may establish through the foreign bank subsidiary only one branch in Canada. It may make application thereafter to the Inspector General of Banks, and then to the Governor in Council as the last authority, to extend the number of branches which it may maintain in Canada. But there, too, there is a grandfathering provision that, to the extent that the foreign banks through their financial corporations had branches of their operations in Canada at the time the application for a charter or letters patent was made, they could validate additional branches on application to the Governor in Council. If they had not validated all the branches at once, they could come back from time to time, but in the discretion of the minister and the Governor in Council they could validate more of those branches. Therefore, when the foreign bank subsidiary is incorporated, the authority to maintain one branch is such an authority that, if they meet the requirements, there is available the opportunity to establish more branches.

I should tell you, too, that the conditions that are imposed are the following: A foreign bank subsidiary requires a licence to commence operations, and that is in the discretion of the minister; but at that time the foreign bank also has to procure a licence, and the requirement of the procuring of the licence will enable the minister and the Governor in Council to decide whether the foreign bank subsidiary has been conforming to the time factors and the growth factors and all of the other conditions of their operation. If it is decided that it has not been, then its licence will be cancelled and it will have to stop operating. But the bill—even Bill C-6, the one I am discussing—provided that the licence should be a three-year licence. That was a recommendation of the Senate committee, but the Commons committee, which was studying Bill C-6 this year, decided that there should be some change, and the government accepted that committee's recommendation that the licence be

for one year for each year of the first five years, and that thereafter it could be obtained at three-year intervals. That amendment was made in June, I think, of this year by the Commons committee.

There is a provision, too, that a foreign bank may not guarantee the paper of an affiliate in Canada, other than a non-bank affiliate or a foreign bank subsidiary. The purpose, I would conclude, is to keep them out of being in the stream of business directly in Canada. We had many questions as to why the foreign bank should not be able to use its guarantee system in Canada. It would bolster up some of the security operations to have such guarantees, but no change has been made in that.

● (2130)

The only other point concerned the time and growth limitations. It is provided that the Canadian assets of a foreign bank subsidiary may not exceed 20 times its authorized capital. It is also provided that the aggregate domestic assets of all foreign bank subsidiaries may not exceed 8 per cent of the total assets of all Canadian banks, including in such latter total the domestic assets of the foreign bank subsidiaries.

The idea there, of what I call the size and growth factor and the market share, is that those conditions which are attached to the operations of a foreign bank subsidiary in Canada are designed to control the extent of the growth of those foreign banks through their foreign bank subsidiaries in Canada. Overall, the 8 per cent of domestic assets is a limit to which the foreign banks which appeared before us did not raise any particular objection, and they came before us from the United Kingdom, West Germany, France, the United States and Japan.

We went into those conditions, the size, growth and other factors. Some suggestions were made and accepted, but in the main the banks that were represented appeared to be satisfied with the conditions.

Having dealt with those phases, I wish now to bring the house up to date. There were a number of amendments proposed by the government at a very late date. On approximately June 20 quite a number were proposed and were delivered to the Commons committee, but not delivered to us. However, in many aspects Ottawa is a place where, if one wanted to gather information, it is possible to do so, and we were able to procure copies of those and subsequent amendments. When I complained to the minister that, after all, we had some rights in the matter, we started getting copies of subsequent amendments.

The Commons report was tabled on October 6. Earlier in the week an amendment was introduced dealing with what is called the prepayment of individual loans and there was a prohibition put in the bill. It was a government proposed amendment which the Commons committee approved. The prohibition provided that the prepayment of an individual loan could not be prohibited by the requirement of payment of a charge or penalty; that if there were a charge or penalty, there were regulations prescribing what it would be.

I believe that in some quarters it has been indicated that the rate or charge may be that no rate or charge will be permitted to be made. The difficulty about that, and the objection which your committee had to it, was that all individual loans are not consumer loans. In the language that was used in the Commons committee, and at times by the minister, they were designated as consumer loans, and we said that because they are individual loans it does not necessarily mean they are consumer loans and therefore there should be an exemption—that the prohibition applied only to consumer loans or that business loans were excluded.

Our first reaction in committee was to say that there would have to be some change and amendment to this action. We discovered, however, that there is a cost where an individual loan is prepaid, because the cost of negotiating a loan and all the other factors are spread over the life of the loan, and, of course, if there is a prepayment, the full cost is not realized. That means one of two things: either the individual rate on such a loan will be increased to take care of that, or the cost will be included in the general cost of all the loan business; but one way or the other it will be taken care of, because if you do not take care of your costs, then it is certain that you will develop difficulties at some time in the future.

However, the question that the committee had to decide was whether it would recommend that the provision be amended. Incidentally, we also discovered that the government itself is not practising what it is preaching in relation to those charges or penalties, because in connection with the latest issue of Canada Savings Bonds there are penalty provisions. For instance, if one cashes in a bond during the month, one does not receive any interest for that month. We mentioned that to the minister and to Mr. Kennett when they were before us, and they looked a little surprised but there was no answer given. It is a good precedent to follow, and that is what we told the minister.

However, our recommendation will be that time is an important factor in meeting the deadline for this bill and there is a way—although perhaps not a fair and equitable way—of passing on the cost of the prepayment. It is true that the people who did not cause the prepayment are those who will suffer by whatever is the amount of the cost that is saddled on them. It does not seem fair. However, it may well be that we should ask the minister to review this matter rather than present the spectacle of an amended bill.

We had then to give consideration to the ownerhsip of bank shares. We have had no explanation as to why there is this request, and we feel at this time that possibly our purpose would be served if the minister would undertake to review the matter within, say, the next session of Parliament.

● (2140)

It may take me a few minutes to tell you the full story on the question of financial leasing. Some of the members of the committee who are here, of course, are fully aware of it. Under this heading we are dealing with the business and powers of a bank. The white paper, and the several bills that followed it, provided, first of all, that the banks might engage in financial

leasing, including the leasing of automobiles and trucks. That continued, but certain changes were made to meet objections, though they were not substantial changes. Then, in June of this year, there was a really substantial change proposed. That change was to the effect that no bank might enter into a leasing agreement if the gross weight of the vehicle was less than 46,000 pounds or 21 metric tons. Some of the language here is significant, and it is exactly the language that was submitted to the Commons committee and to our committee by the Federation of Automotive Dealers and the Automotive Leasing Association.

When we started to analyze the change, however, we found many difficulties in it. For instance, there was the expression "capable of being licensed for use on a highway." A farm tractor is capable of being so used, and as a matter of fact we were told that in the province of Quebec and possibly elsewhere it is required to be licensed. Therefore, even though the farm tractor may be a special purpose piece of equipment, it was covered, and if it weighed less than 46,000 pounds the banks could not enter into any licensing deal.

Then evidence was produced to show that 95 per cent of new truck registrations for 1979 were of vehicles of 16,000 pounds gross vehicle weight or less. However, it was an effort. Really, as a witness from one of the leasing companies said to us, "The banks are difficult to control. Therefore you either give them what they want, or you give them nothing." This was a case of giving them nothing.

We did have sessions with the minister, however, and we pointed out, first of all, that the phrase "capable of being licensed for use on a highway" presented certain problems.

The other matter concerned, for instance, special purpose equipment. You have specialty manufacturers in Canada who manufacture the tops of fire engines, cement mixers, ambulances, and all that sort of thing. The only thing that a dealer enters into in relation to that is the chassis. The chassis has to be a custom-made job because of the special weights involved, and so on. You have Hydro, for example, with what are really workshops in the top part of its trucks, and Bell Telephone with its workshops in the top part of the trucks, and the municipalities with special equipment for some of their services. They were all caught up in this situation, where the approach to financing is one of regulating and controlling your cash flow. Leasing is part of that control, because it does not call for the laying-out of as much money all at once. Even Hydro, we were told, operates in that fashion.

To make a long story short, the minister, of his own accord, drafted an amendment which is now incorporated in the bill before us. It was tabled in the House of Commons on the consideration of the report of the Commons committee. It provides a special definition for motor vehicles which was not included in the motor vehicle description that originally formed part of the act. That provision originally put into the bill by the Commons committee at the request of the government remains in the bill, except that the words "capable of being licensed for use on the highway" have been removed and it now just says "in respect of," rather than "capable of". That problem, therefore, has now been dealt with.

The phrase "special purpose" has been defined, and motor vehicles which meet that definition are excluded from the terms of the prohibition.

It is also provided that where the manufacturer of the body of the vehicle, or the special purpose equipment, is a different manufacturer from that of the chassis, that does not bring the dealers back into the application of the prohibition. That sort of transaction is excluded from the general provision in the bill.

Your committee had a chance to look at that, and felt that it went so far towards meeting the objections and keeping the legislation, particularly, from prohibiting something for the dealers and the leasing firms other than banks who do not deal in that sort of equipment, that it struck us as being a rather ridiculous situation that you should cover something for the purpose of assuring the competitive situation of dealers, and prohibit the banks from dealing with it where the dealers do not operate in that area. We indicated that we are satisfied with that but we had an amendment that we could have proposed.

There is one further consideration left, and this is the foreign currency cash reserves of 3 per cent that are required on such deposits if they are owned by a resident of Canada, and are deposited in a Canadian bank. Originally, in the white paper, and in Bills C-57, C-15 and C-14, this particular clause referred to a 3 per cent cash reserve in foreign currency deposits used mostly in Canada. That meant the matter of residence was not a factor—it was just any person from anywhere in the world who might have these foreign currency deposits in Canada—and the bank would have to pay a 3 per cent non-interest cash reserve to the Bank of Canada in respect of those deposits.

• (2150)

When we had Mr. Bouey, the Governor of the Bank of Canada, and Mr. Kennett, the Inspector General of Banks, before us, they both agreed. As a matter of fact, Mr. Kennett said very openly that he was not fully informed as to the competitive disadvantage that was created by the provision of this reserve, because you have the near banks, like trust companies and the financial corporations of foreign banks, able to compete in that field of foreign currency deposits, and they could afford to pay more in the way of interest on those deposits than the Canadian banks could pay, and therefore they acknowledged there was a competitive disadvantage.

What they did was drop the words "used domestically," and they dropped the identification of the deposits with any person outside of Canada, and they simply referred to a 3 per cent cash reserve on foreign currency deposits owned by residents of Canada and in a bank in Canada. We tried to point out that there was the same competitive disadvantage, because the trust companies are engaging in that field of operation, and they do not have to provide the 3 per cent cash reserve. Remember, that cash reserve is non-interest bearing, and therefore the rate

that the banks could pay on such deposits would be less than if you did not have that 3 per cent requirement.

There was another factor. We had evidence adduced before us which showed that, for instance, at the present time the foreign currency deposits in Canada owned by residents of Canada in banks in Canada amount to about $10.9 billion, and $8.5 billion of those deposits are held in accounts where the individual account is of the order of $100,000 or, in more cases, of the order of $1 million or more, and that the owner of those accounts are money investors and speculators, and that the moment the rate which that deposit would produce to them from a Canadian bank went below what they could get in the United Kingdom, or anywhere in Europe and we were told they have facilities for the quick shifting of money from one country to the other they would move the money out. We thought that the effect of this levy of the 3 per cent cash reserve of foreign currency was simply to have the depositors and owners of that money move it out of the country.

The only suggestion that was made to us, when the minister was before us, was, "Well, they cannot go to the United States, because they have just brought in a law there where the levy goes up to 8 per cent." The answer is that there are a lot of other places in the world where there are money markets. Secondly, the trust companies and foreign banks are operating in that field.

Then it was suggested, "We require the banks to pay a cash reserve on Canadian currency deposits. Therefore we should also require them to pay a cash reserve on foreign currency deposits in Canada owned by Canadians." I would say that in the committee it appeared obvious that there is no parallel in that situation. You have the Canadian currency deposits, and cash reserves must be provided in relation to them, but if you levy the cash reserves on foreign exchange deposits you won't have the deposits.

The evidence we had before us made it quite clear that with respect to the bulk of that those who are in the money market field would be in a position to move in and out with their money and put it where it can work and produce the greatest yield. The ones who might be affected by it would be the smaller depositors.

It is significant to note that 15.7 per cent of the aggregate value of these deposits is tied up in 191,296 separate small accounts, representing 97.3 per cent of the number of accounts, whereas the $8.58 billion, or 84.3 per cent of the dollar total, held in accounts of over $100,000, most of which are $1 million or more, is held by such a small number of people who are the sophisticated ones.

I know I am taking longer than I should, but I should like to show you the growth of deposits in reserves. For instance, with respect to foreign currency, the reservable deposits at December 31, 1977, were $85 billion. The reservable deposits at October 31, 1980, were $127 billion. The statutory primary non-interest bearing reserves at December 31, 1977, were $4.8 million—that is, the statutory reserves that the banks pay. The 3 per cent reserve on foreign currency deposits, that extra on $10.9 billion, would be roughly $3 billion, and the $3 billion would become reservable and non-interest bearing, and that would amount to $90 million.

Therefore, it is difficult to accept that sophisticated money market people will maintain their foreign currency deposits in Canada, in view of the difference between what they can earn in Canada by the application of this 3 per cent cash reserve as against what they can earn in, for instance, the U.K. or some other countries. You have to look at the situation as being not Canadian currency versus some foreign currency deposits.

● (2200)

Canadian currency deposits are defined on a different basis. You cannot make a comparison because the foreign currency deposits in that large amount are just not going to be there. This is one of the problems we will have to wrestle with, and that is why I am going to propose, when I finish, that this bill go to committee and, since we have a deadline this week, that that committee meet sometime tomorrow with the minister to iron out this problem.

As you know, we have a procedure in the Senate for dealing with situations of this kind. As a matter of fact, in December 1979, in connection with the Income Tax Act, when the problem of taking an amended bill back to the House of Commons arose—that presented too many difficulties and interfered with too many procedures—we accepted an undertaking of the minister that at the next session of Parliament he would implement the objection which we took and change the provision in the law.

When Mr. Macdonald was the Minister of Finance, we had that situation; when Mr. Chrétien was the minister, we had that situation; when Mr. Turner was the minister, we had that situation; and when Mr. Benson was the Minister of Finance, we had that situation on many occasions. Even with the new tax legislation we had the situation where we just ran out of time. The ministers agreed with the principle of what should be done, but ran out of time in which to do it. Therefore, the committee decided it would accept an undertaking, and it reported the bills without amendment. Bill C-6 may require that procedure again. Whether that procedure is available, I do not know yet, but we will know sometime tomorrow. The Senate will have to determine its course of action depending on how the committee reports the bill.

Honourable senators, I have taken a little longer than I thought I should, but this about brings you up to date on the provisions of Bill C-6. I do not pretend that I have dealt with all the salient points. I have not developed the Canadian Payments Association which is replacing the clearing house and there are, contained in the bill, procedures which seem normal for an operation of that kind. There is a provision for a board of directors representing banks with the chairman being the member from the Bank of Canada and with the near-banks represented. There are also provisions as to how the near-banks operate on the clearing. Those procedures are just normal, expected procedures which appear regular and fair in their application, and if they are not, one has to rely to some

extent on the competence of the representative of the Bank of Canada who will be the chairman of the board.

Honourable senators, thank you for bearing with me for quite a long time. That concludes what I have to say tonight in respect of this bill.

Hon. Senators: Hear, hear.

Hon. David Walker: Honourable senators, to me it is a delight at all times, even at 10 o'clock at night, to listen to my distinguished friend, Senator Hayden. He is always good; I have never heard him when he was not. Of course, he has an advantage over everyone here. He has a photographic memory, and he can see all the points, one, two, three. If he wants to switch to another part of his memory, he can see all the figures; they are all set out. For him it is a cinch; it is no problem at all. You will notice that he gets up and speaks almost without notes. I know he has many notes because of his preparation, but he does not appear to need them. It was a very remarkable, interesting exhibition that he put on tonight, and he did it so modestly.

I want you to realize, honourable senators, if you do not already, that in February of 1981, Senator Hayden will have been in the Senate for 41 years. Of that time he has spent 29 years as the Chairman of the Standing Senate Committee on Banking, Trade and Commerce. He had been chairman of that committee for 12 years when I came here 17 years ago from the Commons.

There is no question about it: We are all one on this. I cannot remember when I sit on the Standing Senate Committee on Banking, Trade and Commerce whether I am a Conservative or a Liberal, although only for the time being. Our interests seem to be the same, particularly when we are dealing with a bill such as Bill C-6, which is so complicated and difficult and which takes months and months of work. It is not that we have more brains than members of the House of Commons—

An Hon. Senator: We do.

Senator Walker: I did not say that. We have pre-studies of complex bills such as C-6 as soon as they have received first reading in the House of Commons. The result is that most of the amendments that my friend spoke of so well tonight originated in the Senate. This is the way with the difficult bills that come to us. The Bank Act is a most complex piece of legislation and so is the Bankruptcy Act. What would Parliament do without the Standing Senate Committee on Banking, Trade and Commerce? The Criminal Code always comes to us, and we are the ones who make the amendments and do the work. The same comment applies to the Canada Business Corporations Act. Those are four very complex acts. We get along beautifully with the House of Commons because they are pleased to let us do the work, and they join with us in taking all the credit which they feel, of course, they deserve. They are nice people over there. Most of us, at one time or another, were members there. There is no point in our blowing our own horns because we do not have to be elected, but I often wonder if the public realizes that, for instance, in this house there are five provincial premiers of yesteryear.

• (2210)

We have, of course, my old friend in the corner from New Brunswick, Senator Robichaud; Senator Smith, a former Premier of Nova Scotia; Senator Manning, a former Premier of Alberta; Senator Hicks, a former Premier of Nova Scotia, and of course the great and mighty former Premier Roblin of Manitoba, who is making such a great contribution to the Special Joint Committee on the Constitution.

Does the public realize, when they see the good work that the Senate does—and this is an exhibition tonight of the fruits of that work—that over 20 of us are Her Majesty's Privy Councillors? To be that, you either have to have been a member of the cabinet—and most of us who are Privy Councillors were members of the dominion cabinet—or you have to be lucky enough to have been a Provincial Premier at the time of Canada's Centenary, in which event it was just thrown in.

Bill C-6 is a very complicated bill. Senator Hayden's explanation was so complete, he has saved me an enormous amount of work. I was all ready to go. I was ordered by my friend, the Deputy Leader of the Opposition, to get ready, and I did get ready. I never talk back to him. But as things turn out, my friend Senator Hayden has made my task considerably less difficult.

We meet this evening under very unusual circumstances. Our banking committee commenced consideration of the amending of the Bank Act in anticipation of the fact that it had to be renewed in 1977. If I am not mistaken, we started consideration back in 1975—

Senator Hayden: The fall of 1976. The white paper came out in August of 1976.

Senator Walker: Yes. So we have been working on amending the Bank Act for four years. And, of course, as honourable senators know, we have had four different versions of the bill. Each time it has been honed and improved upon, and finally tonight we have what could almost be called perfection—so much so that all members of the committee are agreed on nearly all its terms. Most of the amendments, of course, have come not from the House of Commons but from the Senate. In saying that, I am not in any way depreciating the members of the House of Commons. They have to spend a lot of their time with their constituents, and while they are with their constituents we are here working—and we enjoy it. It is just a pity that the public does not understand the whole story, as anyone who works in Parliament, whether in the House of Commons or the Senate, understands it.

I was going to talk about a great many details tonight, but that is now no longer necessary. I do want to talk for just a moment about the personnel of the committee. We had on the committee a former Leader of the Government in the Senate, Senator Connolly—a tremendous man, a man of great ability; Senator Barrow, who would make a good head of the committee some day; my old friend Senator McIlraith, with whom I went to school over 50 years ago—or is it 60 years ago—

Senator Smith: A long time ago, anyway.

Senator Walker: He is a great friend, and someone who knows politics inside and out. For many years he was a member of the dominion cabinet—as far back as Mackenzie King, if I am not mistaken.

Senator McIlraith: No, I was not in cabinet then.

Senator Roblin: You should have been.

Senator Walker: We had Senator Dan Lang, and we had Senator Cook, one of the most honest men produced in the Province of Newfoundland, and a very distinguished man, whose father before him was one of Her Majesty's Privy Councillors and also a Knight of the Realm. We had Senator Buckwold of Saskatchewan and Senator Lafond, and many, many others. Then there was Senator Molson, probably one of Canada's greatest businessmen, and the leader of the great independent party in the Senate, made up of himself, himself and himself. But what a power he is, wherever he is, and how he participates with Liberals and Conservatives—and he doesn't seem to make very much distinction as to who is who.

The Bank Act is subject to a sunset clause. That seemed an odd term to me. I tried to figure out why they call it that. I do not know where it originated, unless it assumes that the sun sets and it is always going to rise again. In any event, it has not become a parliamentary phrase.

So this Bank Act will have the sun set on it every 10 years, and then it is going to rise again. It takes an awful long time on occasion. The sun was supposed to rise on the present one back in 1977, and here we are in 1980 and we are only now getting ready for it.

We have the excuse, of course, that elections have intervened; but it would be a tragedy if there were a further delay beyond November 30 next.

I am not going to go into the bill in depth, but I would like to refer briefly to the incorporation of new banks. This is very, very important.

I regarded with suspicion the whole proposition of allowing foreign banks into Canada. The Americans are, of course, so able in whatever they do, I wondered what they might do in the banking field in Canada. The creation of the new banks seems to be working out nicely. There is set down a very strict procedure which they must go through. Under the new amendment worked out by the Senate, the regular procedure is provided whereby letters patent can be applied for, to enable the applicant to use the designation "bank," after which it is then subject to the Canadian banking legislation in the same way as a Canadian bank.

The Senate is responsible for much of what is contained in this legislation. Under Bill C-6, public hearings must be held by the financial institution applying to become a bank. It is important that that should be so, and it is important that any such institution should have to apply for letters patent. It is also important, I suggest, that such institutions do not get a licence for a period of more than one year and that they have to go back each year for the renewal of that licence. So if there is any jiggery-pokery going on, or anything too slick or wrong, or anything in contravention of the act or in contravention of good business practices, the particular bank can be cut out. After five years of renewing their licences annually, the licence term is then extended to three years.

So I do not think we need to worry about foreign banks operating in Canada. They are going to be well supervised, and I am sure most of them mean well.

If I appear to pause here, it is only so that I can pass over those matters that have been dealt with so brilliantly by Senator Hayden.

Another amendment which has been thoroughly thrashed out in our committee and to which I would like to refer for a moment can be found in clause 178(6) at page 190 of Bill C-6. This makes provision for claims by agricultural producer groups, such as the Canadian Agricultural Federation and the Canadian Cattlemen's Association, to have priority to the rights of the banks in respect of all agricultural products. This is important and is something we should have done for the farmers long ago.

• (2220)

There is a further amendment to which I would have liked to refer relating to financial leasings for household effects, but it was dealt with by my friend.

A further amendment pertains to the financial leasing of automobiles. That, too, was dealt with by my friend. Clause 193 of the bill prevents banks from engaging directly in financial leasing of motor vehicles holding a permit to be used on public highways with a gross weight of less than 46,000 pounds. On the face of it, I wonder whether that is being fair to the banks, but I am not going to make any further comment on it at this time. In any event, nobody can say that it is not fair to those who are in the habit of financing the leasing of motor vehicles.

In conclusion, honourable senators, I should like to say that this bill has been tidied up enormously, and many parts of it would not be recognized in the original bill, Bill C-57, which was introduced in 1976.

We also must agree that the House of Commons Committee on Finance, Trade and Economic Affairs, which is a counterpart of our Banking, Trade and Commerce Committee, is open to sincere congratulations for the contributions which it has made. It is nice to be associated with the members of that committee so that they can realize, as they so often must do, what an able body the Senate of Canada is.

I agree with my learned friend, Senator Hayden, that the time of this house would be saved by sending this bill to the Standing Senate Committee on Banking, Trade and Commerce tomorrow, where honourable senators can ask any questions they might have. I agree with Senator Frith, who is turning out to be a good Deputy Leader of the Government, that we should co-operate in getting this bill through committee tomorrow so that it can be reported back to the house for final approval and thus avoid any slip at this particular time.

Honourable senators, that is my small, humble and modest contribution to this debate, but may I take this opportunity to

say this: Never underestimate the contribution that each of you is making to the Government of Canada by your enthusiastic participation in the work of the Senate. You are doing a wonderful job. All one has to do is read Senate *Hansard* and the proceedings of our committees to understand the fantastic amount of good, detailed and hard work carried out by the eight important Senate committees. It is a magnificent contribution to Canada. While wrestling with the present constitutional problem, never hesitate to show your pride in being senators.

Hon. Senators: Hear, hear.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

Senator Hayden moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1274*)

REPORT OF THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

Report on the subject-matter of Bill C-6 "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof." (As reprinted and amended, October 1980)

The Banks and Banking Law Revision Act

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The Standing Senate Committee on Banking, Trade and Commerce, to which was referred the subject-matter of Bill C-6, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof", cited as the "*Banks and Banking Law Revision Act, (1980)*" has, in obedience to the order of reference of April 29, 1980, examined the subject-matter of the said Bill, and for the reasons hereinafter mentioned, now reports as follows:

1. GENERAL INTRODUCTION

On July 17, 1980 your Committee presented its Interim Report on Bill C-6 "*Banks and Banking Law Revision Act, 1980*". The report was based on an extensive study of the subject-matter of the Bill which lasted 2½ months. As pointed out at page 15:8 of the Interim Report, during the course of your Committee's study of Bill C-6, specifically on the 20th of June 1980, the Minister provided the Chairman of the Commons Committee on Finance, Trade and Economic Affairs with the text of ten proposed amendments to the Bill. Further, in the ensuing months the Government developed additional amendments. Your Committee was not provided with this material, either before or after its study of Bill C-6. It is apparent from an examination of the Bill as reprinted and published on October 6th, 1980, that a number of these amendments have found their way into the proposed legislation.

The exposure which this Committee has had to the banking legislation in this decennial review has been extremely thorough. One would have thought that the Government would have welcomed the opportunity to assess the views of a Committee, which, over a period of four years, has been called upon to entertain and consider the competing attitudes and opinion of a broad segment of society interested in the banking legislation. A word by way of details as to the activities of your Committee is warranted.

In the first place, in response to the White Paper and successive Bills, your Committee has prepared and delivered four reports as follows:

(a) On June 28, 1977, in response to the White Paper on Canadian Banking Legislation, your Committee tabled its report which includes 37 recommendations or groups of recommendations:

(b) On March 7th, 1979, in response to Bill C-15 (Bill C-57 of the previous Session), your Committee tabled its report which included 51 recommendations;

(c) On December 5th, 1979, in response to Bill C-14, your Committee tabled its report which included 13 recommendations, and

(d) On July 16th, 1980, in response to Bill C-6, your Committee tabled its report which included 5 principal recommendations.

During the evidentiary phases leading up to the preparation and publication of these reports, the membership of your

Committee remained essentially unchanged and thus provided a continuity of study of the details of the legislation.

In connection with your Committee's examination and consideration of the subject-matter of Bill C-6 your Committee had the benefit of the services of Mr. John F. Lewis, C.A. Financial Consultant, retired partner of Thorne, Riddell, Chartered Accountants, as adviser to the Committee and David W. Scott, Q.C., of the firm of Scott & Aylen, as its Counsel. The same advisers assisted your Committee in connection with the study and reporting on the White Paper, Bill C-57, Bill C-15, Bill C-14 and Bill C-6.

While a numerical analysis of recommendations reviewed by the Government and accepted or rejected may have a limited purpose, it does serve to illustrate the depth of understanding which your Committee has had the privilege of developing in respect of the banking legislation as a result of the number of helpful witnesses who appeared before it. Following upon your Committee's study and report on the subject-matter of the White Paper, Bill C-15 reflected 24 amendments proposed by our Committee. In Bill C-14, approximately 35 of your Committees recommendations were accepted. This contribution to the substantive character of the banking legislation, as it has developed through successive Bills, is a direct outgrowth of the quality of the evidence which your Committee has heard in the four years which it has devoted to its study of the subject. The recommendations referred to in this paragraph are apart altogether from the Committees study, and that of its advisors, of numerous technical amendments and the draft regulations published from time to time. In this period of time your Committee has heard extensive and detailed evidence, over 78 separate hearing days, from in excess of 50 individuals and groups as follows:

Federation of Automobile Dealer Associations of Canada
Association of Canadian Financial Corporations
Canadian Cattlemen's Association
Housing and Urban Development Association of Canada
Canadian Council of Churches
Canadian Automotive Leasing Association
Trust Companies Association of Canada
Canadian Bankers' Association
Montreal City and District Savings Bank
Canadian Institute of Chartered Accountants
Office of the Inspector General of Banks
Canadian Federation of Agriculture
Citicorp Canada Limited
Montreal Trust Company
Royal Trust Company of Canada
Victoria and Grey Trust
Northland Bank
BankAmerica Corporation
Barclays Corporation
Barclays Canada Limited
The Banking Federation of the European Economic Community
Hong Kong Bank Group
Royal Bank of Canada
J.P. Morgan of Canada Limited
The Canadian Cooperative Credit Society Limited
Fédération du Québec des Caisses Populaires Desjardins
Canadian Association of Data Processing Service Organizations
Investment Dealers Association
Stock Exchanges of Montreal, Toronto, Alberta and Vancouver
Governor of the Bank of Canada
Canadian General Electric Company Limited
The Hamilton Group Limited
Consumers Association of Canada
National Association of Canadian Credit Unions
Toronto-Dominion Bank
Midland Financial Services Limited
British Bankers' Association
Grindlays Bank Limited
The Continental Bank Limited
The Bank of Nova Scotia

This list covers some of the organizations represented by witnesses who appeared and gave evidence before your Committee. It does not include those numerous organizations which submitted briefs, but did not personally appear. The assessment of this body of evidence by your Committee has given its membership a unique opportunity to evaluate the competing interests as work in the administration of the banking system, and by such evaluation to make recommendations which, based on past experience, it would appear the Government has recognized as being in the public interest. In the light of this background it is to say the least unexpected that the Government would choose to introduce substantive amendments, the significant ones of which are at odds with the philosophy underlying the White Paper, and treat them as being etched in stone before they have been exposed to the scrutiny of your Committee. In spite of the limitations which the Government's approach places upon your Committee, it nonetheless intends to deal with some of the most recent amendments in the following pages.

2. SUMMARY OF LEGISLATION

Because the process of this decennial revision of the *Bank Act* has been spread over a period of approximately four years including the publication of a White Paper and separate bills to four sessions of Parliament, it might be of some assistance to summarize again for the reader the content of the legislation culminating in Bill C-6.

Bill C-6 contains not only an amended *Bank Act* and the new *Canadian Payments Association Act,* but also important amendments to other related Acts, as follows:

PART I /The *Bank Act* (pages 1 to 348 of Bill C-6)

PART II Amendments to the *Quebec Savings Banks Act* (pages 349 to 419 of Bill C-6).

PART III Amendments to the *Bank of Canada Act* (pages 420 to 426 of Bill C-6).

PART IV *An Act to establish the Canadian Payments Association* (pages 427 to 444 of Bill C-6).

PART V Related and Consequential Amendments to other legislation (pages 445 to 463 of Bill C-6).

It also should be noted that Part I of Bill C-6, being the new *Bank Act* contains approximately four hundred provisions which are based on equivalent provisions of the *Canadian Business Corporations Act.*

The main changes contemplated in this decennial review of the banking system might be summarized as follows:

1. Changes and reduction in primary cash reserves required to be provided by Canadian banks;

2. Entry of new banks into the banking system in Canada either by Special Act of Parliament or by Letters Patent;

3. Entry and control of and conditions for the operation in Canada of foreign bank subsidiaries incorporated under the new *Bank Act*;

4. Further delineation of specific business power of banks;

5. Changes in the corporate structure of banks;

6. Provisions requiring or permitting banks to conduct certain types of undertakings, i.e. leasing, factoring, mortgage lending, venture capital investing — through subsidiaries;

7. Establishment by a Special Act of Parliament of the Canadian Payments Association which would include banks and near-banks in the evolving national electronic payments system for clearing and settlement purposes;

8. Amendments to the *Quebec Savings Banks Act,* the *Bank of Canada Act* and other related legislation.

Since the issuance of the White Paper in 1976, your Committee has made many recommendations for improvements in the proposed legislation, and many of these recommendations have been accepted by the Government as evidenced in the Amendments made in the successive Bills C-15, C-14, C-6 and C-6 as amended, respectively.

Some of the more important amendments to the *Bank Act* which fall into this category include the following:

The Bank Act

1. Reduction of the primary reserves from 15% to 10% on demand deposits and from 4% to 3% on notice deposits.

2. Shortening of the phasing-in period for the reduction in reserves.

3. Establishment of a form of public review for the incorporation of new banks.

4. Exemption of cattle from "Section 88" security and establishing a reasonable indexing of the amount of claims of a grower or producer of products of agriculture which have priority under Section 88 (new Section 176).

5. Conducting of factoring and leasing activities by banks through subsidiaries.

6. Licensing of foreign bank subsidiaries and the grandfathering of certain assets owned by a foreign bank subsidiary at the time of incorporation as a bank.

7. Improvement in the proposed restrictions concerning the eligibility of officers of a bank to become directors of the bank or of other corporations.

8. Modification of the restrictions on data processing and storage of information outside of Canada.

9. Incorporation in the *Bank Act* of provisions governing the cost borrowing.

Canadian Payments Association Act

Your Committee made many recommendations concerning the proposals in the White Paper for the Canadian Payments Association. The White Paper had proposed that near-banks, trust companies and credit unions who become clearing members of the Association should maintain interest-free cash reserves at the Bank of Canada in the same manner as chartered banks. Your Committee recommended against the establishment of such reserves other than the amount necessary for clearing purposes. The proposed legislation in Bills C-15, C-14 and C-6 does not require near-bank clearing members to put up such interest-free reserves.

Several other recommendations by your Committee have been incorporated in the proposed legislation.

Quebec Savings Banks Act

The White Paper had proposed that all clearing members of the Canadian Payments Association would be required to maintain interest-free reserves at the Bank of Canada. This would have meant a change in the nature of the reserves presently required of the Montreal City & District Savings Bank, with a resultant material loss of revenue to it. Your Committee recommended against any increase in the nature or rate of reserves for this bank which presently are 5% of deposits in cash reserves and 15% in secondary reserves. This principle has been carried through in the legislation with no change in reserve requirements. Generally, in accordance with your Committee's recommendations, the lending powers and some other powers of the bank have been broadened, the provisions of the Act have been brought in line with those of the *Canada Business Corporations Act,* and the bank may open branches anywhere in Canada instead of being restricted to the Province of Quebec.

Canada Business Corporations Act

Your Committee studied the many proposed amendments to the *Bank Act* which tend to bring the *Bank Act* in line with the provisions of the *Canada Business Corporations Act.* Your Committee made a number of recommendations for improvements in these amendments, several of which have been implemented in the proposed legislation.

Included in these amendments are improvements in financial disclosures to shareholders and to the public, provision for consolidated financial statements, and more detailed provisions concerning the appointment and responsibilities of auditors.

Regulations

In conjunction with the issuance of Bill C-15, the Minister tabled a number of draft proposed regulations. Your Commit-

tee studied these draft regulations and made several recommendations for amendments thereto. Redrafts of these regulations have not been issued. Further, a first draft of a number of required regulations have not been issued as yet.

Your Committee trusts that the regulations in their final form will be submitted to your Committee by the Minister before publication in the *Canada Gazette*. Section 315 of the proposed *Bank Act* contemplates the making of regulations by the Governor in Council and by the Minister and the publication thereof in the *Canada Gazette* at least 60 days before their effective date. The section further provides for a reasonable opportunity for interested persons to make representations with respect thereto.

Your Committee believes that many matters of a substantive nature are being dealt with by regulations. Thus it should be given the opportunity to assess and report upon them before they are finalized and published.

3. CONTENTS OF THE REPORT

As indicated in the preceeding section your Committee in its earlier reports has dealt with a vast number of provisions of the Bill, many of which have been amended upon consideration of the evidence heard by your Committee. Others have not resulted in amendments, nor has there been any rationale for resisting amendment where amendment is clearly indicated. Two situations bear repeating as illustrations of unexplained lack of reaction to a situation which clearly calls for change.

(a) Ownership of Banks' shares by Provincial Governments.

(b) Extension of exemption from "Section 88" Security to Agricultural Products.

This report reviews your Committee's previous recommendations in the above matters, but in the interests of expediting the passage of the new *Bank Act*, no recommendations are made in connection with them at this time.

This report also summarizes your Committee's opinion concerning the two following amendments to the legislation proposed by the Minister. However, also in view of time constraints arising from the desire and willingness of your Committee to avoid any delay in the passage of this banking legislation, your Committee does not make specific recommendations for further amendments concerning the following two matters:

(c) Elimination of a charge or penalty for prepayment of individual loans.

While not making a specific recommendation for amendment at this particular time concerning the provisions in Bill C-6 for the limitation or elimination of a penalty charge for prepayment of individual loans, this report does contain your Committee's comments on this aspect of the proposed legislation.

(d) Financial Leasing of Motor Vehicles

Because your Committee approves of the amendments moved in the House of Commons by the Minister of State (Finance), the Honourable Pierre Bussières, on November 7, 1980, which was based on your Committee's assessment of the problems involved by the previous amendment included in Bill C-6 as amended and reported on October 6, 1980, by the Standing Committee on Finance, Trade and Economic Affairs, your Committee has no further recommendation to make in this matter at this time.

(e) Reserves on Foreign Currency Deposits

The only recommendation which your Committee makes in this report is that the proposal that banks be required to maintain reserves on foreign currency deposits of Canadian residents with branches of a bank in Canada or with offices in Canada of subsidiaries of a bank (Subclauses 208(1)(*g*) and 208(7) of Bill C-6) be eliminated.

Your Committee's views, as outlined in this report, are that these proposed reserves are not in the interests of the Canadian public.

Your Committee's recommendation in this connection is as follows:

RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT A BANK NOT BE REQUIRED TO MAINTAIN EITHER A PRIMARY OR SECONDARY RESERVE ON SUCH OF ITS DEPOSIT LIABILITIES AS ARE FOREIGN CURRENCY DEPOSITS OF RESIDENTS OF CANADA WITH BRANCHES OF THE BANK IN CANADA OR WITH OFFICES IN CANADA OF SUBSIDIARIES OF THE BANK, AS PROPOSED BY BILL C-6 IN SUB-SECTION 208 (1)(*g*) OF THE PROPOSED NEW BANK ACT, THAT BILL C-6 BE AMENDED AS FOLLOWS:

CLAUSE 2:

STRIKE OUT LINES 35 TO 40 INCLUSIVE, ON PAGE 228, AND SUBSTITUTE THE FOLLOWING THEREFOR:

"DOLLARS".

STRIKE OUT LINES 33 TO 38 INCLUSIVE, ON PAGE 230, AND SUBSTITUTE THE FOLLOWING THEREFOR:

"ITS DEPOSIT LIABILITIES AS ARE CANADIAN CURRENCY DEPOSIT LIABILITIES."

The reasons for the above recommendation by your committee are presented later in this report.

4. OWNERSHIP OF BANKS' SHARES BY PROVINCIAL GOVERNMENTS

The present Bill and its predecessor Bills proposed that the prohibition under the existing legislation with respect to the ownership of the capital stock in chartered banks by Governments be removed and that Provincial Governments be allowed to hold and vote capital stock of Chartered Banks up to 25% of the shares of a new Bank with such shareholdings being reduced to 10% within ten years. Your Committee has rejected this proposed amendment from the stage of the White Paper,

and specifically in its report on Bill C-15, tabled on the 7th of March 1979, it observed as follows at page 30:37:

"In its report on the White Paper your Committee expressed its opposition to this proposal. Based on representations made to it at the time of its review of the White Paper it concluded that it is neither necessary nor advisable specifically for Provincial Governments to acquire voting stock in return for financial assistance, and further that the credit policy of the bank might be influenced or weakened by the presence of Government."

The case of the undesirability of equity participation by Provincial Governments in chartered banks is strong. No explanation has been given in support of this change and therefore your Committee has no cause to alter its views expressed consistently throughout its various reports on this proposal.

5. EXTENSION OF EXEMPTION FROM "SECTION 88" SECURITY TO AGRICULTURAL PRODUCTS

In its report on Bill C-6 dated July 16, 1980, in dealing with the exemption of cattle from "Section 88" security, your Committee observed the following at page 15:17:

"Suggestions for change proposed by the Cattlemens' Association contemplate expanding the definition of priority items under Clause 178 to include all products of agriculture. This would have the effect of including livestock. To protect the cattlemen it is not necessary that such a broad coverage be given for other than the cattlemen. Your Committee has received no evidence for the need for protection of such breadth and extending the protection to all products of agriculture is thus unreasonable and unnecessary."

Notwithstanding this recommendation, no change has been made in the proposed legislation. What is required is that the word "cattle" be substituted for the words "products of agriculture". This has not been done, nor has there been any explanation as to why it has not been done.

However, your Committee does not wish to make any further recommendation in this matter due to a desire to avoid further delay in the passage of the *Banks and Banking Law Revision Act, 1980.*

6. PREPAYMENT OF LOANS

Bill C-6 contains, for the first time, a restriction on the right of the Banks to recover their costs on prepaid personal loans under $50,000. This provision flows from an amendment to subclause 174 of the Bill as follows:

(5) "No bank shall in Canada make a loan to an individual the terms of which prohibit prepayment of the loan or any installment thereon before its due date but this sub-section does not apply to a loan

(a) that is secured by a mortgage on real property; or

(b) the principal amount of which is in excess of $50,000 or such greater amount as is prescribed by the regulations."

The related prohibition with respect to the recovery of costs is contained in subclause 202(8)(*f*) of the Bill. This provision contemplates that the Minister may make regulations:

"prohibiting the imposition of any charge or penalty referred to in this Section or providing that such charge or penalty, if imposed, shall not exceed a prescribed amount."

Witnesses appearing before your Committee have been pointedly critical of these provisions. There can be no complaint, and none is made, with respect to the prohibition against covenants which would enjoin prepayment of personal loans. It is with respect to the related provision in subclause 202, which effectively leaves it to the Minister to decide whether or not the lenders costs in prepayment situations can be recovered, which is complained of. There are two criticisms of this provision. In the first place this represents another example of the undesirable recent development by which the Government relegates to the regulatory process substantive provisions which ought to be included in the Statute proper. Here the Minister may make regulations either prohibiting entirely the collection of administrative costs in a prepayment situation, or alternatively prescribing the amount which may be charged. Your Committee has been advised that the Minister in fact intends to promulgate regulations which would prohibit entirely the imposition of any charge in personal loan prepayment situations. The complete prohibition of charges of any kind in respect of prepayment of personal loans is a substantive matter which, if it is regarded as desirable, ought to be included in the Statute itself. The rationale for making this a matter for regulation would appear to be to enable the Minister to effect substantive change in the absence of Parliamentary scrutiny.

The second criticism is that there is absolutely no rational foundation for prohibiting a lending institution from levying charges, consisting of its reasonable costs, in prepayment situation. The amount of, or formula for calculating the charge may be one thing, the right to assess charges amounting to the cost associated with writing a prepayable loan surely is beyond question. No effort is made on the part of the Government to justify this provision notwithstanding that it negatives a conventional and legitimate method of doing business. It is not without interest to note that the Government of Canada itself imposes a charge or penalty in respect of the encashing of Canada Savings Bonds before maturity. In an appearance before your Committee Mr. Gordon Bell, the President and Chief Executive Officer of the Bank of Nova Scotia, observed as follows:

"We should also point out that the Government of Canada recognizes the existence of front end and administrative costs in designing their Canada Savings Bond program. In the most recent Canada Savings Bond campaign, no interest will be paid on funds redeemed before December 31, 1980, in effect, a penalty . . . and in addition . . . interest will be paid only for every full month a bond is held by a customer. We feel that these are reasonable rules and that the Government of Canada is perfectly correct that it intends to recover

its costs before a bond holder cashes in his investment. But we see no reason why similar principles should not also cover the banks' consumer lending activities."

What is the rationale for prohibiting such a conventional method of doing business on the part of the banks when the Government itself adopts similar methods?

There can be no doubt the charges associated with prepayment of loans and representing the cost of booking the loan will in fact be collected by the banks. In the face of a prohibition such as that contained in sub-Clause 202(8)(*f*), the banks will have no alternative but to effect collection of such costs from its general body of customers in some other form. In the course of describing a variety of effects that this prohibition will have on the operations of the banks Mr. Bell in his evidence observed:

"The second solution would be to increase the consumer lending rate structure. I think we would all agree that that is negative. Apart from the front end cost we described earlier, the elimination of the penalty charges would, in a volatile interest rate environment, result in increased funding cost that would not occur to the same extent if penalty charges could be applied to prepaid contracts. Both kinds of cost would be reflected in higher rates across the board. These rates would apply to all consumers, even those who do not exercise their option to prepay or, to put it in other words, those who do not break their contracts."

Since the costs are attributable to a desire on the part of a single customer to prepay a loan, it would appear unreasonable to reallocate the charges onto other customers who ought not to be affected by prepayment by another customer.

Your Committee does not make specific recommendations for amendments to those subclauses in the Bill at this time due to a desire not to delay the passage of this banking legislation. Your Committee trusts that its comments will be taken into account when the regulations are drafted.

7. FINANCIAL LEASING OF MOTOR VEHICLES

In its Interim Report on the subject-matter of Bill C-6 dated July 17, 1980, your Committee included an exhaustive analysis of the financial leasing provisions of the Bill including the history of the development of the proposed statutory language, and also including an analysis of the respective positions of the banking community and the community of automobile dealers in the controversial area of motor vehicle leasing.

The scheme as it appeared in Bill C-6 originally, (in keeping with the philosophy carried through successive Bills from the White Paper), was incorporated in Clauses 173(1)(*j*) and 193(1). Clause 173(1)(*j*) provided that the financial leasing activities of a Bank must be conducted through a subsidiary and Clause 193(1) provided, inter alia, that a Bank leasing corporation would be limited in its activities by reason of a prohibition preventing it from directing its customers, or potential customers, to particular dealers in the leased property.

As pointed out in your Committee's Interim Report, Bill C-6 was met by a vigorous lobby on the part of the Federation of Automobile Dealers Association (FADA), and the Canadian Automotive Leasing Association (CALA). The initial position of these organizations was that the banking community should be kept out of motor vehicle leasing entirely. By motor vehicle leasing these groups meant leasing of automobiles and trucks which would ordinarily be sold through conventional automobile dealers. In response the banks conceded, with certain reservations, that they need not engage in financial leasing on a one to one basis, but that they should be permitted to become involved in fleet leasing of passenger cars and unrestrained leasing of motor vehicles other than passenger cars, i.e. trucks, etc.

In evidence before your Committee at the time that Bill C-6 was originally tabled, and in negotiations which took place privately between the banking community and the automobile dealership community, efforts were made to draw a line for appropriate or inappropriate leasing activities of banks in terms of the so-called gross vehicle weight (GVW) of the vehicle involved. The dealers took the position that the banks should not be involved in any leasing of vehicles which weighed less than 46,000 pounds GVW. Apart altogether from the issue of fleet leasing and the financing of the leasing activities of small dealers in respect of individual passenger cars, the banks adopted the position that the appropriate demarcation line for vehicle weight was 16,000 pounds GVW. Your Committee in its Interim Report on Bill C-6 recommended as follows:

"... that the proposed language of sub-clause 1 of Clause 193 be rejected in favour of an amendment to prohibit a bank from having a leasing subsidiary that leases motor vehicles having a gross vehicle weight, or, in the case of tractor trailer combinations, a gross combination weight, of at least 16,000 pounds GVW; and further prohibits such leasing subsidiary from fleet leasing of vehicles except where the value of the motor vehicle lease is $250,000 or more in a single transaction, or the quantity of vehicles leased is at least 25 in number."

In an amendment to Bill C-6 which was tabled at or about the time of your Committee's Interim Report, the Government altered the language of subclause 193(1) to prohibit a bank from entering into a lease agreement in respect of motor vehicles where the motor vehicles are "capable of being licensed for operation on a public highway and have a gross vehicle weight of less than 21 metric tonnes" (i.e. 46,000 pounds GVW). As appears from statistics which were made available to your Committee it is clear that more than 95% of all of the leasing of trucks done by both the members of FADA and of CALA falls in the area of the weight range of less than 16,000 pounds GVW. It is obvious from the evidence of the dealer witnesses that the real object of the pressure which they brought to bear on the Government was to keep the banks out of motor vehicle leasing entirely, whether or not there is a significant potential for conflict or competition with

or from the banks in the weight ranges that are being spoken of. The contradiction lies in the argument advanced by the dealers that, while they are only seeking to protect that aspect of the business which would ordinarily be carried on by a dealer, the only method of effecting such protection is to establish a weight limitation of 46,000 pounds GVW.

The evidence which your Committee has received makes it clear that in the vehicle weight, lying below 46,000 pounds GVW, there are a vast number of vehicles, and potential commercial transactions, which would not be available from or offered by dealers. Thus, there is a need to engage in the financial leasing of a variety of commercial buses, ambulances, firefighting equipment, and other such specialty vehicles which are not sold through conventional automobile dealerships and which at the same time lie below 46,000 pounds GVW. It was clear therefore that by adopting the 46,000 pounds GVW weight limitation for the entry of banks into financial leasing, the Government would have effectively prohibited banks from engaging in the financial leasing of a wide variety of vehicles which are capable of being licensed for operation on a public highway, and yet in the leasing business of which the automobile dealers do not normally engage. It is submitted that this situation is unacceptable. The purpose of this legislation is to serve the public, not to frustrate it.

How can this anomaly be corrected? During the course of its recent study of the Bill, your Committee reviewed in detail its deficiencies with the Minister. The problem of specialty vehicles was discussed at length. In the result, on Friday, the 5th of November, 1980, the Minister tabled certain amendments to the Leasing clauses of the Bill. The amendments read as follows:

"That Bill C-6 be amended

(a) by striking out lines 46 to 48 at page 209 thereof and substituting the following therefor:

"motor vehicle having a gross vehicle"; and

(b) by striking out line 2 at page 211 thereof and substituting the following therefor:

"are situated;

"motor vehicle" means a motorized vehicle designed to be used primarily on a public highway for the transportation of persons or things but does not include

(a) any fire engine, bus, ambulance or utility truck; or

(b) any other special purpose motorized vehicle that contains special features that make it suitable for a specific purpose and that is manufactured by a person other than the vehicle manufacturer who manufactured the basic chassis."

The above amendments were agreed to by the House of Commons and are now included in the amended Bill.

The concept underlying these amendments is to provide a definition of "motor vehicle" which would exclude those classes of motor vehicle which represent a class of business not normally dealt in by automobile dealers. Your Committee approves of the concept. In addition your Committee has reviewed the regulations which are referred to in subclause 193(1), and more specifically the regulations relating to the gross vehicle weight of tractor trailers and finds these regulations to be acceptable.

In the interest therefore of protecting the legitimate concerns of FADA and CALA, while at the same time ensuring that the public need for financial leasing services for specialized vehicles is not frustrated, your Committee is in favour of supporting the adoption of the amendment proposed by the Minister under date of November 5, 1980, as herein referred to.

8. RESERVES ON FOREIGN CURRENCY DEPOSITS

As a result of the 1976 White Paper on banking, Bill C-15, which was introduced in November 1978, proposed that banks be required to maintain primary and secondary reserves of three percent of their foreign currency deposits used domestically. As a result of its study and hearings on this Bill C-15, your Committee concluded that the imposition of this 3% reserve would place Canadian banks at a competitive disadvantage when competing with foreign banks for foreign currency loans to borrowers in Canada. In its report on Bill C-15, your Committee recommended that Bill C-15 be amended in such a manner as to remove this disadvantage.

When the amended Bill C-14 was introduced in October 1979, the reserve section had been amended so as to have the 3% reserve apply not only to "foreign currency deposits used domestically" but to "foreign currency deposit liabilities of residents in Canada with branches of the bank in Canada or with offices in Canada of subsidiaries of the bank". This amendment, which also has been carried forward in Bill C-6, was intended to remove the competitive disadvantage of Canadian banks vis-à-vis the foreign bank competition for foreign currency loans to Canadian borrowers. There are however, some perceived difficulties even in the new amendment.

The rationale behind the imposition of reserves on foreign currency deposits by Canadian residents is indicated from the following testimony of Mr. W. A. Kennet, Inspector General of Banks when he appeared before your Committee on November 20, 1979 (Committee proceedings Issue No. 7, November 20, 1979, pages 7:38 and 7:39).

"We started from a principle, and it has given us no end of trouble but we are clinging tenaciously to the principle. The principle is that our reserve system should not work so as to encourage Canadians to hold their savings in a foreign currency.

"The fact is that under the existing reserve system, if everything else is equal, the Canadian resident putting his savings in a chartered bank in a notice or a term deposit has those savings in Canadian dollars subject to a reserve of 4%. If he puts those same dollars into a Canadian bank in a foreign currency, they are subject to no reserve whatsoever. The implication is that banks can pay a better interest on

foreign currency deposits than they can on Canadian dollar deposits. That seemed to us to be an unfortunate situation.

"We have seen in some degree, the effect of this over the last few years, where in an environment where the Canadian dollar has been under pressure Canadians have begun to hold, in the form of deposits with Canadian banks, foreign currencies to the extent now of something approaching $12 billion. A few years ago it was more like $5 billion or $6 billion. So there has been a move into this kind of instrument as a form of holding savings.

"Having said that, we took a crack at it in the previous legislation, and, as a result of failure to fully understand all of the effects that were in play, we put our banks in a position which, the Senate recognized, would be an uncompetitive position in making foreign currency loans to Canadian businesses that needed them for various legitimate purposes.

"We sought another position that would preserve the competitiveness of Canadian banks, while still trying to meet this essential principle. This was another proposal to try to do that . . . ."

"With this new reserve, the large professional money manager, if, he did not like the rate he could get in Canada, he could move his deposits around anyway and put them with any bank abroad. If you regard that as a loophole, had we closed that loophole, that is what would have happened: The Canadian banks would have lost the deposit entirely. So it did not seem sensible to go that route.

The places to which they could move deposits are limited. If they move those deposits to the United States, there is now an 8% reserve on them instead of a 4% reserve. There is no incentive to move the deposits there. The deposits could, however, be moved to other countries, where they would be reserve free. That means that your funds are under a different jurisdiction. Certain Canadians might not feel good about that. The professional money manager, so long as he knows where the funds are, and knows that the situation is reasonably stable where the funds have been moved—perhaps to London—might not worry about that at all, I suppose; but certain Canadians may begin to think twice about having those deposits shifted offshore to other jurisdictions.

There may also be withholding tax implications in foreign jurisdictions that would affect the return. So there may be breaks as regards the situation. But potentially there is an avoidance route, yes. That was recognized when we made the suggestion."

The reason for proposing a 3% reserve on foreign currency deposits was also explained by Gerald K. Bouey, Governor of the Bank of Canada when he appeared before your Committee on January 24, 1979 (Committee Proceedings January 24, 1979 18:21).

"My interest in the matter really relates to the deposits booked in Canada. If you have a situation, as we have now, where there is a cash reserve requirement against Canadian dollar deposits, that will obviously cost the banks something and it does affect the rates they can pay on those deposits. When you have no non-interest-bearing cash requirements against foreign currency deposits, then the banks are able to offer a higher rate than they otherwise would have done.

"It seems very strange to me that we would put Canadian dollar deposits at a disadvantage in this country as against foreign currency deposits. In fact, other things being equal, Canadians would be able to earn more money on their foreign currency. Particularly at a time when I was worried about the Canadian dollar, that seemed to be somewhat strange. So I have been interested in equalizing that situation, putting them on the same basis. The 3% against foreign currency deposits would then be the same as 3% against Canadian dollar time deposits.

"I think the problem may have arisen in the way that it was phrased, namely "deposits for use in Canada", which then of course might include deposits booked outside the country where the banks are in competition with foreign banks. I would not want to see that happen and that is where I would agree it needs to be looked at. But I think there must be a way of equalizing the situation within Canada for deposits booked in one currency or the other."

". . . If you go down to your bank in Ottawa and ask them to open a U.S. dollar account for you, they will do that. They will not have to keep non-interest bearing cash reserves against your Canadian dollar deposit account. It is that inequality that I am anxious to see eliminated. I think that can be done.

"I believe that the provisions as presently worded are based on the concept of funds for use in Canada. Some of the funds for use in Canada may come from depositors outside Canada and in that situation we do not want to put our banks at a disadvantage against foreign banks."

Your Committee notes that one aspect of the new reserve formula which has not been given more, if any, emphasis is that the substitution of the new foreign currency reserve formula appears to result in a considerable increase in the amount of the statutory reserve requirement. Under Bill C-15, based on deposits at December 31, 1977, it was calculated that the amount of "foreign currency deposits used domestically" amounted to approximately $4.4 billion (Committee report on Bill C-15, proceedings March 7, 1979, Issue No. 30). Under Bill C-6, based on deposits at April 30, 1980, the reservable foreign currency deposits in Canadian banks of residents amounted to approximately $10.5 billion. At the 3% rate, the aggregate reserve requirement for all banks would thus be increased by more than $183 million under the new formula. Part of this increase, of course, is caused by the growth in foreign currency deposits held by Canadian residents.

Your Committee has received and studied evidence and opinions which indicated that the proposed 3% reserve against foreign currency deposits of Canadian residents booked in Canada could have consequences which would be against the interests of Canadian resident businesses and individuals,

would increase the difficulties of the Bank of Canada in maintaining the relative strength of the Canadian dollar, and indeed might result in a loss of income tax revenue to Canada.

It is your Committee's opinion that the imposition of this 3% reserve could result in a large proportion of the dollar amount of Canadian resident foreign currency deposits being moved out of Canada in order to obtain better interest rates elsewhere. This out-flow of funds would include the larger deposits which are held by the more sophisticated depositors and which represent more than 85% of these deposits.

The following summary, based on the information provided by the Canadian Bankers' Association when it appeared before your Committee on October 16, 1978, shows the breakdown of these deposits, converted into Canadian funds. (Appendix A)

(As at April 30, 1980)	Number of Accounts	%	Value (Can $ Millions)	%
Personal savings and current accounts	155,800	81.4	$ 883	8.4
Personal and non-personal certificates of deposit less than $100,000 each	30,345	15.9	783	7.3
	186,145	97.3	1,666	15.7
Over $100,000 each	5,151	2.7	8,583	84.3
	191,296	100.0%	10,490	100.0%

From the above, it can be seen that only 15.7% of the aggregate value is tied up in 191,296 separate smaller accounts which represent 97.3% of the number of accounts, whereas $8.58 billion or 84.3% of the dollar total is held in the larger over $100,000 accounts, most of which are accounts of $1 million and over.

This latter group are the more knowledgeable and sophisticated depositors such as the money managers of near-banks and large business corporations who have the facilities to move their deposits easily whenever higher rates are more attractive outside of Canada based on comparable degrees of security. It has been estimated by the Ad Hoc Committee on Foreign Currency Reserves of the Canadian Bankers' Association that, based on deposits at September 30, 1979, as much as $8 billion of the foreign currency deposits of Canadian residents could flow out of Canada if more sophisticated depositors are inclined to avoid the lower rates of interest which they would receive due to the effect of this reserve as proposed in Bill C-6; the Canadian Bankers' Association also estimates that as much as one-half, or $4 billion of these deposits could be lost to foreign banks.

This, in summary, means that the effects of this reserve would be felt mostly by those who might not have either the inclination or the facilities to avoid its effect by moving their deposits "off-shore".

Your Committee as a result of its studies, has the following observations to make concerning the adverse effects of the imposition of this reserve:

EFFECT ON BALANCE OF PAYMENTS

There would be a tendency of larger and more sophisticated Canadian resident depositors towards moving their foreign currency deposits to foreign banks and branches, resulting in a possible substantial increase in Canada's external debt. This would have a diametrically opposite effect to the intentions of the Canadian government to improve or maintain the level of Canada's deficit in its international balance of payments.

LOSS OF BUSINESS TO FOREIGN BANKS

Based on reasonable estimates, it appears to your Committee that as much as 50% of these exported funds could end up being deposited with foreign banks, resulting in a reduction of Canadian banks' share of the resident foreign currency deposit market. This would have the dual effect of weakening, to some extent, the Canadian economy, and of reducing of the income tax payments by banks to the Canadian and Provincial Governments.

DISCRIMINATION AGAINST PARTICULAR GROUPS

The imposition of the 3% reserve on foreign currency deposits by Canadian residents could tend to discriminate in two ways against certain groups of Canadians, first against Canadian resident depositors of foreign currency in that foreign currency deposits by non-residents (not subject to reserves) would be offered higher rates than those offered to Canadian resident depositors of foreign currency; second, against the large majority of 190,000 smaller depositors who have deposits and c/d's of less than $100,000 each (an average of $9,000 each) who represent 97.3% of the number

of Canadian resident owners of foreign currency deposits in banks in Canada.

COMPETITIVE DISADVANTAGE

The imposition of the reserve would again place the chartered banks at a further disadvantage with the trust companies who would not be subject to a reserve on their foreign currency deposits and could therefore offer better interest rates on their foreign currency business with Canadian resident depositors. This is in addition to the competitive disadvantage placed on banks by the removal in Bill C-6 (amended) of the exemption for currency in Canadian term deposits.

GROWTH OF DEPOSITS AND RESERVES

A comparison of reservable deposits and the calculated primary reserves under the present Bank Act with the reserves proposed by Bill C-15 and C-6 (as amended) is shown in Appendix B.

The estimated reservable deposits and primary reserve requirements might be summarized as follows:

	Dec. 31 1977	Oct. 29 1980
	(Millions)	
Reservable Deposits		
I Under present Bank Act	$85,000	$127,100
II Under Bill C-15	87,000	131,000
III Under Bill C-6 (amended)	91,000	135,000
Minimum Primary Reserve Requirement		
I Under present Bank Act	$ 4,809	$ 6,614
II Under Bill C-15 ,	3,783	5,200
III Under Bill C-6 (amended)	3,883	5,320

Under the present *Bank Act*, due to the growth of the economy and the amount of deposits in the Canadian banking system, the reservable deposits have grown from $85 billion at December 31, 1977 to $127 billion at October 31, 1980. Similarly, the statutory primary reserves have grown from $4.8 billion to $6.6 billion.

Under Bill C-15 the minimum primary reserve at October 29, 1980 would be $5.3 billion after giving full effect to the phasing in of the reduction in reserve rates.

However, due to the change in the reserve on foreign currency deposits, an extra $3 billion of deposits become reservable. At the 3% rate this results in an increase of $90 million in required reserves.

Also the elimination of the exemption for 1 year and over term deposits by the amendment to Bill C-6 results in a further increase in the minimum reserve requirement.

From this it can be seen that the effects of the amendments to the proposed legislation have resulted in increasing the reserves required of banks by approximately $120 million, based on the amount of deposits at October 29, 1980.

Therefore, it might be considered that there has been an unintended increase in the amount of reserves above the level which was intended in the original reduction in the reserve rates from 12% to 10% of demand deposits and from 4% to 3% of notice deposits.

Due to the annual growth of the money supply and the amount of deposits in the Canadian banking system, it will be seen from the calculations below that the amount of reserves required, quite apart from any reserve on foreign currency deposits, will be considerably greater at the end of the 3½ year phase-in period than the present reserve required under the present Bank Act.

ADDITION OF RESERVES BY NEW BANKS

Also, there will be the addition to the reserves by the new foreign bank subsidiaries which will be incorporated under the new *Bank Act*. The notes payable outstanding of all Canadian financial institutions affiliated with foreign banks amounted to $573 billion at March 31, 1980 (Source: Bank of Canada Review, Statistical Table 47). Based on the required ratio of 5.31 for November 1980, these new banks would provide approximately $300 million in new cash reserves at the Bank of Canada, if all of these affiliates of foreign banks become incorporated as foreign bank subsidiaries under the new *Bank Act*. Using a very conservative estimate based on only one-half of these foreign affiliates becoming chartered banks, the additional cash reserves provided by them would amount to approximately $150 million.

The following projection indicates how the primary reserves would grow in line with the growth of deposits in the Canadian banking system, in spite of a reduction in the reserve ratios and even excluding any reserve on foreign currency deposits. These estimates are based on the following assumptions:

1. An estimated increase of 9% per annum on demand deposits and 14.5% per annum in notice deposits, compounded annually. The rate of 9% increase in demand deposits is based on the upper limit of the Bank of Canada's target range for M1 growth (currency and demand deposits). This rate is extremely conservative when compared with the growth in demand deposits of 12.8% in the year ended October 29, 1980. The rate of growth of notice deposits is based on the growth in notice deposits of 14.6% for the year ended October 29, 1980; the rate of growth in notice deposits was even higher in 1976, 1977 and 1978.

2. Neither foreign currency deposits nor reserves thereon are included.

3. Additional reserves contributed in the first six months by new banks based on one-half of the notes payable of Canadian financial institutions affiliated with foreign banks have been estimated.

4. Phasing-in of the reduction of reserve ratios commencing with January 1, 1981

	Deposits	Reserve Rate		Estimated Primary Reserves
		Demand	Notice	
	(Billions)			
October 29/80	$129	12%	4%	$6.6
December 31/80	130	12	4	6.7
June 30/81	138	11¾	3⅞	6.9
December 31/81	147	11½	3¾	7.1
June 30/82	157	11½	3⅝	7.3
December 31/82	167	11	3¼	7.5
June 30/83	178	10¾	3⅜	7.7
December 31/83	190	10½	3¼	7.9
June 30/84	203	10¼	3⅛	8.1
December 31/84	216	10	3	8.3

The above schedule indicates that even with an extremely conservative estimate in the growth of deposits, the primary reserves at the Bank of Canada would always increase even in spite of the gradual decrease in the statutory reserve ratios and without including reserves on foreign currency deposits. If foreign currency deposits were included in the above schedule, the reserves would be increased by an additional $90 million based on October 31, 1980 statistics. After December 31, 1984 the reserve ratios would remain constant and based on a rate of growth proportionate to the growth of deposits in the banking system, the reserves would continue to grow at a faster rate than shown in the schedule.

The above projections indicate for example that, after the first full year of the phasing-in of the reduction in reserve ratios, it is estimated that the primary reserves will have grown from $6.6 billion at October 29, 1980 to $7.1 billion at December 31, 1981, without including any reserves on foreign currency deposits. That is to say, the effect of the phased-in reduction of the reserve ratios is more than offset by the effect of the projected growth in the deposit base.

Therefore your Committee estimates that there should be no net loss of reserves nor decrease in revenue to the Bank of Canada if foreign currency deposits were exempted from the primary reserve requirement. Indeed, as indicated, on a conservative basis it is estimated that there would be a steady growth in the reserves and in the revenue earned by the Bank of Canada from the investment of these cash reserves.

It appears, therefore, to your Committee that the proposed reserves are in excess of requirements and that the elimination of the proposed 3% reserve on foreign currency deposits of Canadian residents would not result in a net decrease in revenue to the Bank of Canada and the Consolidated Revenue Fund.

The proposed reserve introduces inefficiencies in the Canadian foreign currency market which eventually results in higher rates on foreign currency loans to Canadian residents booked in Canada.

Your Committee notes that the demand for foreign currency funding by Canadian residents is related largely to specific, legitimate financing needs. Export of large transactions in lumber, pulp and paper, wheat or fish are often denominated in foreign currency, and most exporters try to hedge their foreign currency position in the currency in which the payment is to be made. Your Committee believes that the reserve on foreign currency deposits by Canadians will thus increase the cost to Canadian exporters and that this is not in the public interest.

SUMMARY

1. The proposed reserve will probably increase the cost of foreign loans to Canadian exporters who hedge their foreign currency position, to the Canadian and Provincial Governments and other Canadian foreign currency borrowers as well as increase the costs of importers who maintain foreign currency deposits. This is not in the public interest.

2. It would discriminate against the smaller depositors who do not have the facilities to move their deposits offshore like other larger depositors.

3. It would discriminate against Canadian resident depositors of foreign currency in favour of non-resident depositors.

4. It would discriminate against Canadian banks in competition with trust companies and other near-banks.

5. The annual growth of deposits and the addition of reserves from new banks would result in an increase in the aggregate reserves even if the proposed reserve on foreign currency deposits was eliminated, with no decrease in revenue to the Consolidated Revenue Fund.

Your Committee is of the opinion that the Government has greatly underestimated the amount of foreign currency deposits which will flow out of Canada.

As noted earlier in this report, representatives of the Canadian Bankers' Association in their testimony before your Committee have indicated considerable concern about the potential loss to the Canadian banks in Canada and to the general Canadian economy at large if most of these foreign currency deposits are booked off-shore.

Your Committee has received evidence that the 12% and 4% reserves were in excess of requirements of the Bank of Canada for monetary control and for purposes of liquidity. The reserve on foreign currency deposits of Canadian residents as proposed

in the Bill are not required for monetary control or liquidity purposes either.

Because it is your Committees opinion that the proposed reserves on foreign currency deposits of Canadian residents are not in the public interest for the reasons indicated above, your Committee is opposed to this provision in Bill C-6.

9. RECOMMENDATION:

YOUR COMMITTEE RECOMMENDS THAT A BANK NOT BE REQUIRED TO MAINTAIN EITHER A PRIMARY OR SECONDARY RESERVE ON SUCH OF ITS DEPOSIT LIABILITIES AS ARE FOREIGN CURRENCY DEPOSITS OF RESIDENTS OF CANADA WITH BRANCHES OF THE BANK OF CANADA OR WITH OFFICES IN CANADA OF SUBSIDIARIES OF THE BANK, AS PROPOSED BY BILL C-6 IN SUBSECTION 208(1)(*g*) OF THE PROPOSED NEW BANK ACT; YOUR COMMITTEE THEREFOR RECOMMENDS THAT BILL C-6 BE AMENDED AS FOLLOWS:

CLAUSE 2

STRIKE OUT LINES 35 TO 40, ON PAGE 228, AND SUBSTITUTE THE FOLLOWING THEREFOR:

"DOLLARS".

STRIKE OUT LINES 33 TO 38, ON PAGE 230, AND SUBSTITUTE THE FOLLOWING THEREFOR:

"ITS DEPOSIT LIABILITIES AS ARE CANADIAN CURRENCY DEPOSIT LIABILITIES."

10. CONCLUSION

As noted earlier in this report your Committee has not gone so far as to recommend amendments on the following matters:

(a) Ownership of banks' shares by Provincial Governments,

(b) Prohibition of a penalty or charge for prepayment of loans to individuals,

(c) Exemption of products of agriculture from Section 88 Security if purchase price unpaid at time of bankruptcy of a packer.

Your Committee feels strongly that these sections in Bill C-6 require to be reviewed, but having regard to the time factor and the length of time it has taken so far to bring the legislation to its present stage, your Committee is prepared not to press further at this time in connection with the above matters.

However, your Committee is agreed that it cannot do other than record its recommendation for the elimination of the proposed reserves on foreign currency deposits of Canadian residents in Canadian banks, because your Committee believes it is in the public interest to do so.

Your Committee wishes to express its appreciation for the services rendered in the review of the Bill by Messrs. John F. Lewis, C.A., and David W. Scott, Q.C.

Your Committee has examined and considered the subject-matter of Bill C-6 in accordance with its terms of reference, and, except as noted above, has no comment to make on the Bill.

Respectfully submitted,

SALTER A. HAYDEN,
Chairman.

APPENDIX "A"

FOREIGN CURRENCY DEPOSITS OF CANADIAN RESIDENTS BOOKED WITH CHARTERED BANKS IN CANADA AS AT APRIL 30, 1980 (1)

	Accounts		Amount		% of Aggregate Foreign Currency Deposits of Residents (2)
	Number	%	US$ M.	%	%
Personal Savings & Current Accounts	155,800	81.4	743	8.4	7.5
Personal & Non-Personal C/Ds	35,496	18.6	8,079	91.6	81.7
TOTAL (3)	191,296	100.0	8,822	100.0	89.2

Personal and Non-Personal C/Ds

	Accounts		Amount		% of Aggregate Foreign Currency Deposits of Residents (2)
	Number	%	US$ M.	%	%
Less than $100,000	30,345	85.5	658	8.1	6.7
$100,000—$499,999	3,576	10.0	733	9.1	7.4
$500,000—$999,999	448	1.3	314	3.9	3.2
$1,000,000 and over	1,127	3.2	6,374	78.9	64.4
TOTAL	35,496	100.0	8,079	100.0	81.7

Personal and Non-Personal C/Ds: Breakdown (4)

	Number of Accounts		Amount	
	Personal	Non-Personal	Personal	Non-Personal
	%	%	%	%
C/Ds less than $100,000	88	12	83	17
C/Ds $100,000 to $499,999	55	45	46	54
C/Ds $500,000 to $999,999	28	72	24	76
C/Ds $1,000,000 and over	10	90	4	96
TOTAL	83	17	16	84

Notes to Appendix "A"

1. Based on returns from the nine largest chartered banks.

2. As at April 30, 1980, Table 6 of the Bank of Canada showed the total foreign currency deposits of residents booked in Canada as Can. $11,762 Million. This has been converted into U.S. dollars at the close spot rate for that date to yield a figure of U.S. $9,892.

3. Excludes non-personal savings accounts and call accounts.

4. Figures in this table are estimated based on the returns of two banks which together represent 51% of the reported foreign currency accounts and 39% of reported foreign currency deposit liabilities.

Prepared by John Angus,
Research Division,
Canadian Bankers' Association.

APPENDIX "B"

THE BANK ACT

COMPARISON OF RESERVE UNDER PRESENT BANK ACT WITH RESERVES UNDER BILLS C-15 AND C-6

(Millions)

	Dec. 31 1977	October 1980
I. Present Bank Act		
Can $ demand deposits	$ 17,573	$ 19,100
Can $ notice deposits	67,507	108,000
	$ 85,080	$127,100
II. Under Bill C-15		
Total deposits above:	85,080	127,100
Deduct exemptions:		
204(8) (a) R.R.S.P. & RHOSP deposits	(1,519)	(3,500)
(b) Inter-bank deposits	(39)	(50)
(c) CPA near-banks' deposits	(100)	(150)
(d) Term deposits over 1 year	(700)	(1,000)
	82,722	122,400
Add:		
204(1)(g) Foreign currency deposits used domestically	4,359	8,600
Total Reservable Under Bill C-15	$ 87,081	$131,000
III. Under Bill C-6 (as amended)		
Total deposits as above:	85,080	127,100
Deduct exemptions:		
(a) R.R.S.P. & RHOSP deposits	(1,519)	(3,500)
(b) Inter-bank deposits	(39)	(50)
(c) CPA near-banks' deposits	(100)	(150)
(d) Term deposits (no exemption)	Nil	Nil
	(1,658)	(3,700)
	83,422	123,400
Add: Foreign currency deposits of Can. residents booked in Canada	7,500	11,600
Total Reservable Under Bill C-6	$ 90,922	$135,000

Reserve Requirement

I. Present Bank Act	$ 4,809	$ 6,614
II. Bill C-15	3,783	5,200
III. Bill C-6 (amended)	3,883	5,320

Notes to Appendix "B"

(1) Source: Bank of Canada Review, Weekly Statistical Review, Canadian Bankers' Association, and Report of the Standing Senate Committee on Banking, Trade & Commerce, March 7, 1979.

(2) Reserve requirement calculations under Bills C-15 and C-6 are based on giving effect to rates after phasing-in of 10% on Canadian currency demand deposits and (b) 3% on the excess of Canadian currency notice deposits over $500 million per bank, with 2% on the first $500 million per bank.

(3) Exemption calculations are based on estimates provided by Canadian Bankers' Association.

THE SENATE

Tuesday, November 25, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. McCauley, Bachand, Cousineau, Fraser and Weatherhead had been substituted for those of Messrs. Bloomfield, Chénier, Henderson, Hnatyshyn and Joyal on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Speyer, Beatty, Fraser, McCain, Thacker, Robinson (Burnaby) and Harquail had been substituted for those of Messrs. Epp, Dinsdale, Hawkes, Crombie, McGrath, Young and Henderson on the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Copies of a letter from the Prime Minister of Canada to the Premier of Newfoundland, dated October 20, 1980, respecting the transmission of Newfoundland electrical energy through Quebec. (*English text*).

He said: This letter may be of special interest to Senator Marshall and other honourable senators who have asked questions about this matter. It is related to a response given here yesterday by the deputy leader.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask my honourable friend if that letter can be read or is it going to be attached to the proceedings?

Senator Perrault: The text could certainly be incorporated into today's proceedings if that is satisfactory. I would be pleased to accept that suggestion.

Senator Marshall: May we get copies of it now?

Senator Perrault: Copies will be at the Table and we can certainly—

Senator Roblin: I offer the observation that it is the practice in some cases to provide a copy to the opposition at once so that there will be an opportunity to discuss any matters that may arise from it. I would ask my honourable friend if he would consider doing that.

Senator Asselin: I have asked the same question many times.

Senator Perrault: Under the circumstances, with leave, may I read this letter to the chamber?

Senator Asselin: In the future, send a copy in advance to the opposition.

Senator Perrault: I would be glad to, but—

Senator Asselin: Do it in the future.

Senator Perrault: Honourable senators, this letter is dated October 20. It is, then, not a letter issued yesterday; in fact, this communication has been in the possession of the Honourable Brian Peckford, the Premier of Newfoundland, since that date. It says:

> My dear Premier:
>
> This is in response to your letter of September 24, 1980, in which you reiterated your concerns about the federal government's willingness to use its constitutional authority to ensure the passage of Newfoundland electrical energy through Quebec.
>
> In my letter of July 29, 1980, to you I indicated that the federal government stood ready to act if it could be clearly demonstrated that the exportation of electricity from Newfoundland was, in fact, being prevented by Quebec. This, as you will recall, was also the essence of my comments to you when we discussed the matter at the recent Conference of First Ministers on the Constitution.
>
> I was very interested to learn that the Power Authority of the State of New York has indicated its willingness to purchase surplus power from your province if price and certain other requirements can be met. Although there are, I understand, many factors over and above the question of transmission through Quebec to resolve before formal contracts can be signed, this is an encouraging development.
>
> As I am sure you appreciate, your request for federal government action to ensure transmission through Quebec raises many complex issues. Federal officials are giving priority to examining these issues and it is clear that to

expedite this work, discussion between our officials will be required at an early date. To this end, officials of the Federal-Provincial Relations Office will be getting in touch soon with their Newfoundland counterparts to discuss arrangements for such a meeting.

Yours sincerely,
Pierre Elliott Trudeau,
Prime Minister of Canada.

• (1405)

Senator Doody: What is the date of the letter?

Senator Perrault: It is dated October 20. It was tabled in the other place by Mr. Lalonde yesterday, November 24.

Senator Marshall: The Leader of the Government mentioned that officials from the federal government will be meeting with whom?

Senator Perrault: They will be in contact with their Newfoundland counterparts to discuss possible arrangements for a meeting.

Senator Marshall: Is there any indication that the Quebec government would be involved in those discussions?

Senator Perrault: I would be pleased to seek further information on that point. The letter is all I have in my possession at the present time.

Senator Doody: Is the letter dated October or November?

Senator Perrault: The letter is dated October 20 of this year, and it was tabled in the other place yesterday afternoon.

Senator Doody: Does the government leader know if any steps have been taken to get these meetings moving?

Senator Perrault: I will seek further information. As I stated to Senator Marshall, the letter is all I have in my possession at the present time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this tabling should be seen in the context of the delayed answer I gave Senator Marshall yesterday to a question he had asked. While the answer I gave did not specifically refer to the letter, it did refer to the contents of the letter and the offer that was being made.

I know that Senator Marshall realizes, and perhaps Senator Doody does also, as well as many other senators, that the situation is complicated by the agreement, a private agreement. So while the right that is being given and being discussed is one that can be exercised in that frame, it cannot be exercised without being somewhat complicated by the terms of that agreement and that is a matter between the Province of Quebec and the Province of Newfoundland, separately.

At the risk of just speculating, I am sure that that, in turn, has something to do with the initiatives taken by Premier Peckford with reference to legislation he recently introduced in the Legislature of Newfoundland.

Senator Roblin: May I ask a supplementary question? In the letter as read, if I remember well, the Prime Minister stated that the federal government could not act in the normal course without reasonable proof, or words to that effect, that the exportation of electricity from Newfoundland was being presented by Quebec. My question is: In view of this request for proof, is it going to be the policy of the federal government to await the disposition of the long delayed law suit that is now in the court with respect to Newfoundland's claims, as well as the matter now placed before the courts with respect to recent legislation? Is it the policy of the government to wait until those court actions have been cleared up before it can accept the proof that it requires?

Senator Perrault: The question will be taken as notice.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, perhaps I should explain that the purpose of this motion is to enable the Banking, Trade and Commerce Committee to proceed at once to consider Bill C-6, the Bank Act, which was referred to it last night.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—WITNESSES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I had intended to ask questions of Senator Hays, the Senate Joint Chairman of the Special Joint Committee on the Constitution. As Senator Hays is not here, I will address my questions to the Leader of the Senate and ask him to get the information for me.

I should like to ask some questions about the activities of the committee. I trust I am within the rules in the way I frame them. First of all, I should like to know how many applications to be heard have been filed with the committee, and how many of these applicants have been selected to be heard. Secondly, I should like to know how many briefs have been filed with the committee.

Up to now we have heard only from associations, some of which are special interest groups. I am particularly interested

in knowing whether the committee plans to schedule the hearing of experts in the wider constitutional field?

Hon. Raymond J. Perrault (Leader of the Government): I do not have that information at my desk, but I shall endeavour to obtain it just as soon as possible. I note, however, that there are some members of the committee present today who represent an information resource.

● (1410)

Senator Guay: Members of the committee could probably tell us.

Senator Asselin: Senator Austin could no doubt tell us.

Senator Roblin: It would be of interest to the Senate to have a list of those who have been in communication with the committee, together with an indication as to whether they wish to submit a brief and appear as witnesses before the committee or merely submit written opinion to the committee. Perhaps that list could also indicate those who will be heard and when it is expected that they will be heard. I would ask my honourable friend to obtain that information for us.

Senator Perrault: Honourable senators, an endeavour will be made to determine the number of requests received for appearances before the committee. However, the Honourable Senator Roblin, who is a member of the committee, may well feel that there would be value in his asking that question of the joint chairmen of the committee when the committee next meets. We should both engage in the pursuit of the desired information.

Senator Roblin: I think that is a reasonable suggestion, and I daresay that the committee will be asked to discuss this matter. It seems to me, however, to be a matter of much wider interest than that. The depth of the subject will be apparent once we determine what the answers to the questions are. I am sure it will be discussed in the committee, but it seems to me that the Senate will have a real interest in this as well.

Hon. David Walker: Honourable senators, many of us get the impression that this Special Joint Committee on the Constitution is very similar to the Tower of Babel. We are all considerably worried about the reputation that is going across the country as a result of the fact that everyone seems so far apart on this patriation question.

Is there any chance of settling with Britain the question of the patriation of the Constitution with an amending formula? And then we can, on our own, go on from there. Anyone other than Prime Minister Trudeau would have agreed to that by now.

Senator Perrault: Honourable senators, as I stated yesterday, the government is awaiting, with keen anticipation, the Report of the Special Joint Committee on the Constitution, along with its recommendations, which may well be attached to that report.

[*Translation*]

SPECIAL JOINT COMMITTEE—PROPOSED EXTENSION OF DEADLINE—CONSULTATION BETWEEN HOUSE LEADERS

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government. As Senator Roblin said a while ago, a great number of people want to appear before the Joint Committee of the Senate and the House of Commons on the Constitution.

It is obvious that, because of the enormous task that will have to be done in such a short time, it will be humanly and physically impossible for us to complete our work by December 9.

Moreover, some kind of an understanding seems to be developing among the leaders of the various political parties in the other place, and they would appear to be on the point of agreeing that the committee hearings should be extended for a few weeks so that all those who want to appear can do so and the members of the committee can have the chance to work intelligently.

Can the Leader of the Government tell us what have been the results of the various consultations among the party leaders in the other place in this regard?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I understand that a number of constructive meetings and conversations have been held involving the leadership of the parties in the other place. However, I am not aware of any final decisions to extend the length of the committee's hearings or to extend the number of days in which submissions may be brought before the committee. It is certainly possible, according to the advice I have received, that the committee may wish to bring in an interim report recommending the extension of the sitting time.

Senator Asselin, as a member of the committee, may be in a position to advise the house whether or not some formal proposal will be brought forward again in the joint committee by his party. Certainly a number have spoken in support of extended hearings.

[*Translation*]

Senator Asselin: Honourable senators, I could advise the Leader of the Government in that regard, and of course I do not blame him for not following the proceedings of our joint committee. As early as last week, members of the official opposition, supported by members of the NDP, put to the committee a formal motion asking for permission to present a report to the Senate and the House of Commons recommending that the sitting hours of the committee be extended to February 10, in order, I repeat, to allow the committee members to perform their work like intelligent people.

In addition, for the information of the Leader of the Government in the Senate, I can tell him that members of his political formation, who are in the majority, voted against the motion. Of course, the report could not then be presented to the Senate or the House of Commons.

While I have the floor on this matter, perhaps I could, for once, ask the Leader of the Government why the government is so set on that magic date of December 9. Why not the 20 or the 21? Or later, for that matter? Can he tell us whether or not there is a fundamental reason for the government's insisting that the committee complete its work by December 9? To

date, none of the interventions in committee, in this house or in the other place, justify in any way an arbitrary date such as December 9. So, can he tell the Senate what the government had in mind when it set a date like December 9, a date it will not change?

● (1415)

[*English*]

Senator Perrault: Well, honourable senators, it is not my intention to reopen a debate which was held in the Senate. It would, indeed, be contrary to our rules to reopen a debate on a motion which has already been decided by the Senate. But I know the honourable senator is earnestly seeking information and enlightenment, and all of us appreciate his lively concern in this matter. May I suggest that the power of his eloquence may well persuade members of the joint committee to accede ultimately to his request. The Prime Minister has stated a number of times that if evidence can be presented and justification is provided for an extension of the committee hearing dates, then certainly supporters of the government on the committee would consider such an extension. So I think it can be said, honourable senators, that the matter may not have been finally disposed of.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, could I ask a supplementary question on the same point? I recall well that when we were concerned about the question of time limits in this house we received the most fulsome assurances from the Leader of the Government that the committee would be able to make its own recommendations in the matter. Indeed, as my honourable friend has said, it has made its recommendation, which is negative.

But we were reassured again in the committee that we need not lose heart because the question would be referred to the leaders outside the committee for some adjudication. Now my question for the leader is: Has he, as a representative of the Senate, been asked to take part in those consultations?

Senator Perrault: Honourable senators, as I stated in reply to Senator Asselin, it is conceivable that the final disposition of this question has not been made. Let me assure honourable senators on that point. We have not completed the hearing process in the joint committee; there are many more witnesses to be heard, and it is entirely possible for the committee to report back on December 5, or before that date, certainly by December 9, conveying its recommendation that in the light of additional briefs and additional requests received from certain associations, organizations or individuals, that the committee recommends to the Senate and to the other place that a time extension, for example, be made.

● (1420)

Perhaps it is too early to make a final decision with respect to this proposal for extended hearings. With respect to Senate participation in the process of that final determination, there will be substantial Senate involvement.

Senator Roblin: I am delighted to hear that, because there has been no evidence of it so far. The evidence so far is that the consultations have been limited to members of the House of Commons. This is a joint committee, and when I heard members of the Constitution Committee saying that "house leaders would be consulted," I must say that in my naiveté I thought that might possibly include leaders in the Senate; but, if that is not to be, then we should be told about it; if it is to be, then why have we not been brought in on the ground floor?

Senator Perrault: Honourable senators, the Senate has certainly not been excluded from this process of constitutional review in any sense. There are ten members of the Senate participating on a most active and useful basis in that committee's deliberations. In the second place, as Leader of the Government in the Senate, I participate in many of the discussions relating to that committee's activity and the position of the government with respect to that committee. Moreover, anyone who assumes that the Joint Chairman from the Senate, Senator Hays, is operating merely as a cypher who has no participation in the decision-making process is entirely incorrect in his assumptions.

Senator Roblin: My honourable friend is avoiding the question. I know perfectly well, and he knows perfectly well, that insofar as the members of that committee are concerned the whole subject has been removed from their domain and jurisdiction and has been handed over to the leaders of the house. But who are those leaders? Do they include members of the Senate? That is my point.

My honourable friend has told me quite frankly, and I commend him for his frankness, that he has not been consulted by the leaders in the other place with respect to the changing of the reporting time of this body. I would suggest that "leaders of the house" should include, with all modesty, if not myself, certainly my colleague, the Leader of the Opposition here, and his deputy when he is not here. But I can speak for myself and say that I have heard nothing of it.

I do not know why the Senate is excluded from this process in which the decisions are being made. They are not being made in the committee. The committee told us that. They are being made outside by our masters.

Senator Perrault: Honourable senators, I must say that I am surprised that the Honourable Senator Roblin seems to have developed a rejection complex merely because he has not been invited to a "confab" of political leaders in the other place. However, now that he has suggested that he thinks there is merit in house leaders discussing this matter, and has said so publicly and in his usual eloquent way, with the support of the Honourable Senator Asselin who spoke on it today, I will be more than delighted to meet with the Leader of the Opposition in the Senate to discuss this matter.

In this regard I do not think members in the other place will feel especially rejected if they are not invited to participate in the deliberations of house leaders. I am sure the distinguished Deputy Leader of the Government in the Senate would be pleased to be part of that meeting, as I am sure would be the Deputy Leader of the Opposition.

Senator Marshall: The distinguished Deputy Leader of the Opposition.

Senator Perrault: I do not feel that every time house leaders in the other place have a meeting, the Senate should be a party to it.

Senator Asselin: On this question, yes.

Senator Perrault: And I am sure they do not feel they should be party to everything we discuss in our meetings here. May I propose, therefore, that we have a meeting between the time we rise today and when we meet tomorrow to discuss the matter of the Constitution Committee and its reporting date.

Senator Roblin: My honourable friend, in his usual elegant style, has dragged the red herring across the trail. He knows perfectly well that we are talking about a joint committee of the Senate and House of Commons, and that no one on this side is expecting to have any input or anything to do with ordinary matters in the other house. It is a joint committee, and he knows perfectly well that I am not recommending this course because I like it. I am yielding to force majeure. We have been told in the committee that we will not have the power to decide, that it will be decided outside our ranks. That is the reason why I take such an interest in the matter.

• (1425)

Senator Perrault: As usual, the honourable senator's remarks will be given careful consideration. But there has been no directive issued that the committee shall not be permitted to decide whether or not it wishes to report that an extension of the sitting time is warranted. I know of no such directive and I do not believe that any such directive has been issued anywhere.

Senator Roblin: Does my honourable friend know that the committee has voted against extending the time? I hope he knows that much.

Senator Perrault: Because a majority of the committee voted against a certain proposal does not necessarily mean to say that a decision was taken in some other place and that some kind of order was issued to those members that were required to vote in a certain fashion. Indeed, may I offer the personal speculation that the honourable senator may be pleasantly surprised in due time when he has the full facts concerning the possibility of extending the committee times.

Senator Asselin: If you know something, say so.

Senator Roblin: I will be glad to wait. If it is worth waiting for; I shall congratulate my honourable friend upon it. But I never said that someone had instructed the committee how to vote. That is not what I said, and my honourable friend knows it is not what I said. I said that we were told in the committee that the decision would be made by the house leaders, not by the members of the committee themselves. When the protest was made, the soothing answer that was given was "Never mind, we are going to refer it to the leaders of the house and they will decide whether or not there will be any extension of time." That is the fact. I regret to report it, but it is so.

[Senator Marshall.]

ITALY

EARTHQUAKE DISASTER—SAFETY OF CANADIANS IN AREA

Hon. Peter Bosa: Honourable senators, I have two questions for the Leader of the Government. First, is he in a position to tell us whether there were any Canadians present in the earthquake area of southern Italy; and, secondly, does he have any additional information that he would like to share with the Senate?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some further information with respect to the terrible disaster in Italy. So far as Canadians are concerned, our embassy in Rome, in its latest report—a copy of which I shall read in a moment—mentioned that the local authorities with whom they are in touch are at this stage concentrating on the rescue of victims rather than in establishing their identity. As a consequence of this, and of disrupted communications, our embassy has not yet been able to establish the safety and well-being of the relatively few Canadians believed to be in the severely damaged area. We do not have the names of those "relatively few Canadians," but those names will be provided to honourable senators as quickly as possible.

We have received a telex communication from Rome, a copy of which is before me. It is not a long telex, and perhaps it should be put on the record. It reads:

> Severe earthquake measuring 6.5 on Richter scale struck Italian Province of Campania, in area south and east of Naples last night at about 1930 hours. Epicentre is Town of Eboli with extensive damage around City of Avellino. Early indications are of major disaster, placing dead in hundreds and injured in thousands. Some estimates place dead in thousands.
>
> It is very difficult at this stage to give estimate or reports on safety of Canadians. Local authorities with whom we have been in touch are concentrating entirely on rescue of victims and not their identity.
>
> Notices have been issued to avoid travel to Naples and beyond because of clogged facilities, damaged roads and interrupted communications.
>
> Our preliminary contacts with MFA indicate they have set up co-ordinating group but for now are awaiting further information before making requests for assistance from either governments or private agencies.
>
> Authorities are in any case fairly confident of disposing of sufficient emergency supplies for early stages, except perhaps for plasma and blood which are being requested through media.

• (1430)

There is, then, a course of action recommended to the government with respect to the conveying of messages of sympathy to the Italian government, and so on. The telex continues:

> We are awaiting confirmation of the full extent of the tragedy, which will be known in greater detail over the next 24 hours.

There is a further note to the effect that since yesterday, the League of Red Cross Societies has launched an international appeal for emergency assistance in the stricken areas. It will be recalled that the Minister of State for External Affairs, the Honourable Mark MacGuigan, announced yesterday that $100,000 had been set aside as an initial Canadian contribution. Today, he is announcing that the $100,000 contribution will be released immediately to the League of Red Cross Societies for emergency relief efforts in the devastated areas. In a statement, which I understand he is making this afternoon in the other place, he will say:

> I wish to assure the House that we are in close communication with the Italian government and the Red Cross to determine the nature of any further emergency assistance required.

EARTHQUAKE DISASTER—ASSISTANCE TO VICTIMS

Hon. Lowell Murray: Honourable senators, before Senator Bosa left I wanted to draw the attention of the minister to a motion that was passed unanimously in the other place yesterday on this subject, on the initiative of Mr. McDermid (Brampton-Georgetown), urging the Secretary of State for External Affairs to consult urgently with the Italian government as to the special and immediate needs of the victims of the earthquake of the Naples-Salerno area of southern Italy, and that the minister report to the house at the earliest opportunity and advise the house on the ways in which the Canadian government is able and willing to render assistance; further, that the government consult with the many Canadians who wish personally to assist the victims of this earthquake and provide special programs which will allow the people of Canada with special ties to Italy to respond in an urgent and generous manner through airlifts, emergency relief and reconstruction. As honourable senators will be aware, efforts in these directions are being made by private groups throughout the country now.

Perhaps the minister will, first of all, want to associate himself and all of us in this chamber with both the spirit and the substance of that motion, and, secondly, to undertake to keep the Senate informed, as the Minister of External Affairs is required to keep the House of Commons informed, as to the efforts being made.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, my office is in continuing contact with the Secretary of State for External Affairs and his departmental officials, and we have requested that information, as it becomes available, be made available immediately to honourable senators. That will be done, and has been done.

Canada, with a long record of humanitarian activity in efforts to help alleviate tragedies of this kind, is in contact with Italian authorities, and Canadian help will be extended to assist those who have survived this immense human disaster, one which appears to be well beyond the dimensions at first anticipated.

THE ECONOMY

EXCHANGE VALUE OF CANADIAN DOLLAR—GOVERNMENT SUPPORT

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development.

I understand that the Canadian dollar yesterday fell below 84 cents U.S., while the bank rate, the prime rate, is still climbing. I remember a year or so ago the minister's loudly denouncing what appeared, as one listened to him, to be a continual increase in interest rates. I wonder whether, now that the situation has changed, if it is the policy of the present administration to continue with these interest rate increases, and is it the policy of the government to continue these injections of funds with the object of supporting the Canadian dollar, or is there a ceiling or level at which the government feels that it has to stop?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my friend knows very well that what he is asking is partly within the responsibility of the Minister of Finance, but mostly within the direct responsibility of the Governor of the Bank of Canada. I am sure he also understands that announcements in advance as to what actions will be taken to allow the market to float, and therefore directly affect the dollar or, indeed, any influence they may have on it with buying and selling in the market, is something that they do not announce in advance.

Senator Doody: As a supplementary to that question and perhaps for clarification, may I ask if the governor of the central bank reports to the Minister of Finance on these matters? Is not the Minister of Finance the final arbiter of interest rates, or has that situation changed?

Senator Olson: No, the situation has not changed.

Senator Doody: As a further supplementary: Last week the Minister of Finance—and I assume that this is a policy decision that is made by the Economic Development Committee of which my friend is the chairman—announced that Canadians should expect a decline in real income during 1981.

The dollar has fallen below 84 cents U.S.; interest rates are climbing; unemployment is up; and inflation is still on the rise. My understanding is that the response to all these indicators is that we have to wait for an upturn in the United States economy.

Does the minister know of any particular Canadian policies that may be put into effect to try to counter these rather frightening trends?

Senator Olson: Honourable senators, the Canadian government, at least since March 3, 1980, does indeed have some policies that will be helpful to the Canadian population in these areas. I think it has been demonstrated over and over again that, while we cannot isolate ourselves from our trading partners, we have done better than most in all of the areas my honourable friend mentioned. I think we can take some satisfaction, as Canadians, that Canada is doing better than most other countries considering these economic factors.

ENERGY

THE BUDGET—IMPERIAL OIL LIMITED—COLD LAKE, ALBERTA—CANCELLATION OF HEAVY OIL PROJECT

Hon. John M. Godfrey: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. When Mr. Jack Armstrong, Chairman of the Board of Imperial Oil, announced the cancellation of the Cold Lake project, he gave two reasons. One reason was the lack of an agreement with the Province of Alberta, and the second reason was the provisions in the budget. My question is: What provisions in the budget was he specifically referring to?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, perhaps I should get a copy of what he said and bring it to this house. I expect, in general terms, he was referring to those changes in the tax base respecting certain aspects of energy revenue.

Senator Godfrey: Is the government going to proceed with the loan of $40 million without some assurance from Mr. Armstrong that he is waiving those objections, or is the government proposing that the bugetary provisions will be changed in some way to suit Imperial Oil?

Senator Olson: I do not believe that the offer to make a loan for the purpose of keeping the project viable was conditional on any changes being made in the budgetary provisions.

Senator Roblin: They don't even have to pay it back. It is not a loan; it is a gift.

NEWFOUNDLAND

REVITALIZATION OF RAILWAY SYSTEM

Hon. Jack Marshall: Honourable senators, my question is for the Leader of the Government in the Senate, and I am sure he will have to take it as notice. It has to do with Newfoundland's policy on the revitalization of the railway system which is so important to Newfoundland, and which was obliterated by peculiar actions and downgrading in 1969.

The commitment of the Premier of Newfoundland is strengthened by a study completed by two prominent consultant groups and a committee of officials. In his statement the Premier indicates the responsibility of the federal government in helping to revitalize the railway and its responsibilities under the Terms of Union. Could the Leader of the Government extract from the Minister of Transport what his reaction is to the provincial government's stand? Will consultations be held, and, if so, how soon? Could he give us an answer at an early date?

● (1440)

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

[Senator Olson.]

ENERGY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—FEDERAL LOAN TO IMPERIAL OIL LIMITED

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development following the question asked by the Honourable Senator Godfrey. Last week the Minister of Energy, Mines and Resources announced that the federal government would loan Imperial Oil $40 million to ensure the continuation of the Cold Lake project. The news reports over the weekend quoted Mr. Lalonde as stating PetroCan would loan the $40 million. Would the minister advise the Senate if the loan to Imperial Oil will be made directly from the federal treasury, or will it be made by PetroCan. Can he also indicate to us the terms of the loan, including the rate of interest to be charged.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Government of Canada will take the responsibility for the loan. I think the Minister of Energy, Mines and Resources has indicated that he would ask officials of PetroCan to negotiate the terms and conditions so that a massive project at Cold Lake, where there is an enormous known deposit of oil, can be brought to the position of pumping that oil into the consumers' stream without interruption. That is the basic premise on it. It seems to the Minister of Energy, Mines and Resources that the most competent people to do that would be the crown corporation, PetroCan, and they have been asked to work out the details.

THE ECONOMY

INDUSTRIAL DEVELOPMENT—PROPOSED CROWN CORPORATION

Hon. Orville H. Phillips: Honourable senators, I have a further question to the Minister of State for Economic Development on a different subject. It was reported last week that the Minister of Industry, Trade and Commerce, the Honourable Herbert Gray, favours the creation of a company similar to PetroCan in the resource sector to carry out the government's policy in the manufacturing sector. A study of this question is allegedly under way now. According to Mr. Gray, it will shortly go to the cabinet for further consideration. Is the Minister of State for Economic Development in favour of a new vehicle being established along these lines to implement the government's industrial development objectives?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, quite obviously when the government has made a decision based on the recommendations coming from any minister, then an announcement is made and ministers do not individually indicate their preferences, for obvious reasons, while that discussion is under way. Perhaps the honourable senator would like to re-examine his question. He is talking about a crown corporation with respect to the manufacturing industry, and I wonder if he really is not referring to a trading company.

Senator Phillips: The Minister of Industry, Trade and Commerce suggested an alternative to a new crown corporation when he said:

We are looking at a range of options which could include some changes in the operation of the Canadian Development Corporation.

I think that answers the suggestion of Senator Olson that a trading company was intended. Would he indicate if possible changes to the Canadian Development Corporation are motivated by that company's refusal to participate in the Massey-Ferguson refinancing operation. Further, would he indicate precisely what alternatives are being considered insofar as the Canadian Development Corporation is concerned.

Senator Olson: Honourable senators, attribution of motivation is not, in my view, a particularly useful exercise. I can assure my honourable friend, however, that when the government has reached its decision and is ready to make an announcement, I will advise him as soon as possible.

INDIAN AFFAIRS

INDEPENDENT AUDITS OF INDIAN BAND TRUST FUNDS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate arising out of hearings of the Standing Senate Committee on Legal and Constitutional Affairs in July, just before the beginning of the summer recess, concerning trust funds held by the federal government for various Indian groups. I notice that several previous Ministers of Indian Affairs and Northern Development have fully endorsed the principle of Indian bands being able to request and obtain audits of the trust funds being held for them by the federal government, audits to be conducted by the Auditor General. Is it the policy of this government to support this principle?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Nurgitz: I have a supplementary question. I point out to the Leader of the Government in the Senate that in the other place on November 15, 1979, a motion under Standing Order 43 was adopted, mandating the Auditor General to conduct audits of trust funds held by the Government of Canada for Indian bands. I would like to know how many of the audits have, in fact, been requested; how many have been completed; and how many are under way I trust he will take this question as notice.

Supplementary to that, I would like to know if the Auditor General has been directed to give any priority to requests for such audits, whether additional staff has been obtained for him—I understand that was a concern to him—and whether there is, indeed, a movement in the Department of Indian Affairs and Northern Development to co-operate in retrieving the kind of information that the Auditor General would require. I trust the government leader will take that question as notice as well.

Finally, has the Department of Indian Affairs and Northern Development sought the co-operation of the various provincial governments involved, for example, in the particular fund that came under question in July and which concerned the Nelson River Indian band in British Columbia? Have those various provincial governments been requested to provide information and co-operation?

Senator Perrault: The information will be sought and given to the honourable senator as quickly as possible.

REGIONAL ECONOMIC EXPANSION

FEDERAL-PROVINCIAL AGREEMENTS—GOVERNMENT POLICY

Hon. Lowell Murray: Honourable senators, I want to ask a question of the Minister of State for Economic Development. I regret very much not being present last week when the minister testified before the Standing Senate Committee on National Finance, but I have obtained a copy of the unedited transcript of his testimony. I note that there was one matter that did not come up, and it is in relation to the earlier testimony given by the minister's colleague, Mr. De Bané, before the same committee.

Mr. De Bané had told the committee it was his desire—in fact, his intention—to have the federal government end the sectoral subagreements with the provincial governments in the various economic sectors; and, secondly, it was his desire and intention to have the federal government, through DREE, involved at the community level in community planning in a way in which I felt, and a number of people felt, would create constitutional difficulties with the provinces.

With respect to the first matter, would the Minister of State for Economic Development enlighten us as to whether the federal government officially has a position which would lead the government out of the sectoral subagreements with the provinces?

• (1450)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question and refer it to my colleague, the Minister of Regional and Economic Expansion. I think I ought to do that, because what we are dealing with here are perhaps some concepts, and perhaps expressions of opinion, rather than matters of fact. However, if indeed he has moved to the point where he is preparing a paper or, indeed, a submission to government, and he is ready to make, or has already made, that information public, that he is taking such an action, I will obtain some further detail respecting it.

Senator Murray: Perhaps I should say by way of clarification that what Mr. De Bané was suggesting was a system whereby DREE, instead of cost-sharing with the provinces, would cost-share with other federal departments, and would not, as DREE, be involved in subagreements with provincial government. I would appreciate it if the Minister of State for Economic Development would look into the matter and give us a fuller report, because such an intention on the part of the government would create very serious concerns on the part of the provinces affected, which are largely very supportive of the general development agreement and the sectoral subagreements.

Senator Olson: I am sure that there is some validity in that assertion. However, it may be useful, in view of the honourable senator's interest in pursuing this matter further, to ask the chairman of the committee to recall Mr. De Bané so that there can be a full and complete discussion with him in the committee on that subject.

Senator Murray: That was the sense of the committee in any case. The committee wishes to have Mr. De Bané back to testify again.

TRANSPORT

AIR CANADA—ANNOUNCEMENT OF INCREASE IN FARES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Marshall, on October 31, November 12 and November 18, made reference to what he feels are the stratospheric fare levels of Air Canada.

Senator Marshall: Not quite stratospheric.

Senator Perrault: Not quite stratospheric, but perhaps subsonic.

Senator Marshall: Subsonic, yes.

Senator Perrault: Between January 1970 and January 1980, Air Canada's economy fare for Ottawa-Toronto increased from $21 to $64, or 205 per cent; for Ottawa-Montreal from $11 to $51, or 360 per cent; and for Ottawa-St. John's from $76 to $144, or 90 per cent.

Air Canada sets its domestic economy fares according to a fare formula, consisting of a single, averaged ground handling or "boarding" charge and a single line-haul charge per mile of travel. Certain of Air Canada's short haul fares, such as Ottawa-Toronto and Ottawa-Montreal, have been below what they should have been under the fare formula. Air Canada is gradually eliminating such "anomaly" fares by increasing them at a higher rate than fares already at the level required by the fare formula. This helps to explain why the increases on these routes appear to be extremely large.

Air Canada advises that its air fares increased at a slower rate than the consumer price index during the 1970s. More recent air fare increases have had to provide for operating cost increases well above the consumer price index. At the beginning of 1980, Air Canada expected that the cost of its Canadian operations would increase by at least 11.5 per cent, due to inflation. It also expected certain major cost increases, such as 17.7 per cent for fuel, excluding the effect of any increase in the price of fuel after January 1 or any new excise taxes. For 1981, Air Canada expects an 18 per cent increase in its domestic operating expenses.

Air carriers are required to file with the Air Transport Committee of the Canadian Transport Commission details of new fares which they intend to take effect on a certain date. The Air Transport Committee examines the proposed fares to determine whether they are "just and reasonable," as required by the Aeronautics Act. Consequently, the carriers are not necessarily able to increase their fares by the desired amount. For example, the committee reduced a proposed 7 per cent increase by Air Canada, effective October 1980, to 3 per cent.

Air Canada has been allowed the following fare increases in 1980: 9.5 per cent in March, 3.2 per cent in June, 3 per cent in October, and 1 per cent in November for the new petroleum compensation charge, which Air Canada says amounts to an increase of 3.1 cents per gallon of fuel. The other major Canadian carriers have been allowed similar fare increases during 1980.

Air Canada's most recently announced fare increase of 9.5 per cent is not to take effect until January 5, 1981. The Air Transport Committee has 45 days to consider whether this proposed increase should take effect.

Senator Marshall: While I have to accept the answer read by the government leader, I do not accept what Air Canada or the Air Transport Committee are saying. I think I will discuss with the distinguished Chairman of the Standing Senate Committee on Transport and Communications the likelihood and advisability of bringing Air Canada or the Air Transport Committee before his committee to quiz them a bit.

PRIVATE BILL

PRESIDENT OF THE LETHBRIDGE STAKE OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS—SECOND READING—ORDER STANDS

On the Order:

Second reading of the Bill S-16, intituled: "An Act respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints".—(*Honourable Senator Manning, P.C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I know that Senator Manning intended to move second reading of this bill today, because he specifically asked that it be put over to this date. He has not communicated with me about it, and I can only assume that something unexpected has prevented his being here. Therefore, I suggest that this order be allowed to stand.

Order stands.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)—ORDER STANDS

On the Order:

Consideration of the Report of the Standing Senate Committee on National Finance on the Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31st March, 1981.—(*Honourable Senator Everett*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I was speaking to Senator Everett today, and he said that he had not intended to make a speech on the

consideration of this report, but simply to move its adoption. However, under the circumstances I think we would like to hear from him, so I suggest that this order stand, unless some member of the committee feels that there is some urgency in having the report adopted today.

Order stands.

• (1500)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Lafond*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, should this order not be standing in the name of Senator Godfrey?

Hon. John M. Godfrey: Yes, it should be in my name. However, it is now standing in the name of Senator Lafond. I have taken the matter up with the Assistant Clerk, and I understand that, technically, it should remain in Senator Lafond's name. I am the one who will be speaking to it.

Order stands.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment of the Senate, I should like to report on the subject of our business for the rest of the week.

As you will have noticed, all items on today's order paper have been stood. The Standing Senate Committee on Banking, Trade and Commerce is at this moment considering Bill C-6, which was referred to it last evening. I understand the committee has the Honourable Pierre Bussières, Minister of State (Finance), before it. There is good reason to hope for completion of the committee's consideration of Bill C-6 this afternoon, which would put the committee in the position of being able to report the bill to the Senate tomorrow.

If the committee does report the bill tomorrow, it is our intention to proceed immediately to third reading. I have discussed this with Senator Roblin, and he sees no problem with respect to proceeding with third reading tomorrow. Of course, that does not mean there cannot be debate on the motion for third reading. In any event, it seems we will have leave to proceed with third reading tomorrow.

I am going into this detail, honourable senators, because the funeral of our late and beloved former Governor General, the Right Honourable Jules Léger, will take place on Thursday afternoon. It is the intention of the House of Commons not to sit until 8 o'clock in the evening of that day.

If the report of the Banking, Trade and Commerce Committee on Bill C-6 is adopted tomorrow afternoon, and the Senate is prepared to proceed immediately to third reading, we would then be in a position to have royal assent tomorrow evening, thereby avoiding a sitting on Friday for the sole purpose of royal assent.

That is the program for the rest of the week, and those are the targets we are aiming for.

Hon. G. I. Smith: Honourable senators, I wonder if I might ask the deputy leader whether the reason for the Senate's not sitting on Thursday also prevents meetings of Senate committees. I know that some committees have meetings scheduled for Thursday morning. Will there be any difficulty in carrying out such plans?

Senator Frith: No, not at all. In fact, I had given some thought to having the Senate sit on Thursday morning for the purpose of royal assent to Bill C-6. However, there cannot be royal assent without the participation of the House of Commons, and that house does not intend to sit until 8 o'clock on Thursday evening. Therefore, I see no impediment at all to meetings of Senate committees on Thursday morning.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 26, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Henderson, Epp, La Salle, Dinsdale, Baker (Gander-Twillingate), Halliday, Lang, Young, Smith, Irwin, Corbin, Lapierre, Beatty, Nielsen, Nickerson, Ittinuar, Flis, Taylor, McGrath, Gimaïel, Lapierre, Miss Carney and Mr. Fraser had been substituted for those of Messrs. Harquail, Thacker, Speyer, Beatty, Lapierre, McCain, Irwin, Robinson (Burnaby), Corbin, Lang, Smith, Baker (Gander-Twillingate), Dinsdale, Halliday, La Salle, Young, Lapierre, Nielsen, Nickerson, Flis, Henderson, Fraser and Epp on the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

BANKS AND BANKING LAW REVISION BILL, 1980

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, November 25, 1980

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-6 intituled: "An Act to Revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association, and to amend other Acts in consequence thereof", cited as the "Banks and Banking Law Revision Act, 1980", has, in obedience to the order of reference of Monday, November 24, 1980, examined the said bill.

In view of the statements given by the minister to the committee with respect to its concerns as outlined in its report on the subject matter of the said bill, tabled in the Senate on the 24th day of November 1980, relating to *Prepayment of Consumer Loans, Ownership of Bank Shares by Provincial Governments* and *Extension of Exemption from Section 88 Security to Agricultural Products,* in particular, to the effect that he would review such concerns and if he and his officials determined that they were well founded he would propose amendments to the bill to accommodate them; and further, in view of the minister's statement with respect to *Reserves on Foreign Currency Deposits* to the effect that if, after an appropriate period of time and study, the Governor of the Bank of Canada and the Inspector General of Banks report to the minister that the effects anticipated in your committee's report, for the reasons therein outlined, have indeed occurred, then he will propose an amendment to the bill designed to eliminate or minimize such effects, your committee is pleased to recommend to the Senate that the bill be favourably considered, without amendment.

Respectfully submitted,

Salter A. Hayden
Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Salter A. Hayden: Honourable senators, with leave of the Senate, and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Asselin: Explain.

Senator Hayden: Honourable senators, if I might, I should like to add a few words of explanation.

I think first I should tell you, in connection with the contribution by your Senate committee, at the various stages when the bill in various forms came before it, the committee projected recommendations which from time to time were reflected in a succession of banking bills, the sum total of which will amount to 70 to 75 amendments, starting with the white paper.

Several new subject matters have been incorporated in the present bill, Bill C-6. In respect of one, the letters patent method of incorporation of banks, where this was disclosed in the white paper, the committee took the position that there would not necessarily be available the opportunities to ascertain all the particulars with respect to incorporation, opportunities that would be available if the old procedures applied, namely, a special act of Parliament.

• (1405)

Therefore, we recommended in our report on the white paper that there be a public review provided for. We waded through Bill C-15, Bill C-14, and Bill C-6 and discovered nothing which could deal with that situation. But hope springs eternal, and in the Commons committee a motion was made

underlining exactly this question of providing for a public review. That amendment was accepted by the government. Although it was late, it is better late than never. This is one of the last minute amendments.

The other amendment deals with automotive financial leasing. The government had projected an amendment at the committee stage in the House of Commons, the amendment being completely the reverse of the position taken by the government in the white paper, in Bill C-15, Bill C-14 and in Bill C-6, down to June of this year. That amendment practically amounted to a prohibition against banks operating in the field of automotive leasing, because it established a weight factor. The banks could not operate in that field in relation to any motor vehicle that weighed less than 46,000 pounds. So even in the situation of a tractor-trailer combination, the tractor would be weighed separately, and you would have the anomalous situation then of the tractor weighing less than 46,000 pounds, but the combination of the trailer and the tractor might weigh up to 90,000 pounds. The test would be that the motor vehicle, the tractor, weighed less than 46,000 pounds. So that field was closed to banks.

However, your committee kept bombing away. Evidence was developed to show that there was almost an infinite variety of applications of the leasing principle to motor vehicles, covering areas that automobile dealers did not engage in at all. Therefore, it struck us as a rather anomalous situation that prohibition should be provided to keep the banks out of that area, when the dealers were not operating in it. So we were finally able to convince the minister of this.

At the stage of the report of the Commons committee the minister proposed an amendment to define motor vehicles in such a way that it excluded many applications. They had failed to appreciate, for instance, that there are specialty manufacturers for special types of trucks. The dealers don't operate in that field at all. I am thinking of trucks with special features, such as cement mixers, ambulances, fire-fighting equipment trucks and hydro-electric trucks. Hydro-electric commissions purchase many trucks that have a built-in fully-equipped workshop so that repairs can be done when they are on the road. Bell Canada trucks are in the same category. Because leasing provides a better control of money management and money flow, more and more we find these major companies engaging in the business of leasing. The same applies to many municipalities. Ultimately, the minister proposed an amendment incorporating the features that we had been urging, and that is another one I included when I estimated the 70 to 75 figure.

• (1410)

There were still some points—possibly four in number—on which we were not in agreement with the conclusions reflected in Bill C-6. In relation to three of them, the committee decided that it would not be in the public interest at this stage to propose amendments, the feeling of the committee being that it is time that the Bank Act was passed into law. I suggested to the minister that he might join with us if we included in our prayers: "Lord deliver us from any further extensions of the Bank Act," and there was hearty applause from the committee to that. We have spend a long time working on it, and it has been worthwhile work.

The three items with which we were not in agreement included a provision added to the bill during the fall by the House of Commons committee prohibiting a charge or penalty for the prepayment of an individual loan, and also providing that if there were a charge or a penalty it would be such as is prescribed by regulation, thereby giving the minister complete control over that situation.

In relation to that, and in relation to the other two items, the committee took the position that it would accept an undertaking from the minister that he would make the necessary changes in the event that the actual operations under the bill bore out the committee's conclusions. We suggested that the minister carry out that review together with the Governor of the Bank of Canada and the Inspector General of Banks within a very short period of time following the passage of the bill.

Then we insisted on a special form of recognition on the other item, which was the inclusion of a 3 per cent cash non-interest reserve on foreign currency held by residents of Canada in a Canadian bank.

Both in the white paper and in Bill C-15, that provision had been contained, but it was much more extensive. Then it provided that any foreign currency on deposit in a bank in Canada, regardless of the source of that currency, used for domestic purposes, was subject to this 3 per cent reserve. We objected very strenuously to that in our reports on Bill C-15.

• (1415)

Then we had the Governor of the Bank of Canada and the Inspector General before us and they agreed with us that the circumstances had not been fully explored in relation to the application of this cash reserve in the form in which it appeared in the bill. It certainly appeared to create a substantial competitive disadvantage to the banks as against the trust companies and as against the foreign banks that had been operating for years in Canada under a financial corporation set-up with a company usually incorporated provincially. And, of course, such companies, trust companies and foreign financial corporations, were not subject to any of the reserve requirements of the Bank Act. The net result was that that provision was changed. I shall not say that it was split in two, but it was put into two parts; and then one part was eliminated. The part retained was this: The foreign currency deposits that were owned by the residents of Canada and were on deposit in a bank in Canada were subject to the 3 per cent non-interest cash reserve. We found, and this was made clear by the evidence given to us, that the dollar amount of such foreign currency deposits that meet that requirement would be of the order of possibly $10.9 billion, and we found that $8.5 billion of that would be held in deposits that were, individually, over $100,000, and mainly in the area of $1 million or more. The evidence before us indicated that the people who operated such accounts were sophisticated money managers and, of course, all they had to do, if the 3 per cent factor applied, was

to move that money out of Canada to, say, the United Kingdom where there is no cash reserve requirement. That volume of business would then be lost to Canada. Or if the Canadian banks tried to retain it, they would have to reduce their interest payments to meet the cost factor of this 3 per cent. If they did not meet the cost factor, then they were in competition with the trust companies and the foreign financial companies which were not subject to the 3 per cent. So they felt the thing was still unfair.

This was the exposure we put in our last report; this was the exposure we made in the several sessions we had with the minister, and latterly in the last session yesterday.

Finally, the situation resolved itself to this: we had to decide what was more important. Was it more important to deal with the situation as best we could so that we could get at it again later, or simply propose an amendment and accept whatever the consequences might be? I think one consequence would be that you would have to assume that if the bill were sent back to the Commons at this stage it certainly would not meet the deadline requirements; that is to say, it would not be clear by Saturday of this week. So finally we decided to put it up to the minister. We do have a procedure in our committee work by which, if the Minister of Finance undertakes that at the next session he will amend a bill in the way in which we think it should be amended, we will report the bill without amendment. This procedure has applied for some considerable time. It goes back to the days of Mr. Benson, Mr. Turner, Mr. Chrétien, Mr. Donald Macdonald, and also Mr. Crosbie, who came to see me in December last year. He had the same type of problem with his income tax act, and he needed the provisions of the amendments for the purposes of his budget, or so he represented to us. He said, "I know that these provisions which we redrafted from the bill of the previous government do not cover the situation fully and that they should be changed." I said, "Well, the procedure is simple. You come to the committee; you tell the story to the committee. Of course, we know that the bill does not cover the situation adequately because we have studied it with our experts; but, if we can agree on the language of such amendments now, and if you will come before our committee and undertake that at the next session an amendment in that form will be presented to Parliament, then we will pass the bill without amendment now." I said, "Remember that that only means the committee is recommending the bill for passage without amendment. It will be necessary, of course, for the Senate to adopt that."

● (1420)

So he appeared before the committee and gave the undertaking. We subsequently reported the bill without amendment, reciting the undertakings, and the bill was cleared without amendment.

That is a simple procedure and in my opinion is quite justified. Certainly up to this date, over all those years as I have recited them to you, there has never been an occasion on which any objection has been taken in the Senate to that type of procedure. As a result, we continue to follow that procedure because we assume it carries the blessing of the Senate.

Certainly, it is an expeditious procedure; it is a sensible way of dealing with that kind of situation, as opposed to, for the glory of it, interfering with the government's legislation at the last minute, when there is no chance of recovering your position. Moreover, by following this procedure you achieve the desired result, and at least to me and the other members of the committee it is the sensible thing to do and I have not heard any voices raised against that kind of procedure.

On this occasion the minister agreed that, if the Governor of the Bank of Canada and the Inspector General of Banks examined the application of this subclause in the bill and agreed with our conclusions, he would follow our recommendation. For those of you who wish to see just what is involved, I am referring to clause 208.(1)(g) of the bill. The agreement was that, if those two men examined the evidence referred to in our various reports on this particular item and examined the projections that we had made as a result of the available evidence, and if they concluded that there was merit in the position that the Senate committee had taken on this point and that, in fact, the provision should be deleted from the bill, the minister would introduce an amendment to delete it.

Having those agreements from the minister, we thought the ends of public interest were being best served by recommending to the Senate that it pass this bill without amendment. However, that is only a recommendation. Because of that I thought it necessary to add these words of explanation, which is why I have taken this time.

Senator Donahoe: Will the honourable senator permit a question?

Senator Hayden: Certainly.

Senator Donahoe: You spoke of the procedure having been followed on earlier occasions and undertakings having been given by ministers. Can you assure the Senate that in all of those cases those undertakings were lived up to and that, in due course, the amendments that had been promised were in fact advanced?

Senator Hayden: Yes, I can. I can recall one instance, when we were studying the new tax legislation back in 1968-69-70; we had proposed what some people would have said was an almost infinite number of amendments. Mr. Benson was the minister at that time. He approved of those amendments and agreed that they should be in the bill. He introduced many of them into the House of Commons while that house was dealing with this bill. There were some amendments, however, that he did not get through in time. He was unable to get some of them through in time, so they were not included in the bill. He said, "What can I do about that? They should be in the bill, but I can't get them in now." I said, "Give your undertakings." So he appeared before the committee, gave his undertakings, and during the next session many of those amendments were introduced.

• (1425)

Then when John Turner became the Minister of Finance and appeared before the committee on the income tax bill and announced the scope and effect of a number of amendments, he said, "This is the last of the amendments in respect of which the undertaking was given by the previous minister that they would be included in a subsequent bill."

I recall an incident when Donald Macdonald, as Minister of Finance, appeared before the committee in connection with a proposed amendment to the income tax bill which he agreed should be changed. He said, "I will undertake not only to change it at the next session, but in the meantime I will make use of a provision in the Financial Administration Act which permits me temporarily to accomplish the same result."

So all our experience has indicated that when we are given an undertaking it is sincerely given and observed; and, of course, what underlies all that is what would happen if a minister gave an undertaking of that kind and did not implement it the next time around. I would speculate on what might happen. He might have a very difficult time before our committee.

Hon. David Walker: Honourable senators, as a critic from the opposition who has been present throughout all the proceedings, I would certainly agree with my learned friend that the bill should be reported without amendment with—and this is very important—the agreement of the minister to accept further amendments.

Having heard the chairman cross-examine the minister, I can assure honourable senators that the minister is hog-tied. He will have to do what he undertakes to do, and I am sure he will do so willingly.

Motion agreed to and bill read third time and passed.

BANKING, TRADE AND COMMERCE

TRIBUTE TO COMMITTEE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on behalf of the government I wish to thank our distinguished Senator Hayden and the members of this committee for their outstanding work with respect to the Bank Act revisions. It has been a detailed and arduous process, which has taken place over a great length of time. The Standing Senate Committee on Banking, Trade and Commerce has worked with its usual diligence and competence. At a time when constitutional reform, including the role of the Senate and the other place, is under consideration by parliamentarians and many other people, the Senate has again demonstrated that as a body of sober second thought, and in a less partisan manner than the other place, it does extremely valuable work for the people of Canada.

Hon. Senators: Hear, hear.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

November 26, 1980

Sir,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 26th day of November, at 5.00 p.m., for the purpose of giving Royal Assent to a bill.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

• (1430)

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION" TABLED

Hon. H. Carl Goldenberg: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Legal and Constitutional Affairs entitled, "Certain Aspects of the Canadian Constitution."

With the report, honourable senators, I am tabling two research papers, to which reference is made in the report, entitled, respectively, "Standing Senate Committees," and "Special Senate Committees."

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if I might be allowed to make a remark or two about the procedure that we have just followed in connection with this report. I understand that a press conference is being held in respect of this matter, and I would like to make a comment about that.

The Honourable Senator Lamontagne did me the courtesy yesterday to tell me that this document would be released to the press in a lock-up condition at 1.15 p.m. today, and that he would be conducting a press conference at 2 o'clock. I listened to that statement, and I must confess that while I did not give my consent, because it was not asked in that sense, neither did

I express any objections. So I want to be clear about that. On reflection, however, there are a couple of points I would like to bring to the attention of honourable senators.

First of all, from a procedural point of view, the report was issued to outsiders before we got it. That, of course, is a happenstance of the proceedings of this house, as a result of which we did not receive the report from the committee chairman until ten minutes to three. We also have a situation where an extensive explanation of the report is being offered elsewhere before it is offered here.

Without wishing to make too much of this situation, I do suggest to the Leader of the Government, and others, that on another occasion when a report is being tabled we might arrange our timing a little differently so that the Senate is given first crack at it rather than have it displayed, as is happening now, outside this chamber in the first instance.

Hon. Senators: Hear, hear.

Senator Goldenberg: Honourable senators, if I may comment on what Senator Roblin has just said, I have to say that I did not make any arrangements about the press conference. I knew there was going to be one, because that was suggested and agreed upon at one of the committee meetings. The last meeting was on October 30.

Senator Lamontagne told me yesterday at the meeting of the Joint Committee on the Constitution, of which both Senator Roblin and I are members, that he had spoken to Senator Roblin and had arranged with him that both would appear at a press conference. I did not know about the time of the conference, but he assured me that Senator Roblin had agreed to attend the press conference and participate in it.

Senator Roblin: I certainly accept my honourable friend's statement without question. The matter of my appearance was certainly discussed, but in my view it was left up in the air. Anyway, I did not go, as you can see.

My point is that I am not really complaining about a press conference. It is wise to give substantial distribution to the work we do. That is fine. My remarks are addressed merely to the question of the timing. It would be better if we were a little more conscious of the propriety of dealing with the matter in this house first, before giving it first publicity.

Senator Macquarrie: Honourable senators, I would just like to say that, being one of the quietest members of this august body, my applause and enthusiasm a few moments ago was directed towards and in appreciation of the distinguished chairman, not in reference to the procedure that was adopted.

Senator Frith: Honourable senators, we are in this position. As honourable senators know, when a report comes from a committee it can either be presented for adoption or tabled and dealt with under an Inquiry or otherwise. I understand the committee agreed to table the report and then proceed by way of an Inquiry. There is then a difficulty with reference to the timing in order to meet the objectives that everyone seems to agree with, namely, to have the document widely circulated, and at the same time make sure that the press or others do not get first crack at it, to use Senator Roblin's words.

[Senator Roblin.]

• (1435)

Senator Asselin: But they did get first crack at it.

Senator Frith: You are quite correct; in a sense they did. The committee did its work, and I understand that it opted to proceed in this manner. There was some contretemps as far as timing was concerned because of the fact that Senator Goldenberg was to speak before Senator Hayden. That would have at least reduced the time gap. It was a mistake that Senator Hayden proceeded first.

The plan, as I understood it and as understood by the committee, was to proceed by way of an Inquiry. Accordingly, I propose almost immediately to give notice, in Senator Lamontagne's name, of an Inquiry for Tuesday next when the Senate can and will, of course, proceed with it.

There was only one other way, it seems to me, to have proceeded. That was not to have released the report until after the Inquiry had proceeded. That was the alternative. This report is the result of very important work done by the Senate committee, and the advantage of proceeding in the way we did is that the tabling of the report and the press conference will attract the attention of the public before the Inquiry is proceeded with.

This is not to say it could not have been done any other way, but this is the procedure that I thought the committee had agreed upon, so that the public and the press could see the report almost coincidentally with the Senate. The fact that Senator Hayden rose to table his report before Senator Goldenberg tabled his, thus switching the order of the presentation of reports, resulted in a delay of approximately three-quarters of an hour. That was not in the plan.

Senator Thériault: Do I understand that the report just presented was distributed to the press, and that a press conference was held before this document was tabled in this chamber?

Senator Frith: It was, but that was not the intention. As I said, the plan, as set out in the Clerk's Scroll, was for Senator Goldenberg to table his committee's report immediately before Senator Hayden tabled his report. The press conference on Senator Goldenberg's report was to take place at approximately 2.15 o'clock this afternoon. The distribution for the lock-up took place ahead of that time, which is the procedure followed when the budget and other such material is presented to Parliament. The half-hour lead time for the press conference resulted simply because Senator Hayden presented his report first.

Senator Asselin: It is not his fault.

Senator Frith: Of course not; I am not blaming anyone. If it is a matter of blame, I ought to have tugged Senator Hayden and said, "Wait for Senator Goldenberg." If what we are searching for, honourable senators, is blame, I will take the blame. But if we are talking about what the plan was and whether there was an intended discourtesy to the Senate, the plan was that there would be distribution, as is often the case, with an embargo to 2.15. The press conference would then take place at 2.15—there is not much point in having a press

conference on a document if the press has not had a chance to read it—and by that time the document would have been tabled in the Senate chamber. The intention was to table the document here ahead of the press conference. As I said, the only reason that did not happen was that there was a mistake in the order of reports of committees.

Senator Thériault: I am not seeking to attach blame, but I attach great importance to the fact that a document was distributed to the press, even on a "lock-up" basis, with the time factor being 2 o'clock. I heard the Deputy Leader of the Opposition saying that the press conference was called for 2 o'clock.

Senator Roblin: That is what I was told.

Senator Thériault: I have been in this chamber for only a very short time, but it is my experience—and I think all senators will agree—that when the Senate is scheduled to meet at 2 o'clock in the afternoon, it infrequently does so because certain formalities must take place beforehand. I am not seeking to attach blame, but as one who sat in a legislature for a number of years, I would humbly suggest that in future we should be very careful in matters of this type.

● (1440)

Senator Macquarrie: Honourable senators, what I want to say is not contradictory to the honourable senator, my colleague from New Brunswick, but I was inclined to ask what senators were asked to attend at a "lock-up," if I may use that irreligious expression. I might point out that on matters of the Bank Act, I trust the distinguished chairman of the committee, and Senator Walker and others, but had I known that the Constitution matter was going to emerge full-blown I would like to have been there, but no one gave me a chance to be there. I think I have the same feeling that Senator Thériault had, that perhaps we might be a little more sensitive in these matters. I was glad to hear Senator Hayden, because he knows more about the Bank Act than anyone else in Canada, but I would have been at the lock-up on the Constitution if anyone had invited me there. I don't know what good I would have done but I would like to have been asked.

Senator Goldenberg: I want the honourable senator to know that the chairman of the committee was not locked up himself.

Senator Frith: The record should show that all observations which have been made will be taken into account. I do want to underline the fact that the plan called for the constitutional document to be tabled in the chamber before the time set for the press conference, but when the item "Reports of Committees" was called, Senator Hayden was up and speaking on the Bank Act.

Senator Asselin: It was your business to have stopped him.

Senator Frith: Exactly. As Senator Asselin has said, at that point it was my business to have stopped Senator Hayden. That is why I said earlier that if any blame is to be attached, it is mine, and I apologize to the Senate for what happened.

Senator Asselin: We will move a vote of non-confidence.

Senator Frith: Senator Asselin is going to move a vote of non-confidence, and we will have to see what comes of that. In any event, that is the story of how this contretemps—which I think is the right word—took place.

Senator Macquarrie: The government leader was procedurally wrong but strategically right.

Senator Smith: Honourable senators, I would like to make an observation in line with certain questions I asked the chairman of this committee a few days ago about the extraordinary delay in bringing this report before any body, whether it be the press or anyone else. I remember my resentment about being hurried with the work of this committee away back in July and August on the pretext that it was of the greatest importance, in order that the report would have the utmost beneficial effect, that it be ready for release, first, before the First Ministers' Conference; then immediately after that conference, and then finally before Parliament resumed. The First Ministers' Conference began on September 8, if my memory is right, and Parliament resumed on October 6. It is now November 26, and the last meeting of the committee took place many weeks ago.

Senator Goldenberg: October 30; less than a month ago.

Senator Smith: Even that was many weeks ago; and if the last meeting was not held until October 30, then that in itself was a pretty poor show. I want to register my feeling that there was no excuse for hurrying and hasseling the committee to get this work done quickly to meet what was represented to be a most important need, to have the report released when it would do the most good, only to have it finally released at the end of November and in circumstances which seem to be less than happy so far as the Senate is concerned.

[*Translation*]

Senator Frith: Honourable senators, I wish to give notice, for Senator Lamontagne, that next Tuesday, December 2, 1980, he will call the attention of the Senate to the Report of the Standing Senate Committee on Legal and Constitutional Affairs on "Certain Aspects of the Canadian Constitution," tabled in the Senate today.

Senator Asselin: With your permission, honourable senators, I would like to indicate that so long as the Joint Committee on the Constitution is sitting, a number of senators, who must attend the sittings of that committee, will be unable to take part in the debate which is scheduled for next Tuesday. Approximately ten senators will have to go to the sittings of the Joint Commons-Senate Committee and will therefore be unable to hear Senator Lamontagne. Naturally, I like to read Senator Lamontagne's speeches but I much prefer listening to him. Therefore, some honourable senators will be deprived of the right to hear Senator Lamontagne express his views on the report before us.

In all fairness to the senators who must attend the sittings of the Joint Committee on the Constitution, I think the discussion should be postponed until some other day or time when all senators could be here.

Senator Frith: We most certainly accept that suggestion, honourable senators. I fully understand the point raised by Senator Asselin. But we have no choice in the matter since the sittings of the committee and those of the Senate overlap. If we could reorganize our sittings, that would be an excellent suggestion. We could consider it and discuss it with the opposition leader.

I intend to give notice that when the Senate adjourns today it stand adjourned until Tuesday evening. But we could always change that to Tuesday afternoon and begin with Senator Lamontagne's presentation or, with the consent of the Senate, we could hear him on Wednesday before Question Period, or else, as I said, we could meet at two o'clock on Tuesday. We could then hear his speech and move the adjournment of the debate, depending on what could and should be done. Therefore, we could perhaps adjourn to Tuesday afternoon, since the Committee on the Constitution normally sits—

Senator Asselin: On Tuesday morning.

Senator Frith: At 3.30 p.m., I think.

Senator Asselin: Tuesday morning, afternoon and evening.

Senator Frith: Tuesday morning is difficult for those who have to travel.

[*English*]

Senator Asselin: I am not talking about resuming the Senate on Tuesday morning. I am talking about the fact that almost ten senators won't be able to listen to what Senator Lamontagne is going to say about this very important report, and we are concerned about it. You could postpone the notice that you have just given to the house to the effect that we sit on Tuesday afternoon and Wednesday morning at 11 if it is so important to discuss this report right now, or you could postpone discussion of this report until after we have finished the study of the report on the Special Joint Committee on the Constitution.

[*Translation*]

Senator Frith: As I have said before, that is always possible. For the time being, we will adjourn until Tuesday evening but, in the meantime, we can try to make some arrangement in line with the suggestion made by Senator Asselin. That is one suggestion—not so much for his sake, but to follow his suggestions.

At this time, that notice stands as the Order of the Day for next Tuesday. However, as we are masters of our own procedures, we can make other arrangements if we so wish.

Senator Goldenberg: Honourable senators, I only want to add one word to say that I agree with Senator Asslin. He is right.

Senator Asselin: I am very happy to see that Senator Goldenberg has been agreeing with me for some time now. This is the only time really because, in committee, as he knows, we do not always agree.

[Senator Asselin.]

Senator Goldenberg: This is not the first time.

• (1450)

NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Special Committee of the Senate on the Northern Pipeline have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, by way of explanation, I must tell you that this meeting is scheduled for 3.30 this afternoon, I think.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it is possible that we shall have the opportunity to discuss later on during this sitting the possibility of making arrangements so that honourable senators can go to the East Block to pay their respects to our former Governor General. I think that the visit by honourable senators and the members of the House of Commons is scheduled between 3 p.m. and 5 p.m. this afternoon.

[*English*]

Hon. Heath Macquarrie: Honourable senators, I had but a brief opportunity to discuss this with the government house leader, but I feel very deeply about it. I personally do not have to express to anyone my views about the late former Governor General, and certainly not to his magnificent wife, whom I have had the honour of knowing for many years. I think, honourable senators and dear colleagues, we should this day, not only pay our respects to that wonderful man, but we should do it officially and properly; not merely do it while we are waiting for royal assent, or while we are doing nothing between this item and that item.

I trust Senator Hayden and his wonderful committee respecting their work on the Bank Act, because I know they know a thousand times more about that than I do, and I trust them on all other matters, but I think it is not enough for us to go over individually in our spare time to pay respects to that very distinguished man, our former Governor General, whose mortal remains are in the room next to my office in the East Block. I address myself to the Leader of the Government and the government house leader. I think we should today decide that the Senate will adjourn for that purpose.

One of the best things about the Senate, as distinct from the other place, where I spent a long time, as Senator Muir knows, is that we have far better and more reasonable rules. I think we should adjourn at some time today for the purpose of

paying our respects to a very fine, distinguished, great Canadian, whom we honour in death as we did in life.

Senator Frith: Honourable senators, I make the following suggestion for your consideration. Before we adjourn today until our next sitting, I will, pursuant to a message that His Honour the Speaker will read, be moving that the Senate adjourn during pleasure to resume at the call of the bell at approximately 4.50 p.m., because royal assent is scheduled for 5 o'clock. I suggest that we try to complete our business by 4 p.m., which will give us almost an hour in which to pay our respects. The record will show that we are adjourning to resume at the call of the bell, and that in the meantime it is our intention as senators to pay our respects to the late Jules Léger.

Senator Asselin: The Northern Pipeline Committee is sitting at 3.30.

Senator Frith: That is a problem. You will have to make arrangements with your committee. I cannot do much about that.

Senator Macquarrie: The Deputy Leader of the Government, who I think is a very reasonable man, has said that the record will show that we did not go casually to pay our respects, but that we adjourned with that properly and decently in mind, and that is what I had in mind.

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to associate myself fully with remarks of my colleague, Senator Macquarrie, and with the suggestion of the leader of the house that we adjourn at 4 o'clock for the purpose that has been mentioned.

In connection with the rest of the business, I should like to offer this suggestion to the government. I suggest that we call as the next item of business the resumption of the debate on the government's energy policy, item 6 on the order paper, to which Senator Balfour would like to make a contribution. If he finishes before 4 o'clock, I would request that we revert to Question Period for the remainder of the time available.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, December 2, 1980, at 8 o'clock in the evening.

Motion agreed to.

STANDING RULES AND ORDERS

NOTICE OF MEETING

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Molson has asked me to advise honourable senators that he would like to have a meeting of the Standing Committee on Standing Rules and Orders at 5 o'clock in the afternoon next Tuesday. I hope Senator Macdonald will be able to attend, because it will be a continuation of the meeting last week.

ENERGY

GOVERNMENT POLICY—DEBATE CONTINUED

Leave having been given to proceed to Order No. 6:

Resuming the debate on the inquiry of the Honourable Senator Argue, P.C., calling the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular

1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;

2. the advantage of Canadianizing the industry;

3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;

4. the advantage to Canada of the provisions concerning conservation; and

5. the advantage of other aspects of the policy.—(*Honourable Senator Balfour.*)

Hon. R. James Balfour: Honourable senators, I should first express my appreciation for this accommodation to my schedule.

I welcome the opportunity to participate in this debate on the so-called constructive energy policy of Prime Minister Trudeau. I listened with care, and have since read with care, the remarks made in this chamber last Thursday by Senator Argue. I have to say, honourable senators, that in the eight years I have spent in the Parliament of Canada I do not recall ever listening to a speech on an important subject like Canadian energy policy so riddled with inaccurate statements of fact. Let me cite a few examples.

In the opening paragraph of his speech the honourable senator stated:

> One element of surprise came about because the government did not impose an export tax on natural gas. I take it that was a welcome surprise for many people.

I wonder if the gas producers of Canada felt relief when the Government of Canada, in lieu of a tax applicable only to gas exports, imposed a tax on all gas produced, whether for export or domestic production.

● (1500)

Then there is the table of energy prices the honourable senator included in his speech as reported in Senate *Hansard*. He refers repeatedly to Premier Lougheed advocating world prices or OPEC prices for Canadian oil. I do not believe the honourable gentleman would deliberately mislead his colleagues on this question. I prefer to think that he was merely careless in marshalling his facts.

Premier Lougheed is clearly and unequivocally on record as saying that he is seeking not OPEC prices, but rather 75 per cent of OPEC prices, or the Chicago price, which ever is lower. That is a significantly different price regime from that described by Senator Argue.

Perhaps, however, it would be best to let Senator Argue's remarks speak for themselves. I must confess that when he launched his attack on the so-called multinationals, which he practically accused of raping the Canadian economy and pillaging western Canada, I wondered if he had somehow reversed himself and rejoined his political colleagues in the New Democratic Party—although I must add that, from my perspective, I find it increasingly difficult to distinguish policy initiatives advanced by Prime Minister Trudeau and those advocated by Mr. Broadbent, particularly as they apply west of Thunder Bay.

I shall make one final observation on the remarks of Senator Argue. Not long ago in this chamber he dismissed out of hand any talk of western separatist sentiment. I think his words, in effect, were that he had travelled the west extensively and never met a separatist. Now he concedes that such a movement may in fact exist, but he refuses to take it seriously. At the risk of being presumptuous, I offer some gratuitous advice to the honourable gentlemen and his cabinet colleagues who may share his views. I suggest that they abandon their attitude of smug complacency and wake up to what is really going on out there. The sense of alienation and outrage does exist and is significant, and it is not helpful to characterize strongly held views on unpopular federal policy as being some form of hysteria or over-reaction.

I should now like to identify those characteristics of the so-called energy policy and budget proposals which I consider to be counterproductive in the sense that they will work against what should surely be our fundamental policy goal—self-sufficiency and security of supply.

Honourable senators, I submit that Prime Minister Trudeau's sweeping new proposals on energy policy are nothing less than a surefire prescription for disaster. The Government of Canada proposes to outdo its counterparts in the United States, Norway, the United Kingdom, or any other developed country. Each of these countries has taken action detrimental to energy development, such as controlling prices below world market levels, or taxing away much of the revenue from oil sales, or confiscating ownership of oil operations, or legislating increased domestic ownership of industry, but no developed country has ever proposed doing all of these things—until now, that is.

If Prime Minister Trudeau's government gets its plan adopted, the consumer will suffer under a scenario of rapidly increasing dependence on ever more costly foreign oil.

All product prices, despite a government mandate of low prices for domestic crude, will soar far above what they would have been under a policy encouraging domestic development, and the enormous potential of Canada's tar sands, heavy oil, frontier oil and gas regions probably will never be realized. Without exception, industry leaders forecast a deepening of the Canadian recession, which analysists have been tracking for months, as money and equipment have been moved south to the United States where returns on new oil and gas are infinitely better than they are in Canada. Now this trend will surely be accelerated.

[Senator Balfour.]

Attempting to break the back of foreign companies may make Prime Minister Trudeau seem like a giant killer to some consumers, but the price which all consumers will pay for that spells not only bad economics, but bad politics.

Honourable senators, I wish to make this point abundantly clear. The damage that the energy budget proposals will do will not be limited to western Canada. The effects will certainly be felt there first, but those effects will spread to touch and harm the whole nation. Because of oil rigs leaving Saskatchewan and Alberta today, jobs will be lost in Ontario and Quebec tomorrow. It is not just the west that will suffer; it is the nation that will suffer. This is not just a western question; it is a national question.

Just to make the point, already in the community of Orillia, Ontario, a Canadian company, Fahramat, which manufactures castings used in the energy industry, has laid off 33 employees. That is the first group of workers to be laid off in Orillia. Last week, as a direct result of the budget, a Stratford, Ontario, manufacturing firm had a half-million-dollar contract with Alberta withdrawn, and it had orders for several million dollars' worth of other work delayed, perhaps to the point of never being acted on, because of the budget. Simmons Drilling Company of Calgary has announced that 10 of its 17 rigs are being forced to move south of the Canada-United States border because of the budget.

The effects of that spin-out are affecting large Canadian industries, such as the steel industry. Of the total output of the Canadian steel industry, 12 per cent goes into the energy industry in western Canada. The Canadian Association of Oilwell Drilling Contractors estimates that only 5,500 wells will be drilled in Canada next year. That is down 40 per cent from last year's figure. It is down 40 per cent in one year, and that reduction will mean a loss of $2 billion to the economy of Canada—not just to the economy of western Canada but the economy of all of Canada.

The special tragedy of turning away Canadian investment and Canadian growth in the energy industry is that Canada today is in a recession. Many sectors of our economy are weak for reasons that are beyond the immediate control of the Government of Canada. One sector that was strong was the energy industry. The energy industry had the opportunity and capacity to help lead the nation out of the recession, but instead of taking advantage of that capacity, the Ottawa government, in a time of recession, has struck at the one industry that could have helped it fight the recession.

There is a capacity in the Canadian energy industry to lead the Canadian recovery, to help create new jobs, to help create Canadian security of supply, to help create and secure individual Canadian futures, but the Ottawa government, instead of fighting the recession, has added deeply to the recession by weakening a Canadian energy industry that was naturally and potentially very strong.

The Trudeau energy policy will, in the name of protecting Canada, force Canadian companies to leave, force the reduction of Canadian jobs, and force Canadian consumers to rely on Saudi Arabia and OPEC when they should be counting on Canada. The Trudeau energy policy helps the OPEC sheiks

more than it helps the citizens of Canada. It provides jobs in Michigan and New York that should be provided to Canadians in Ontario and Quebec. It encourages exploration in Texas, Oklahoma and Wyoming that should be going on in Saskatchewan and Alberta.

Last week, honourable senators, a special seminar was held in Toronto by the Canadian Manufacturers' Association. Mr. J. L. Thibault, Director of Economics, Canadian Manufacturers' Association, told the meeting that the loud and clear message from manufacturers is that their most important need is to have adequate and secure sources of oil and gas where needed, and at internationally competitive prices. He concluded that the energy policy does not serve this need and likely will lead to rationing. Mr. Thibault noted that the cashflow of the oil and gas exploration industry will be cut by 10 to 50 per cent, depending on circumstances, and said it is estimated that the exploration effort as a result will be reduced by 30 to 50 per cent. He went on to say that the whole situation right now is one of uncertainty and instability, and the most critical result is that we are losing momentum in what should be an all-out drive to improve and secure our supplies of petroleum. We may even be losing some major participants in the whole game and once this momentum is lost, it cannot be easily or quickly regained.

Mr. Thibault said that it was understandable that many companies had guessed that self-sufficiency in oil would be a top priority for Canada and had oriented their strategy accordingly, but the energy program has shown that these companies made a bad guess. The top priority in energy policy is government revenues and Canadianization.

Another prominent Canadian, Mr. Darcy McKeough, formerly Treasurer of Ontario and now President of Union Gas Limited of Chatham, Ontario, said in Hamilton earlier this week that Canada could benefit greatly by having a majority government with a four- to five-year mandate if it used the opportunity to begin carrying out an energy policy uncomplicated by politics and not obscured by public relations illusions. What Canadians are getting from Ottawa instead is a multi-million dollar advertising campaign designed to lull them into a false sense of security concerning oil resources; a program to change the ownership of existing enterprises, when the real need is to generate more activity by both foreign-owned and Canadian companies; increased uncertainties and delays when there is no time to spare; and disputes and regional animosities that have the potential for great harm to the economy and the unity of the country. Mr. McKeough went on to say that while a few people have passed a harsh judgment on Alberta's response to the federal budget, its measures were really quite moderate compared with some of the actions the province might have taken or might have tried to take. He described Premier Lougheed as a devoted and dedicated Canadian.

● (1510)

It is unfortunate that policy disagreements and disputes over the sharing of energy money and control are capable of dividing individual Canadians as deeply and as bitterly as our current disputes are doing. Mr. McKeough concluded by stating, "A subtle and deadly kind of detraction is going on in Canada in which an impression is spread that those who disagree with one are unpatriotic." He warned that the feelings engendered by this kind of debate could become a permanent threat to the real unity of the country.

Those were wise words uttered by an individual with great experience both in government and in the private sector. I would urge honourable senators to weigh them carefully.

Senator Murray: Honourable senators, if no honourable senator from the other side is going to move the adjournment to this debate, I shall do so, and I shall resume the debate at the appropriate time.

Senator Frith: I thank Senator Murray for noting that honourable senators on this side who might wish to adjourn the debate are not present at the moment. With his permission, I would ask leave to adjourn the debate myself. If it turns out that no one on this side wishes to participate, I shall yield to him.

On motion of Senator Frith, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there are two courses open to us now. I understand that all the other items on the order paper are to stand. We can either stand them formally now and then revert to Question Period, or we can proceed to Question Period now and stand the remaining Orders of the Day later. Since we intend to adjourn at 4 o'clock, I suggest that we dispose of the remaining orders, and then revert to Question Period.

The Hon. the Speaker: Is it agreed that all other Orders of the Day stand?

Hon. Senators: Agreed.

Orders stand.

QUESTION PERIOD

[*English*]

THE SENATE

ATTENDANCE OF CABINET MINISTERS

Hon. Lowell Murray: Honourable senators, we on this side of the house have a number of questions which we wanted to put to the Minister of State for Economic Development. The Leader of the Government advises us that he is at a cabinet committee meeting.

The Minister of State for Economic Development was here for less than an hour this afternoon. He left shortly after 3 o'clock. I want to make the following point about this: Up until very recently the attendance of ministers in this chamber has

been more than satisfactory. The attendance of the minister who is still present, the Leader of the Government, has been exemplary. But in recent weeks it is happening more and more frequently that ministers are either absent or leaving early, and this interferes with the Question Period, especially on days when other orders are called between 2 o'clock and 3 o'clock and the Question Period is not reached until after 3 o'clock.

Today, the Minister of State for Economic Development has left early again, and I want to make the point that, while the Leader of the Government has said that the minister has to attend a cabinet committee meeting, I do not believe it is being presumptuous to suggest that when there is a conflict between a minister's attendance in this chamber and his other administrative duties, his attendance in this chamber should take priority.

GRAIN

SALES TO U.S.S.R.

Hon. Lowell Murray: Honourable senators, having delivered my word of complaint and caution, perhaps I might put a question to the Leader of the Government concerning the grain embargo on the Soviet Union, about which there were some exchanges with the Minister of State for the Canadian Wheat Board the other day. My question, however, is to the Leader of the Government because I am asking him to ascertain from his colleague, the Secretary of State for External Affairs, the basis on which the government calculates that five million tonnes or more per year is a normal and traditional level of Canadian sales. I ask him to obtain that information from the Secretary of State for External Affairs because it is Mr. MacGuigan who has to explain these matters internationally.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be directed to my colleague, the Secretary of State for External Affairs, but I suggest that we hear from the minister responsible for the Canadian Wheat Board, our colleague, Senator Hazen Argue, who in the national interest has spent many long hours working with this question.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, Senator Murray has complained that the ministers are not here. I have been guilty of not being present when I had other calls which I felt required my absence from the chamber. His question relates, I believe, to the policy of the Department of External Affairs, and neither the Leader of the Government nor I can discuss that, but I think I can answer the question on the basis of what is normal and traditional. To do so I may have to go through a little bit of a rigmarole, since one cannot just say offhand what is normal and what is traditional because we have seen what we feel to be a normal and traditional pattern build up with regard to the sale of grain to the Soviet Union over many years.

We were the first in that market. The pattern that has built up is that when the Soviet Union requires grain they come to Canada first. The normal and traditional pattern has also been that when we have had the grain supplies we have endeavored to provide them to that market. Over the years we have sold, depending on which year you take, anywhere from about 300,000 tonnes to something in excess of 5 million tonnes. If I recall correctly, in the year in which we sold an amount in excess of 5 million tonnes, the 5 million tonnes came out of western Canada, and some smaller additional quantities came from other parts of Canada.

Looking to the future and following the policy that I announced in the Senate on July 16, we are prepared to sell at normal and traditional levels. In this current year we are not prepared to accept, and have not accepted, a fixed ceiling. We have not endeavored, and we are not now endeavoring, and we shall not endeavor, to supplant the Americans in that market. I think in fairness it has to be pointed out to everyone that in the crop year just ended Canada was reduced to the fourth position in this market. We are the only exporting country that did not sell record quantities in that market in the crop year just ended.

We have suffered from the policy of the administration of Prime Minister Clark, which held us to 3.8 million tonnes. We do not accept that as a reasonable and fair basis; and if we should go to 5 million tonnes, or somewhat beyond 5 million tonnes, in the sale of grain to the Soviet Union this year, it should be kept in mind that the United States this year will sell larger quantities of wheat in that market than to Canada. We think it is certainly normal and traditional within those patterns to sell 5 million tonnes, or perhaps even more.

● (1520)

Senator Murray: The minister has indicated that there was one year, I believe, in the past 10 in which we sold 5 million tonnes to the Soviet Union. To clarify the point, I take it that the minister is selecting the one year in which we sold 5 million tonnes and defining that amount as being "normal and traditional."

Senator Argue: It was normal and traditional under the kind of criteria I have used for that particular time. Obviously, the Soviet Union bought 5 million tonnes because they needed it, and, obviously, we sold them 5 million tonnes because we had it for sale. That was normal and traditional at that time for that year; and under similar circumstances we want to be able to do that again.

I have no objection to the honourable senator's questions. It is pretty clear from his questioning that he is opposed—and I take it his party is also, but he may not be speaking for his party—to any sale beyond 5 million tonnes, or perhaps he is opposed even to going beyond 3.8 million tonnes. It would be interesting to me—and I am sure it would be interesting to the farmers out west—to know that the Conservative Party not only put this unfair arbitrary restriction on sales to a market where other exporting markets were allowed to sell record quantities, but would not have us get away from these restrictions.

Some Hon. Senators: Shame.

Senator Murray: The Conservative government took its position and explained it, with the results that I think we are all aware of—in western Canada at any rate—in the last election. What I am trying to get from the minister is some information about the policy of the government. What he has just suggested is that what is normal and traditional as a level of sales is what the Soviet Union indicates it is willing to buy from us. If that is the case, what the minister is telling us is that the embargo no longer exists.

Senator Argue: I shall not comment on the honourable senator's contention that the embargo no longer exists. The honourable senator says that if we sell 5 million tonnes it means that we are into that market as hard as we can go. I would say this: As I understand the policy of the government, we are not endeavouring to supplant the American sales into that market, and we are not looking to go from 5 million tonnes to 10 million tonnes, or to some astronomical level; but we are endeavouring, in our own way, to protect what we believe are the legitimate interests of Canada, and of prairie producers, in that market, and that certainly does not mean staying at 3.8 million tonnes. Indeed, we moved away from that policy as long ago as mid-July.

Senator Murray: I will not ask the minister to define an "astronomical level", since I have failed to get him to define with any precision what is a normal and traditional level. What the minister has really said is that a normal and traditional level is whatever the Soviet Union indicates it is willing to buy from us.

Let me leave that on the record for the moment, and perhaps we can come back to it another day when we have some more information, because I would like to have the report, through the Leader of the Government, from his colleague, the Secretary of State for External Affairs. As I say, it is that honourable gentleman who has to explain these things for Canada in the international community.

Senator Perrault: Because of the expertise of the Minister of State for the Canadian Wheat Board, the Honourable the Secretary of State for External Affairs listens carefully to his views.

Senator Murray: I am extremely interested to hear that. Perhaps some questions could be asked of the Secretary of State for External Affairs in the other place about that matter. I will leave it for the moment.

However, I want to ask the Minister of State for the Canadian Wheat Board, as one who follows world grain markets and is interested in these matters—without entering into a discussion of the appropriateness or otherwise of grain embargoes as a policy recourse in international affairs, since that decision was made when the embargo was imposed—what his perception is of the effect of the grains embargo on the Soviet Union and its allies. For example, what can the minister tell us about the reported slaughter of livestock in the Soviet Union and the extent to which the grain embargo, together with the poor crop year in that country, may have been partly responsible; and, secondly, about whether the grains embargo to the Soviet Union has affected that country's ability to export grains to its allies in Europe—Poland, for example—and in Asia—Laos and Vietnam, for example?

Senator Argue: I have now quite a few questions to answer. Earlier Senator Murray said something like this: Is it the Canadian policy, when there is a demand in the Soviet Union for a large supply of grain, that we supply it? It takes two things. First, it takes a large demand, if there is going to be a large sale, and it takes a large supply. So there is—

Senator Murray: And the transport system to get it there.

Senator Argue: Our transport system is very capable. Last year—

Senator Murray: It has a terrible reputation under your government.

Some Hon. Senators: Shame.

Senator Argue: —we transported and exported the largest quantity of grain in history.

Some Hon. Senators: Hear, hear.

Senator Perrault: Because of our minister too.

Senator Argue: The Tory government was not there all year. The honourable senator may have wished it was there, and it was his own party's fault that it wasn't there. Imagine losing a vote after you were in government. Imagine Mackenzie King being in office and letting the division bells cease ringing when he was not able to carry the vote. He would have had them ringing for 48 hours and thus saved his government. But they never thought of that. You see, that cabinet did not want anybody with experience. They said, "Well, if you were a John Diefenbaker cabinet minister, there is no place for you in the Clark government." But if they had taken in a few of those old-timers—

Senator Macdonald: On a point of order, I wonder if the minister would answer the question rather than vilifying the former government.

Senator Argue: It may be a point of order, but we get these little needles that do not really have any substance to them. However, there is a little substance to my reply, because it is accurate.

Senator Frith: I hope it is perfectly clear that we on this side do not complain in any way about the result.

Senator Argue: I am not complaining; I am enjoying it. I get an opportunity to talk a little longer.

Senator Perrault: Carry on.

Senator Argue: From what I have read, I think it is correct to say that the partial embargo—and it was only that—on the export of grains to the Soviet Union did have some adverse effect on the maintenance of their livestock. I believe there were increased sales, so that initially it probably increased their marketing of livestock; but the immediate effect was to reduce their production, their breeding herds, and so on.

Senator Murray should also take into account—and I believe this to be a fact—that the reduction undertaken by the United States was a reduction in the sale of feed grains into the Soviet Union, and what they called on Canada to do—and the Clark government went along with it—was to hold back our sales of wheat for human consumption.

The honourable senator may think there is no difference, but I really think there is. When you say to a country, "We are going to reduce the sales of grain for your livestock industry," that is one thing, but when you say, "We are going to reduce the sales of grain for human consumption," that is something else.

It may well have been the case that the embargo resulted in the U.S.S.R. exporting lesser quantities of grain to satellite nations, but I think the honourable senator should keep in mind that the Americans had no embargo on American sales to Poland. So if the holding back of Canadian grain to the Soviet Union resulted in the Soviet Union being able to supply less grain to Poland, the Americans would welcome that because their policy was to supply grain to Poland, which they did.

● (1530)

Just a little while ago the present American administration removed its restrictions on United States multinational companies taking grain to the Soviet Union. They said, "We have an embargo, but ships can go there." If that is not an encouragement to "bootleg", or whatever the right word would be, I do not know what is.

I think Senator Murray should also take into account the fact that the President-elect of the United States has said that he will not go along with this embargo, that he will remove it, and that there will be a new policy. The other day I saw a quote from Clayton Yeutter, who was the leading authority in the Reagan campaign, having to do with agricultural policy in which he said that when the Reagan administration takes office, it will remove the partial embargo to the Soviet Union. I believe Clayton Yeutter was the Assistant Secretary of Agriculture when Mr. Butz was Secretary of Agriculture.

I think it is in our interest, either today or in the near future, to remove these restrictions placed upon us with respect to the sale of grain to the Soviet Union, and to revert to our past pattern of providing quantities to that market at normal and traditional levels without any ceiling.

Hon. Heath Macquarrie: Honourable senators, from the outstanding potato-growing area of Canada, I have a question about wheat, supplementary to the question asked by my colleague, Senator Murray.

I was in the House of Commons with the honourable minister when his political heroes were J. M. Woodsworth and M. J. Coldwell. Today he has venerated Mackenzie King, and I say, "What a decline into mediocrity," but that is his business, and I do not make judgments.

I should like to ask the honourable minister if, in fact, the basic problem is that the government of the day—regrettably the government of the day—has been following the policies of the government which it criticized, namely, supporting the American boycott, the burden of which, in the long run, was placed upon the backs of Canadian farmers, Canadian athletes and very few other Canadians. Does the minister not feel great resentment that the Yankee traders have made a deal with the Chinese with no regard for Canadians, and are playing games which are not incumbent upon a decent relationship between our two countries?

Senator Argue: We are concerned about the deal that was made between the Government of the United States and the Chinese government in this last grain arrangement of from 6 to 9 million tonnes. The agreement is that if the Chinese need a larger quantity of grain than 9 million tonnes, the United States will expect them to purchase it from the United States. If they have to go below the floor of 6 million tonnes, they will apportion the reduction among other exporting nations. That is a very disturbing matter as far as our relations with the United States are concerned. We are concerned about that particular agreement.

If I may revert for just a moment to our policy with regard to the embargo, I have taken a very strong lead position in having this policy changed. I have made recommendations to the Government of Canada, to the appropriate places that Senator Murray would expect, and I feel that my recommendations have met with every success, for which I am appreciative.

Senator Macquarrie: As a supplementary—and it is semi-smuggled—I want the minister to know that I am not one of his worst critics, because all his faults are usually not by intention. I recall that the man who knows more about the movement of western grain than anyone in Canada, the Honourable Alvin Hamilton, has said good words about this minister, and I listen to that. I would ask him to reflect upon the expression that Benjamin Franklin used many years ago, that perhaps on this international matter the Americans "diddled" us.

The Hon. the Speaker: Honourable senators, I would ask the Leader of the Government if there are some delayed answers to questions which he could present at this time. If not, we can continue with questions. I ask this only because I know it is the intention of honourable senators to adjourn at approximately 4 o'clock.

Senator Frith: The Question Period belongs largely to the opposition, so perhaps we should hear what their feeling is in the matter. Would they prefer to proceed with further questions or move to delayed answers?

Senator Macquarrie: More questions.

ITALY

EARTHQUAKE DISASTER—SAFETY OF CANADIANS IN AREA

Hon. Peter Bosa: Honourable senators, I have a very brief question for the Leader of the Government in the Senate. I asked him yesterday if he had any news concerning Canadians in the earthquake area of southern Italy. Can he give this information to the Senate today?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do have some information. Yesterday I was asked whether any Canadians had suffered as a result of the terrible earthquake tragedy in Italy. In the latest telegram today, of which I have a copy, our embassy in Rome reported that they had just been informed by Italian authorities that there are no Canadians among the victims who have been identified to date. It is possible, however, that a Canadian connection with some persons among the casualties—persons who are citizens of both Italy and Canada—may yet be established.

In addition, Canada has already announced a donation of $100,000 to the Canadian Red Cross. Cabinet is formulating a plan for Canada's financial response to the situation beyond that amount. It is expected that that response will be announced shortly.

Honourable senators, shortly before the commencement of our sitting today, I was advised that there has been another severe earthquake in Venezuela and Colombia.

FOREIGN AFFAIRS

PEACE IN MIDDLE EAST—CANADIAN INITIATIVES

Hon. Heath Macquarrie: Before the Question Period ends, honourable senators, I should like to ask the Leader of the Government in the Senate if he would bring us a more full and complete statement on what the Prime Minister had in mind when, in the press conference with President Sadat, he indicated that Canada might be more involved in the pursuit of Middle East peace.

I am not one of those who think that any man, even our Prime Minister, is always wrong, and I would like to hear more about what the distinguished Prime Minister had in mind and, at some later date, I will ask the government leader to tell the Senate what positive measures the Prime Minister did, in fact, indicate.

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senators. I do not have a current status report.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, pursuant to the earlier discussion and, more specifically, the intervention of Senator Macquarrie, I propose that we now suspend our sitting to reassemble at the call of the bell shortly before 5 o'clock for royal assent, and that we use the intervening time, as we had planned—it is not an accident that we are free now, but a deliberate plan—to pay our respects to the memory of the late Right Honourable Jules Léger. Further to that same sentiment, the Senate will not sit tomorrow, the day of his funeral.

If that meets with your approval, honourable senators, the bell will summon you to royal assent at approximately 4.50.

Senator Macquarrie: The deputy house leader has expressed well the sentiment which this body feels at this time.

• (1540)

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MEETING

Hon. Richard A. Donahoe: Honourable senators, before we rise, may I make an announcement?

The Standing Senate Committee on Legal and Constitutional Affairs was called to meet on the rising of the sitting of the Senate this afternoon. That meeting has now been cancelled.

A number of witnesses were summoned to appear before the committee. They have been discharged, and asked to return at 9.30 tomorrow morning. The committee will meet tomorrow morning at 9.30.

I make this announcement for the benefit of members of the committee.

Hon. Royce Frith (Deputy Leader of the Government): The committee does not need permission to meet because the Senate is not sitting at that time. I hope honourable senators have taken note of that announcement.

Incidentally, that is connected with the point raised by Senator Smith yesterday. I understand that a number of committees will be sitting tomorrow, but the Senate itself will not be sitting.

To allow honourable senators to pay their respects to the late Right Honourable Jules Léger, the sitting was suspended, to resume at the call of the bell at approximately 4.50 p.m.

At 5 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

> An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, December 2, 1980, at 8 p.m.

THE SENATE

Tuesday, December 2, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

PRIVATE BILLS

MONTILAC LTD. AND SOCAM LTD.—COMMONS MESSAGE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-13, to revive Montilac Ltd. and Socam Ltd., and acquainting the Senate that they had passed the bill without amendment.

TREMUS INDUSTRIES LIMITED—COMMONS MESSAGE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-14, to revive Tremus Industries Limited, and acquainting the Senate that they had passed the bill without amendment.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—COMMONS MESSAGE

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Tuesday, December 2, 1980

Ordered,—That the Order of Reference creating the Special Joint Committee on the Constitution of Canada be amended by deleting the words "December 9, 1980" and substituting therefor the words "February 6, 1981"; and

That a Message be sent to the Senate to acquaint Their Honours thereof and to invite them to join with this House in the aforementioned action.

Attest:

C. B. Koester
The Clerk of the House of Commons.

SPECIAL JOINT COMMITTEE—ORDER OF REFERENCE AMENDED

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, seconded by the Honourable Senator Roblin, with leave of the Senate and notwithstanding rule 45(1)(*e*):

That the Senate join with the House of Commons in amending the Order of Reference creating the Special Joint Committee on the Constitution of Canada by deleting the words "December 9, 1980" and substituting therefor the words "February 6, 1981"; and

That a message be sent to the House of Commons to acquaint that house accordingly.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

● (2005)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, it seems that the mover does not wish to speak in introduction of this motion, but I should like to make some comments about it. I am not at all critical of the mover's silence, because the motion is self-explanatory and does not require further explanation. However, it might be useful for the house to know that at this afternoon's meeting of the Special Joint Committee on the Constitution a resolution was carried to the effect that when this motion becomes the approved statement of both houses of Parliament, the timing in respect of the presentation of briefs and the receipt of applications from interested parties to appear as witnesses will be reconsidered.

As honourable senators are aware, the deadlines have now passed and people cannot at this point submit new briefs or ask to appear as witnesses. It is, I think, useful for honourable senators to know that consideration will be given to extending those deadlines. The matter has been referred to the steering

committee for the purpose of giving consideration to such extensions.

I am also glad to say that it was made quite clear—and again the steering committee will be looking into this—that we do expect to receive more briefs and to have other witnesses come forward. Contrary to the previous decision of the committee, it now appears that there is a possibility that private citizens will be able to present briefs in addition to those representing organizations. This could be a valuable change in the plan of operation as it would, no doubt, permit expert witnesses to be called to testify.

In light of the terms of reference, which instruct the special joint committee to consider the suitability of the government's action in this respect, it is quite obvious that questions of legitimacy and constitutional propriety, and, indeed, of the effect of court applications, are proper subjects to be discussed. Certainly, in my opinion, they are proper subjects to be discussed by this committee.

The committee, I submit, will not be able to fulfill its mandate unless it has an opportunity to do these things. So, I am cautiously optimistic that the committee's previous decision not to hear expert witnesses will now be reconsidered. That is certainly my hope.

It is for those reasons that I have some interest in seconding this motion. I am also interested in the fact that the date of February 6 was the date originally proposed by some opposition members of the committee as being the proper date to which to extend the committee's hearings. Whether we will be able to complete our business by February 6 is still, to my mind, an open question, but we will have a much better chance to do so than under the unrealistic deadline of December 9.

While I am on my feet, I wish to refer to an interchange which took place last Tuesday between myself and the Leader of the Government in the Senate with respect to the status of the Senate in these proceedings. I pointed out to the government leader that the matter had been referred to the house leaders by the committee and that it appeared at that time that that did not include the house leaders in the Senate. I asked the Leader of the Government in the Senate about that, and in reply to me, as reported at page 1305 of *Debates of the Senate* of Tuesday, November 25, he said:

> With respect to Senate participation in the process of that final determination, there will be substantial Senate involvement.

Perhaps the government leader could report to the Senate exactly what that involvement consisted of.

He went on further to say:

> However, now that he has suggested—

And I think he was talking about me at the time.

> —that he thinks there is merit in house leaders discussing this matter, and has said so publicly and in his usual eloquent way, with the support of the Honourable Senator Asselin who spoke on it today, I will be more than delighted to meet with the Leader of the Opposition in the Senate to discuss this matter.

I should like to know whether such discussions took place between these two leaders.

It seems to me that if we let the matter of a joint committee's procedure with respect to reporting back to the two houses go without remark when the Senate has been overlooked, at least to some degree, we would not be serving the interests of the public in the matter. So, I would ask the government leader to tell us what the "substantial Senate involvement" was in the final determination, and I would also ask him whether there was any consultation with the Leader of the Opposition, as his statement indicated there would be.

Hon. Raymond J. Perrault (Leader of the Government): Let me say, first of all, that I know that all honourable senators welcome the decision taken by the members of the Special Joint Committee on the Constitution to recommend that the hearings of the committee be extended until February 6—

Senator Roblin: They did not do that; they recommended that they not be extended.

• (2010)

Senator Perrault: But the decision to extend the hearings was taken in the other place.

Senator Roblin: Not by the joint committee.

Senator Perrault: I can assure honourable senators that the decision in the other place to extend the time in the ultimate, had the support of the government supporters on the joint committee.

Senator Roblin: That is not the way they voted.

Senator Perrault: Secondly, I want to assure every member in this chamber that the views set forth by honourable senators during the course of debate and Question Period here were brought to the attention of the government. I reported to the government the general consensus of senators that the joint committee reporting date be extended. I stated that in my opinion my recommendation represented the view of both the supporters of the government in this house and representatives of the official opposition. As I inferred in a reply given me last week, consideration was being given then by the government to the possibility of an extension of committee hearings. I was very much involved in the discussions which took place in cabinet, and in discussions with certain members representing the government in those committee deliberations. I know that honourable senators welcome the fact that a positive decision has now been taken in the other place.

I regret that the Leader of the Opposition and I were not able to get together for a discussion during that period of time, but the ultimate result, I believe, has more than met the expectation of the honourable Leader of the Opposition and his deputy.

Hon. Jacques Flynn (Leader of the Opposition): Not exactly. If I recall correctly, the motion we made when we were

discussing the resolution was to invite the committee to report no later than March 1, but that was defeated.

Senator Perrault: Honourable senators, I can only say that the distinguished leader of the Conservative Party—

Senator Flynn: You have come half way.

Senator Perrault: —seconded the motion in the other place, which rather suggests to me that there was a substantial amount of support for the date of February 6 on the part of the Conservative Party.

Senator Flynn: I am not opposing it.

Hon. Richard A. Donahoe: Honourable senators, I intend to support the motion before us, which I consider an excellent one. I do not believe there is any thinking person in Canada who thought that there was anything proper or realistic about the original deadline that was set for the report of this committee. It must have been obvious, and was obvious, from the very beginning that December 9 would give no real opportunity for those persons who wished to do so to make their views heard and thus play some part in the shaping of our Constitution.

Accordingly, from the very beginning, we on this side said that the date should be extended. As my leader has just said, we moved in this house that it be extended to March 1. Subsequently, in the other house there was a motion, and I believe the date selected there was February 6. February 6 is now the date for the presentation of the report of the special joint committee.

I rise because I would not want it thought that because we once moved that the reporting date be extended to March 1, while in the other house there was a motion moved to extend it to February 6, we necessarily thought that was the beginning and end of the matter, or that we agreed that by advancing the report date to February 6 we were, in fact, giving adequate opportunity to the Canadian people to make themselves heard in this process of constitutional amendment. At the time we moved that the date be March 1, and members of the other house moved that it be February 6, there was a list of persons who had indicated their desire to be heard, but since those motions were made that list has grown considerably longer. Instead of there being relatively few people saying they had views which they wanted to put before the committee, there are now hundreds of such persons and groups of persons. At that time we were of the opinion that it would be possible to bring before the committee all those persons, learned in the law and skilled in constitutional matters, who would have opinions on the propriety and desirability of what was being done, and that those views would be put before the committee in order that it might have the benefit of that distilled wisdom. As it turned out, they have been deprived of that opportunity, and even now, with the extended date, they have no assurance that that opportunity will be granted to them.

● (2015)

I rise at this time merely to say that nobody should interpret the agreement today on February 6 as meaning that those who agreed to that date are necessarily saying that that settles the matter once and for all, and that there might never arise in the future conditions which indicate that there is no necessity for extending it further. I do not believe anybody should have that opinion, since it may very well be that as February 6 approaches it will still be possible to demonstrate that that date is too early. I understand, in some of the speeches made in the House of Commons before the vote was taken on the extension, that the caveat was voiced that this was, in fact, the attitude of those who were prepared to support the extension to February 6.

I want to be sure that there is no misunderstanding about what we on this side of the house feel with respect to this. While I support the motion, because I think it is desirable, I reserve the right to insist later that it may be appropriate to extend the date still further.

Hon. G. I. Smith: Honourable senators, I am not going to take up very much of your time—

Hon. Senators: Oh, oh.

Senator Smith: Do not be so encouraging, or I might find it useful to help you appreciate more the fact that at some other time I might take less of your time.

I rise to say that I concur with the view of the Honourable Senator Donahoe to the effect that we may find—and I think it very likely that we will find—that February 6 is not a tenable date, and I do not want to be bound by silence tonight to the view that I subscribe to this as being the final date. It is obvious to anybody who knows what is going on in that committee, and the requests to be heard that have poured in, that the committee would have to perform marvels of accomplishment of hard work, day and night, to give adequate response to all those requests before February 6.

Hon. David Walker: Honourable senators, I have said from the beginning, and I repeat, that the best you will do in respect of this matter is patriate the Constitution, and, if you are lucky, you may get a formula. That, however, is all you will get, and that will go through the British houses of Parliament. This extension of time just means more waste of time, if one can judge by the complete lack of progress to date. It is like the confusion of Babel over and over again.

Hon. Louis-J. Robichaud: Honourable senators, I have listened to the arguments on this question so far, and as a Canadian I appreciate the extension of the time, within which the conclusions of this committee are to be reported, from December 9 to February 6. I think that is great, but an understanding of why there might be a further extension is beyond me.

Senator Flynn: Agreed.

Senator Robichaud: I can understand Mr. X and his wife, or perhaps Mr. Flynn and Mrs. F, making an application to appear before the committee, but that could be kept going indefinitely. There is absolutely no question about that. Our friends on the opposite side realize that.

Last night I watched a program on television called *Front Page Challenge*. Everybody knows that program. One of the interviewees was Premier Angus MacLean. He was chastised by the panel, in the persons of Pierre Berton, Betty Kennedy, Gordon Sinclair and Paul Hellyer, of all people. Paul Hellyer said, "The action you are taking is just atrocious," or something to that effect. They ridiculed the action of Premier MacLean in challenging in court the action taken at the moment by the government on what is not even law. I think it is ridiculous.

● (2020)

In my view, it is a good move to extend the time to February 6, but there has to be a deadline somewhere. Everybody who has a voice can be heard between now and February 6; everybody who represents a group of people can be heard between now and February 6. I repeat that I welcome this move, but any extension of this new date would be in effect saying that we have been working on this for 53 years—

Some Hon. Senators: Oh, no.

Senator Robichaud: Well, you may say 60 years, you may say 30 years, or you may say from 1960—anybody can select his own date, but the fact remains that we have to have a deadline, and the government of the day, with the consent of honourable senators serving on the committee, agreed that it should be extended to February 6. As I have said, I welcome this, but I do not think the date should be extended beyond February 6.

Senator Donahoe: Will the honourable senator permit a question? Is it not true that in the course of the program about which he spoke, when Pierre Berton charged Premier MacLean that the premiers had been unable to reach unanimity, he received the answer, "We had the unanimity of ten premiers, and the only one who would not agree was the Prime Minister of Canada." And did he not say, in effect, that everybody was out of step except Johnny, so everybody had to change step in order to get in line with the views of the federal government. Is that not what was said on that program?

Senator Robichaud: Honourable senators, yes. That is what was actually said on television, but it was not true. I do not want to get into a debate right now, but it is true that he said that, but what he said was not true.

Senator Asselin: How come you know that?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I do not really want to stop this interesting review of last night's TV program—I am sorry; I did not realize Senator Smith was on his feet.

Senator Smith: Honourable senators, I want to know if my old friend and colleague from New Brunswick, Senator Robichaud, would allow me to ask a question. Is he advocating that we should accept the view that government by television is the way in which we should run the affairs of this country to the extent that we have the power to do so.

Senator Robichaud: No. I say, in answer to that silly question, that it is not my view that government should be controlled by television.

Senator Smith: You gave me a silly answer.

Senator Frith: Honourable senators, as mover of the motion, I point out that I do not have the advantage that Senator Roblin has of being a member of the committee, but I thank him for his report indicating that there are a number of things—

Hon. Henry D. Hicks: Are you closing the debate? I wanted to speak to the motion.

Senator Frith: I am sorry.

Senator Hicks: Honourable senators, there is a motion before the house. Usually I find myself in agreement with my friend, Senator Robichaud, the former Premier of New Brunswick, but this time I don't. I want it clearly understood that if I support this motion, which I intend to do, I am in no way saying that I would not entertain a motion at some future date for a further extension of the work of this committee.

● (2025)

I think it is impossible at this time to determine that we will have properly heard the people of Canada, who are legitimately interested in this important matter, by any specific date. I felt from the beginning that it was unrealistic to have a target of December 9. It seems to me that February 6 may be reasonable. I certainly hope it will be and that the work can be done by then. If it cannot, I would not want my support of this motion now to be taken as an indication that I would not entertain a motion for a further extension of the date if that seemed necessary.

Senator Frith: To continue briefly, honourable senators, I want first to thank Senator Roblin, a member of the committee, for giving us some perspective of the increased opportunities for study this extension will afford.

Secondly, I want to thank Senator Roblin for his implied support for the proposition that the government always keeps an open mind and pays very close attention to suggestions made by the opposition, as it has in this case, by accepting, specifically, the date proposed by the opposition.

Thirdly, I want to thank Senator Smith and Senator Donahoe for drawing to our notice that if we had been paying any attention to the procedures and activities of this committee, we would not be under any illusion that, when the Conservative Party supports this extension to February 6, we will hear no more from them on the point. We are under no such illusion.

Senator Flynn: You forgot to thank Senator Robichaud.

Senator Frith: I thought I would leave that to you. I thanked him for the TV review.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Agricultural Products Board for the fiscal year ended March 31, 1980, pursuant to section 7 of the *Agricultural Products Board Act,* Chapter A-5, R.S.C., 1970.

Report of the Agricultural Stabilization Board for the fiscal year ended March 31, 1980, pursuant to section 14 of the *Agricultural Stabilization Act,* Chapter A-9, R.S.C., 1970.

Report on the administration of Allowances for Blind Persons in Canada for the fiscal year ended March 31, 1979, pursuant to section 12 of the *Blind Persons Act,* Chapter B-7, R.S.C., 1970.

Report on the administration of Allowances for Disabled Persons in Canada for the fiscal year ended March 31, 1979, pursuant to section 12 of the *Disabled Persons Act,* Chapter D-6, R.S.C., 1970.

Report of the Minister of Finance respecting Olympic coins for the period ending September 30, 1980, pursuant to sections 17(1) and 17(3) of the *Olympic (1976) Act,* Chapter 68, Statutes of Canada, 1974-75-76.

Statement showing Classification of Loans in Canadian Currency of the Chartered Banks of Canada as at September 30, 1980, pursuant to section 119(1) of the *Bank Act,* Chapter B-1, R.S.C., 1970.

Report on operations under the *Regional Development Incentives Act* for the month of September 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of operations under the *Export and Import Permits Act* for the year ended December 31, 1979, pursuant to section 27 of the said Act, Chapter E-17, R.S.C., 1970.

Report of the Commission to Review Salaries of Members of Parliament and Senators (Dr. Cliff McIsaac, Chairman), appointed in accordance with the terms of Order in Council P.C. 1980-1274, dated May 9, 1980.

He said: Of course, honourable senators, members of Parliament serve in either of two categories—members of the House of Commons and members of the Senate. I apologize for the incorrect wording in that tabling.

• (2030)

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*a*):

That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting tomorrow, Wednesday, 3rd December, 1980, and that rule 76(4) be suspended in relation thereto.

By way of explanation I should like to say that the committee, under the chairmanship of Senator Smith, has moved very quickly on the reference by the Senate to look into the question of the closing of express offices and other related matters. The committee expects to have before it tomorrow the President of Canadian National Railways. Because of some time exigencies relating to the president's schedule, as I am given to understand by Senator Smith, it would be preferable for the committee to commence its sitting at 3 o'clock instead of, as originally intended, when the Senate rises.

I think the chairman of the committee should be congratulated for the expeditious way in which his committee has put this reference into effect, and therefore, I suggest that we agree to the committee's having this special right to sit tomorrow, even though it means it will be sitting at the same time as the Special Joint Committee on the Constitution.

Hon. G. I. Smith: Honourable senators, I wish to thank the Deputy Leader of the Government for his remarks and his support in this situation.

Perhaps I should say one or two further words. I felt, from the mood of the Senate, that it was desirable to start hearings on this reference as soon as that could reasonably be done. After some negotiation with the President of the CNR we were able to reach agreement that he would come tomorrow afternoon if we could free him by about 5 o'clock. In order to do that it seemed to me that two hours would be the minimum time, from 3 o'clock to 5 o'clock, in which to accommodate the wishes of senators who might want to ask questions of him. Therefore, with the consent of those members of the committee who were present at the time, I agreed to make this request of the Deputy Leader of the Government.

I hope it will be possible to have a good attendance, particularly more than a quorum, at that committee meeting tomorrow afternoon at 3 o'clock, assuming the Senate agrees to this motion, so that it will be clear, not that we have the bare minimum requirement of attendance in order to carry on business, but that we have a demonstration of the fact that members of the Senate are indeed keenly interested in this problem.

Hon. Daniel Riley: I should like to put a question to the chairman of the committee. Although, as the chairman says, Dr. Bandeen has other commitments at 5 o'clock, I take it that does not preclude his officials from remaining in case there are further questions by members of the committee. I think we discussed this at the last committee meeting.

Senator Smith: I am glad Senator Riley has mentioned that, because I should have included it in my brief comment. I am assured that Dr. Bandeen will be accompanied by the President of Canadian National Express, who has not the same time commitments as Dr. Bandeen and should, therefore, be available to the committee for a longer period, should the committee so desire.

Hon. Frederick W. Rowe: Honourable senators, I appreciate, as I am sure we all do, that traditionally the Senate has been a bit reluctant to grant committees the right to meet when the Senate is in actual session. However, as one of those senators who raised some issues here a week or so ago, and as one who supported the idea that the Standing Senate Committee on Transport and Communications, under the chairmanship of Senator Smith, should try to arrange a meeting with Dr. Bandeen and other officers of Canadian National Railways, I would like, although I am sure I do not need to do so, to urge that tomorrow the committee be given this special right to meet while the Senate is sitting.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—ALLEGED REFUSAL OF MEMBERS TO MEET NON-STATUS INDIAN CONSTITUENTS

Hon. Daniel Riley: I should like to ask a question of the Leader of the Government to instruct members of the Special Joint Committee on the Constitution not to grant interviews to non-status Indians who seek to meet with their elected representatives sitting on the committee?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no information, or even any intimation, that any such suggestion has been made or any such instructions have been issued.

Hon. Jacques Flynn (Leader of the Opposition): I suppose the question refers only to members of the committee who are of the government political allegiance, because I am quite sure that no instructions like that have been given to members of the other parties sitting on the committee.

Senator Riley: I did not refer to members of the opposition. I asked the Leader of the Government in the Senate if that was government policy, because I am informed that non-status Indians with whom I met today—young people and mostly women—were refused the opportunity to meet their elected representatives. Quite apart from the Senate, I think an elected representative is bound to meet with his constituents, whether they be natives, black, white, Catholic, Protestant or anything else, and I deplore this attitude.

● (2040)

AGRICULTURE

HERD MAINTENANCE ASSISTANCE PROGRAM—PROPOSED INCLUSION OF PMU UNITS

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Minister of State responsible for the Wheat Board in relation to his responsibility for the Herd Maintenance Assistance Program. I believe that the minister has received some representations regarding the operators of PMU units in western Canada, certainly from the Province of Manitoba regarding their inclusion under the program. I believe that the program has already been extended to include other types of livestock operations. In this particular case I think the operators are faced with the obligation of maintaining their herds, because most of them operate under contract, and if they do not fulfil their contract they will lose the opportunity to remain in that type of business. I think there are some 94 operators affected in Manitoba. There may be some affected in other western provinces. Is the minister considering extending the program to cover these operators?

Senator Flynn: Of course.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I doubt if the Leader of the Opposition knows what the initials PMU stand for, but he may well.

I am pleased that this question has been brought to my attention, because certainly the operators of those units in the western provinces have been under exactly the same disability as have beef producers or dairy cattle operators. I do not have control over the policy. That is dealt with by a cabinet committee, but I think Senator Molgat's suggestion is an excellent one. It carries a great deal of merit, and I shall be pleased to bring it to the attention of my colleagues.

Senator Molgat: I have a supplementary question. Could the minister indicate when the decision might be made in this regard?

Senator Argue: In time to get the money out. We need to have a meeting within a few days to make some other decisions with regard to the administration of this, so I hope it will be quite soon.

Senator Murray: What cabinet committee is considering this matter?

Senator Argue: It is one of the special committees. It may be an ad hoc committee, but it is an important functioning committee and it does a great deal of valuable work. The committee is chaired by Senator Olson, who chairs many other important cabinet committees. I am pleased that he is in the Chair because he understands the problems, and we get important decisions made.

Lloyd Axworthy is a member of the committee, as is—

Senator Flynn: Don't spoil it.

Senator Argue: —Senator Perrault. It consists of a group of western ministers, plus the Minister of Agriculture. It is an important program and it will pay out approximately $60 million to help maintain the herds in western Canada.

FINANCE

TAXATION OF CAPITAL GAINS—DEFINITION OF CANADIAN-CONTROLLED PUBLIC COMPANIES

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development

arising out of a document entitled "A Review of the Taxation of Capital Gains in Canada," published by the Department of Finance last month. In that document the government is arguing against exempting, as was proposed by the previous government, publicly traded shares of Canadian-owned companies from the capital gains tax.

In arguing against that, the government is citing the difficulty of identifying what is a Canadian company. In doing so, the document states, in part:

> For example, if relief were to be provided for shares of Canadian-controlled public companies, one would need to decide how Canadian control was to be determined. Should the relief apply to common shares only (voting, non-voting) or should it extend to preferred shares that are convertible into common, to all preferred shares, to rights, warrants, and income debentures? Would Canadian control be determined by 50-per-cent ownership of a class or classes of shares or would some other concept of effective control be necessary? How would the true beneficial ownership of shares be determined? This effective control test should take cognizance of the dispersion of shareholdings, the residence and/or nationality of management and the characteristics of different classes of shares, and would inevitably require rules to look through registered shareholders to determine the ultimate shareholders.

I am sure the Minister of State for Economic Development can anticipate my question. If the Department of Finance feels that this cannot be done in the case of exempting publicly traded shares of Canadian companies, how is it that the Department of Energy, Mines and Resources feels it can be done in the case of its national energy policy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Murray has raised a very complicated problem. He went through quite a lot of the problems that may be involved in deciding ownership, control, beneficial ownership, and that sort of thing, but certainly not all of the problems associated with that. Certainly the government is in a position, because of the energy policy, to indeed come up with a formula at least for that purpose, whether or not it applies or extends to taxation law. As soon as that formula is available, I will be pleased to provide it to him.

Senator Murray: I believe the formula, or what purports to be a formula, has already been published by the Minister of Energy, Mines and Resources.

I wonder whether the minister would also ascertain how the formula to be used by the Department of Energy, Mines and Resources compares with the formula used by the Foreign Investment Review Agency, and bring a statement to the Senate explaining those matters?

Senator Olson: I will take that question as notice.

[Senator Murray.]

ENERGY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—FEDERAL LOAN TO IMPERIAL OIL LIMITED

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development.

A statement in the Ottawa *Citizen* of Saturday, November 29, 1980, claims that officials of Imperial Oil believe that the putting of $40 million into the Cold Lake project by the Government of Canada has indicated the government's willingness to rethink its oil prices and tax policy.

Have indications, other than the granting of the $40 million, been given to Imperial Oil Limited? Can they really anticipate changes to the energy package announced as part of the budget?

Hon. H. A. Olson (Minister of State for Economic Development): I answered a question similar to that on November 25. It was not put exactly in that context, but the advancing of $40 million to keep the Cold Lake project alive is not conditional on any changes being made in either the energy program or the budget. It is there because we believe that that project has the potential of supplying perhaps as much as 10 per cent of Canada's oil requirements when it comes on stream. Therefore, we believe that, and a number of other projects, developing the tar sands, or the heavy oil, whichever you like to call it, is probably one of the best prospects for fulfilling the government's aspirations toward self-sufficiency.

Senator Doody: The same report says that Imperial Oil officials regard the $40 million as a down payment and need much more help in the development of its Cold Lake project. I gather from the minister's answer that there has been no further government commitment to invest in that particular project, but that, perhaps, it might be looked at as it goes along?

• (2050)

Senator Olson: The extent of the commitment is already known to the honourable senator, and I would like him to understand, as I am sure he already does, that is it a loan. It is a loan which, once the project comes on stream, will be paid back with interest.

COME-BY-CHANCE, NEWFOUNDLAND—OIL REFINERY—ACQUISITION BY PETRO-CANADA

Hon. G. I. Smith: Honourable senators, I wonder if I might trespass upon the good nature of the Minister of State for Economic Development to ask him a question about the purchase by Petro-Canada of the Come-by-Chance oil refinery in Newfoundland.

Has Petro-Canada been able to come up with a firm plan for the operation, in a successful commercial sense, of this refinery?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the short answer is that I shall take the question as notice, because I understand Senator Smith would like an update as to where the negotiations are at

now. There is, of course, more than one consideration involved in this. One would be to use the facilities as they were designed; another would be to modify the refinery to the point where it would be capable of refining oil of a somewhat lower quality, if that is the right description, or a different specific gravity of crude—

Senator Flynn: Mexican oil?

Senator Olson: A somewhat heavier oil than that. The fact of the matter is that the total world supply of oil is getting to the point where some of the refinery capability has to be modified to take care of a different gravity of crude. In any event, I shall take the question as notice and provide a detailed answer.

Senator Smith: I thank the honourable senator for his undertaking. I can appreciate the problems in differences in quality of oil, or at least I think I can. I would be grateful if the minister, in his inquiries flowing from his taking the question as notice, would give particular attention to determining whether or not there is now in being a firm plan for the commercial operation of this refinery on a successful basis, or a basis which might reasonably be hoped to be successful.

Senator Olson: I shall provide as much detail as I can in my reply.

SCIENCE AND TECHNOLOGY

THE BUDGET—RESEARCH AND DEVELOPMENT—GOVERNMENT FUNDING

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for Economic Development. Despite several questions, the government ministers have not indicated precisely how much of the increased funding for the economic development envelope provided in the budget will be allocated to research and development expenditures. Is the minister able to provide the Senate with a precise figure in this regard?

Hon. H. A. Olson (Minister of State for Economic Development): No, I cannot give that figure off the top of my head. I want to check as to whether the minister directly responsible for science and technology has made some announcement recently in this respect, and for that reason I shall take the question as notice and provide the Senate with whatever information is available.

Senator Phillips: I thank the minister for his offer to obtain the information. Recently, the President of the National Research Council outlined three scenarios, each predicated upon the assumption of a given amount in funding being available.

I would also ask the minister to determine which of the three options presented by the President of the National Research Council is favoured; that is, the minimum, what was termed the second option, or perhaps we might even hope for the so-called deluxe version, as outlined by the President of the National Research Council.

Senator Olson: Honourable senators, the Honourable Senator Phillips is asking a question for which the answer may or may not be available within the next few days. Funding for the ensuing years, which includes some of the proposals in that, involve a number of fiscal years—not only 1980-81, but 1981-82, and I think three or four years beyond that. While I am prepared to give an undertaking that I shall get as much information as I can, I obviously cannot commit the government beyond what the minister is ready to indicate.

ENERGY

IMPORTATION OF OIL FROM SAUDI ARABIA

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development, and my question arises out of the announcement by the Right Honourable the Prime Minister concerning the availability from Saudi Arabia of 100,000 barrels of oil a day.

Can the minister say whether the 100,000 barrels a day in question would be over and above our current import levels from that country; secondly, can the minister assure the Senate and the country that the Canadian government will not accept any political conditions being attached to such a sale?

I have in mind the conditions that were attached by Saudi Arabia to a contract with Denmark last spring for 20,000 barrels of oil a day. Those conditions were widely interpreted as meaning that the Saudi Arabian authorities would have a virtual veto over the showing of a film such as *Death of a Princess* on Danish television.

Will the minister assure the house that no political conditions would be accepted by the Government of Canada to such a transaction?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, dealing first with whether or not the 100,000 barrels a day would be in addition to what we are now importing, I should like to draw attention to the fact that what has been offered is that up to 100,000 barrels a day could be made available from Saudi Arabia. We shall assess that in terms of whether or not it is needed; whether or not it is a more secure supply, and all of the other factors that would go into making that kind of an arrangement.

I do not think my honourable friend ought to infer that negotiations were moved beyond the point that an offer has been made which we may wish to consider. Whether it is in addition to what we are importing now or a substitution or alternative to some that we are importing now has not been determined. Indeed, it has not been determined whether we require any of it.

As to the political conditions, I can express the hope on my part that there would be none. But I will convey that representation, if you like, to the negotiators.

TRANSPORT

CANADIAN NATIONAL RAILWAYS—RECAPITALIZATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised by Senator Smith on November 19 concerning the recapitalization of the Canadian National Railways.

I am informed that in the statement referred to by Senator Smith, the President of CN was expressing his concern that capital expenditures required to handle forecast traffic, especially in western Canada, may be beyond the ability of the company if it is to maintain its debt load at prudent levels.

As honourable senators know, under the existing legislation CN is limited to providing for its capital needs through self-generated funds, borrowing or federal financing. As the situation now stands, the issue raised by the President of CN is currently being studied. I can assure honourable senators that adequate capital for its 1981 plant expansion needs are being budgeted for by CN.

ENERGY

GAS TRANSMISSION COSTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on October 29 by Senator Haidasz concerning the cost of transmitting gas.

The city gate price for maritime consumers will be the same as that paid throughout the entire eastern zone. One of the main objectives of the federal government is to encourage consumers in the maritime region to convert to energy sources other than oil. This is a primary concern of the federal government, ensuring a common city gate price. We believe in the long term that all consumers will benefit as we reduce our dependency on foreign oil.

• (2100)

EFFECT OF SPOT PURCHASES ON OIL PRICING

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have delayed answers to two questions asked on November 13 by Senator Austin and Senator Roblin concerning the effects of spot purchases on oil pricing.

I am informed that oil consumption within International Energy Agency countries is currently low compared with recent years, resulting in high oil stock levels, and utilization of spare capacity could contribute to a better world energy balance.

As a result, on October 1 member countries agreed to undertake certain measures to limit spot market activity through the use of surplus oil inventories by companies in consultation with the governments. Commencing the week of November 17, the effects of these measures were being reviewed by the IEA's Standing Group on the Oil Market and the Governing Board.

At the IEA ministerial meeting scheduled for December 8 and 9 this program will be reviewed in relation to the Iran-Iraq situation, and at that time it will be decided if further action will be required to ensure an orderly international oil market.

TRANSPORT

CANADIAN NATIONAL RAILWAYS—RECAPITALIZATION

Hon. G. I. Smith: Honourable senators, I thank the Minister of State for Economic Development for his answer relating to the CNR and capitalization; but perhaps he will permit me to say that the answer, as I heard it, does not respond adequately to the question I was trying to ask. As I recall it, I was reminding the minister—and I am sure he did not need reminding—of the recapitalization which was approved by Parliament in 1978, I believe, although I do not have the date before me—

Senator Olson: It was 1952 and 1978.

Senator Smith: —and what some of us, perhaps innocently or naively, thought were the assurances given in 1978 that this recapitalization would serve to meet the needs of the CNR for some considerable time in the future. My real desire was to find out what has occurred within that relatively short span of two years to cause the recapitalization—which Parliament was then led to believe, in my opinion at least, would be adequate for some considerable time in the future—to turn out to be so inadequate.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice, but my honourable friend should realize that the CN has taken on some very necessary and very large increased capacity projects in western Canada, particularly through what they call the northern route, from Edmonton to Jasper, and from there to Vancouver, or down into the lower mainland; and also what appears to be a rather significant if not very large capitalization requirement for the capacity to accommodate a large tonnage to Prince Rupert, where we have announced we are building a new port, and indeed a great amount of rolling stock necessary to respond to what may be a demand for greatly increased coal shipments to those two ports.

Senator Smith: Certainly I would not object to the usefulness and necessity of financing those great projects, which are of value not only to the west but to the whole country. I do not quarrel with that, but I do find myself wondering how it is that two years ago, when representations were being made concerning the capital needs of the CNR, those great projects—which even then were in process of consideration, if not construction or implementation—could have been forgotten.

Senator Olson: Honourable senators, I will take the question as notice and obtain some more detail. However, I would assure my honourable friend that I believe the possibility of

rather significantly larger capital requirements has been accelerated in the last few months, even in 1980.

Senator Smith: Thank you.

ENERGY

LOWER NELSON RIVER—POLICY RESPECTING HYDRO-ELECTRIC POWER DEVELOPMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on October 29 Senator Roblin asked, in light of federal assistance being given to Newfoundland and Labrador for the development of the Lower Churchill River, if the federal government would consider providing the same type of assistance to Manitoba toward the development of the Lower Nelson River.

The decision to offer financial support and participation in a joint enterprise to assist Newfoundland and Labrador in the development of hydro-electric potential in the Lower Churchill River was designed to meet the very special circumstances of this situation.

These circumstances are the high initial cost of constructing a transmission system to the Island of Newfoundland with particular reference to the crossing of the Strait of Belle Isle. In addition, the scale of generation available at the specific sites on the Lower Churchill River exceed the immediate requirements for electricity demand on the island, while, in the long run, Labrador hydro will be the more economic choice of additional generation.

The situation described above is rather similar to the position faced by Manitoba in the early 1960s when the first developments on the Nelson River were being contemplated. The federal government, at that time recognizing a unique situation, agreed to construct the first stage of the Nelson River transmission system at a cost of over $200 million, and to provide very favourable guarantees of interest rates for the funds invested in that project. Further, the project was relieved of the full burden of carrying charges for a period of 15 years until 1988.

In addition to the construction of the initial phase of the transmission system by Canada as described above, the federal government also provided loans for up to $193 million, of which over $110 million has already been advanced to assist Manitoba Hydro in the construction of additional facilities to expand the capability of the transmission system.

Manitoba is now, in all likelihood, in the position of being able to support further incremental additions to both generation and transmission facilities within the revenue base available from sales of electricity, and in the same way it can be anticipated that after initial federal involvement the Province of Newfoundland will also be placed in a position to follow a more independent route for future additions to its system in Newfoundland and Labrador.

ATLANTIC REGION—HOME HEATING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Phillips on November 5, relating to the length of time required to convert an oil burning generating plant to coal. It was one of a series of questions asked by the honourable senator.

Under the National Energy Program, a Utility Off-Oil Fund will be established, with funding over the next four years of $175 million, to provide grants to maritime utilities of up to 75 per cent of the cost of environmentally acceptable conversions of oil-fired electricity plants to coal. Electric utilities estimate that it would take 15 to 18 months to convert each generating unit.

BANKING

ELECTRONIC TRANSFER OF FUNDS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 5, Senator Nurgitz asked a question concerning the implementation by the government of a system of electronic transfer of funds.

I am pleased to advise that the Treasury Board has recently approved a pilot project to be carried out by the Department of Supply and Services to obtain further experience with electronic funds transfer. This particular project will allow payments on behalf of Canadian Forces personnel to third parties and will permit us to evaluate the merits of such a system in due course.

INCOME TAX

UNINCORPORATED BUSINESSES—DEDUCTION OF SALARIES PAID TO SPOUSES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 24, Senator Bielish asked a question concerning the deduction, for purposes of income tax, of salaries paid to spouses by persons carrying on an unincorporated business.

The April 21, 1980 Ways and Means Motion included the proposed amendment to the Income Tax Act to give effect to the removal of the attribution rules in respect of remuneration received by a spouse of a taxpayer employed in his business or partnership.

The relative proposed draft legislation was released to the public in August last. Proposed amendments to the Canada Pension Plan have also been prepared.

Amendments to both the Income Tax Act and Canada Pension Plan are intended to be effective retroactively to January 1, 1980, and await approval by Parliament and royal assent to be passed into law. The bill, including legislative amendments, will be introduced in Parliament shortly. The government places considerable priority on this measure and remains committed to it, even if the measure is considered in February or March. We will, of course, be counting on the

good will of all honourable senators opposite to ensure its rapid passage when it reaches this chamber.

INDIAN AFFAIRS

INDEPENDENT AUDITS OF INDIAN BAND TRUST FUNDS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 25, Senator Nurgitz asked a question concerning the auditing of Indian band funds by the Auditor General.

I am informed that the Auditor General has indeed taken action in this regard. Specific information will be available in the Auditor General's report which is due before the end of December.

• (2110)

To give details at this stage would violate the confidentiality of the report. As soon as the report has been tabled I shall be pleased to answer any further questions that the Honourable Senator Nurgitz, or other senators, may have concerning this and other matters covered in the report.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—WITNESSES

Hon. Raymond J. Perrault (Leader of the Government): I have here, honourable senators, a delayed answer to the question by Senator Roblin on November 25, 1980, concerning the number of groups that have submitted briefs and wish to appear before the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada.

In response to Senator Roblin's question, I table the following:

> A list of witnesses who have appeared before the Special Joint Committee on the Constitution of Canada. (*English Text*).
>
> A statistical compilation of witnesses heard or wishing to be heard by the Special Joint Committee on the Constitution of Canada, and submissions received by the said Committee. (*English Text*).

(*For text of documents see appendix, p. 1345.*)

Honourable senators, this compilation is a very long list. First comes a list of witnesses who appeared before the committee through December 1. Next comes a compilation asked for by Senator Roblin, which is a complete list of witnesses by organization, and each person in the delegation, according to the date they appeared. This may be of interest to honourable senators.

The second document I can just briefly say something about. The entire document, of course, is being tabled. Perhaps it can be incorporated in the record of today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Senator Perrault.]

Senator Perrault: The number of briefs and written submissions received was 529, plus 22 after the deadline of November 25. These include letters, telegrams, et cetera.

The number of groups wishing to appear was 274, plus five received after the deadline of November 25.

The number of individuals wishing to appear was 130, plus six after the deadline of November 25.

The number of groups making representations only was 74, plus one received after the deadline of November 25.

The number of individuals making representations only was 400, plus seven received after the deadline of November 25.

The numbers wishing to appear by category are listed in great and exhaustive detail in the document I have tabled this evening.

Honourable senators may have further questions after they review this list, but I think it will be of interest to all, and perhaps will provide the most cogent and succinct reason why members of this house and other place have proposed that the hearings be extended to February 6. The Canadian people have proven that they are not backward at coming forward.

FOREIGN AFFAIRS

PEACE IN MIDDLE EAST—CANADIAN INITIATIVES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Macquarrie, on November 26, asked a question concerning Canada's role in the pursuit of peace in the Middle East.

During his press conference in Cairo on November 22, the Prime Minister said that Canada can exercise some modest influence in bringing both sides closer together by speaking its mind as it has in the United Nations and in our direct relations with Arab nations and with Israel. I would like to quote exactly what the Prime Minister said:

> It's not out of modesty but more out of realism that we realize that we cannot have a great influence. But I'm sure that Israel is sensitive, as they have told us before, to the position the Canadian government takes in speaking its mind either in private with Israel or in public at the United Nations or in the Canadian Parliament. And this, I think, will be the extent of our role. I've said it many times before, that in this day and age, the countries with the mightiest military forces are sometimes incapable because of the strength of those forces to influence the course of events and it can be the role of lesser nations to use their influence through ideas and persuasion.

ITALY

EARTHQUAKE DISASTER—CANADIAN AID

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, because I know there is a lively interest in the chamber on the subject of the plight of the survivors of the dreadful earthquake in Italy, I would like to refer to a body of information which I have here. It is rather lengthy, but

I think it will be of interest to many of you. It details in very specific terms the Canadian aid which it is proposed to extend to Italy, and the requests which have been received for additional aid. With the leave of the chamber perhaps this, too, can be incorporated in the record of this evening's proceedings.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(*Text of document follows:*)

What is the Canadian contribution?

—An immediate grant of $300,000 for emergency relief, through the Canadian Red Cross and the League of Red Cross Societies. This includes the $100,000 announced in the House on Monday.

—A contribution of $1.5 million to assist in rehabilitation and reconstruction. This contribution will be coordinated with private sector efforts including those of the Italian Canadian Community.

Has the emergency grant been spent?

—The Canadian Red Cross was officially notified, November 27, that the government would provide it a total grant of $300,000. This notification constitutes sufficient authority for the Red Cross to spend the money immediately.

Why have no special DND flights been sent?

—I requested from the Italian Ambassador a list of priority items required in Italy (trailors, temporary accomodation, tents, water purifiers, blankets).

—My concern was that these items reach the stricken areas as fast as possible.

—It was clear that the League of Red Cross Societies could deliver these items more quickly, with access to stores in Europe itself.

—DND flights have not been ruled out, especially in the event our resources at Lahr were requested by the Italian authorities, with whom I am in constant contact.

When will the $1.5 million be spent?

—It is earmarked for reconstruction and rehabilitation; priority needs in this respect will only be possible to identify after the initial period of emergency relief is over.

—In the private sector and among the Italian-Canadian community, efforts to organize fund raising are still under way.

—While no precise date can be given at this time, our hope is that this money could be spent at the earliest realistic date, probably early in the new calendar year, definitely before end of the current fiscal year.

How will the $1.5 million be spent?

—As stated before, we intend to join our efforts with those of concerned Canadians who are actively and commendably raising funds from the private sector.

—Efforts in the private sector are still under way, including efforts to structure the collection of funds.

Therefore,

—Exact mechanisms have not yet been defined, to discuss the most appropriate ones with those organizations most active in the private sector, among which the National Congress of Italian-Canadians (NCIC) plays a most prominent role. In a general way, we would plan to make this money available in the form of a grant to a national reconstruction fund.

Is the NCIC the only organisation the government will consult?

—As a nationally based body, the Congress has played a commendable leading role in the collection of funds. We would want to consult with it, but would also wish to include other organizations or individuals who have devoted themselves to this effort.

Why was the announcement made by the Minister of State for Multiculturalism and not the SSEA?

—Because of the importance of the matter, we wanted to announce the measures as soon as they were decided, on November 26.

—The SSEA was out of town on that day.

—Mr. Fleming was the person indicated to make the announcement in the SSEA's absence both because his responsibilities put him in contact with the Italian-Canadian organizations collecting funds and because he payed an official visit to the stricken area last September.

Airlift to Italy:

Why has to government chosen to make contributions in kind, so late after this disaster?

—Specific needs were difficult to identify earlier. The League of Red Cross Societies was the most adequate mechanism to coordinate the international relief effort;

—Last Friday, the Italian government provided us in Rome with a specific list of items of which there remained a shortfall;

—From available stocks at C.F.B. Lahr, Germany, we were able to identify items that could make up part of this shortfall (1,000 blankets, warm clothing, foodstuffs);

—We provided these goods after clearing with the Italian Ambassador, Friday evening, that they were indeed required. The requirement was confirmed once again yesterday, Sunday, both by the Italian government and the Italian Red Cross.

What guarantees did the government seek to ensure that these goods would be put to effective use?

—While there is little we can do to help the relief operations on site, we can and we chose to ensure that they are conducted with all the supplies required for their success;

—The goods are being airlifted to Bari, on the Adriatic coast, (rather than Naples), because access to the stricken area is easier from the east than from the encumbered west coast.

What is the cost of the airlift?

—Approximately $67,000.

NATIONAL REVENUE

ORIGINAL WORKS OF ART—CLASSIFICATION UNDER DUTY-FREE TARIFF ITEMS

Hon. Hartland de M. Molson: Honourable senators, before we proceed to Orders of the Day, I wonder if I could ask the Leader of the Government if he has any prospect of getting an answer to the question I posed on October 23, being question No. 39 on the Order Paper.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I want to thank the Honourable Senator Molson for bringing this matter to my attention. The question is, I am sure, being diligently researched at present. Some replies take longer to prepare than others.

SENATORS AND MEMBERS OF THE HOUSE OF COMMONS

TRANSPORTATION EXPENSES, TRAVELLING ALLOWANCES AND REMOVAL EXPENSES

Question No. 38 on the Order Paper—**By Hon. Jack Marshall:**

1. What are the regulations governing travel by a Newfoundland senator from Ottawa to his province?

2. Do the same regulations apply to Members of the House of Commons from Newfoundland; if not, why not?

Reply by the President of the Privy Council:

1. Transportation Expenses, Travelling Allowances and Removal Expenses: Pursuant to subsection 43(1) of the Senate and House of Commons Act, the following expenses shall be paid to Members of the Senate:

(a)(i) Subject to paragraph (v), such expenses incurred by Senators in travelling one return trip each week between their place of residence and Ottawa by common carrier not in excess of the cost of first class air transportation fares, which are supported by receipted vouchers, plus airporter service ground transportation expenses between the airline pick-up point and airport, in Ottawa, and in their place of residence;

(ii) Such expenses incurred by Senators in travelling one return trip each week between their place of residence and Ottawa by motor vehicle not in excess of the cost of first class air transportation fares or fourteen cents per kilometre, whichever shall be the less;

(iii) Such expenses incurred by Senators in travelling 10 return trips in each period of twelve consecutive months to any place in Canada from Ottawa or place of residence by common carrier not in excess of the cost of first class air transportation which are supported by receipted vouchers plus airporter service ground transportation expenses between the airline pick-up point and airport, in Ottawa and their place of residence.

(iv) Such expenses incurred by Senators for their spouses to travel six (6) return trips in each period of twelve (12) consecutive months by common carrier not in excess of the cost of first class air transportation fares which are supported by receipted vouchers, between their place of residence and Ottawa plus airporter service ground transportation expenses between the airline pick-up point and airport, in Ottawa and in their place of residence; and

(v) The trips set out in paragraphs (iii) and (iv) shall not be in addition to the trips for the Senator provided for in paragraph (i) but each trip undertaken under paragraph (iii) and each trip undertaken under paragraph (iv) shall be considered a weekly return trip provided for the Senator under paragraph (i).

(vi) Senators will be allowed to claim, without supporting vouchers, ground transportation costs up to $10; furthermore, taxi fares over $10 but not exceeding $20, incurred in getting to and from airports, will also be allowed subject to the presentation of receipts.

(b) Senators are eligible for removal expenses for their furniture and effects, either to or from Ottawa once during their parliamentary career, provided that all claims for such removal expenses, supported by receipted vouchers, are made within six (6) months of the date he ceases to receive his indemnity.

2. Yes.

PRIVACY BILL, 1980

SECOND READING—ORDER STANDS

On the Order:

Second reading of the Bill S-9, intituled: "An Act to extend the present laws of Canada that protect the privacy of individuals and that provide individuals with a right of access to government files containing personal information relating to themselves".—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I ask that this order stand until January 21, 1981.

Order stands.

PRIVATE BILL

PRESIDENT OF THE LETHBRIDGE STAKE OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS—SECOND READING

Hon. Ernest C. Manning moved the second reading of Bill S-16, respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints.

He said: Honourable senators, I need only take a few moments with regard to this matter.

The purpose of this bill is to grant a new charter to a religious corporation that is responsible for the management and control of the property, affairs and interests in Canada of the Church of Jesus Christ of Latter-day Saints, commonly referred to as the Mormon Church.

Perhaps a brief explanation of the term "Stake" would be appropriate. A stake is a territorial division of the Mormon Church. As such, it is roughly the equivalent of what would be a diocese in other churches. Within a stake there are generally about 10 congregational units known as wards, each of which is headed by a bishop. A ward is roughly the equivalent of a parish, as generally understood in other churches.

In 1927, by private act of the Parliament of Canada, namely, chapter 112 of the Statutes of Canada, 1926-27, the President of the Lethbridge Stake was incorporated as a corporation sole.

A corporation sole, as those senators who are lawyers will know, is a corporation consisting of one person only, together with his successors in office, who are incorporated by law in order to give them the legal capacities and benefits of a corporation, which they do not enjoy as natural persons. One particular advantage is that of perpetuity.

One of the principal purposes of the corporation sole that is the subject of this bill is to manage and control the property, affairs and interests in Canada of the Church of Jesus Christ of Latter-day Saints. The corporation, in addition to managing the affairs of the church in the Lethbridge area, acts, in effect, as a holding company for the property and assets of the various missions and stakes of the church in Canada.

Since its enactment in 1927, the original act of incorporation of the President of the Lethbridge Stake has never been amended. With the passage of time the act has become outdated and inadequate. It contains, for instance, certain limitations on the holding of property that are now archaic, and that can only be corrected by Parliament.

The purpose of this bill, therefore, is to repeal the original act of incorporation and replace it with a more modern, up-to-date charter. The bill contains a provision stating that, for all purposes, the new corporation, created by this bill, is deemed to be a continuation of the corporation created by Parliament in 1927.

Since this is a private bill, it will be necessary for a Senate committee to examine the allegations of facts set out in the preamble of the bill. I would propose, therefore, if second reading is granted, to ask that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs, which is the committee of the Senate that normally examines private bills.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Ernest C. Manning moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

• (2120)

ENERGY

GOVERNMENT POLICY—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Argue, P.C., calling the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular

1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;

2. the advantage of Canadianizing the industry;

3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;

4. the advantage to Canada of the provisions concerning conservation; and

5. the advantage of other aspects of the policy.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would ask that this Order now stand in the name of Senator Murray. We, on this side, do not plan to proceed with it at this stage, and therefore I would ask that it stand in Senator Murray's name.

Hon. Lowell Murray: Honourable senators, it would be my intention to resume this debate tomorrow afternoon if time permits.

Order stands.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, November 20, the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk," tabled in the Senate on October 16, 1980.

Hon. Andrew Thompson: Honourable senators, I would like to start by congratulating the senators who have spoken before me. I hope I shall not duplicate the material in the report which they have discussed, but I make no apology for duplicating the tributes which all have paid to Senator McGrand.

I suspect that Senator McGrand at the conception of this committee, when it was formed, felt something like a putative father—he did not have official sanctification for his creation. Indeed, the prenatal period in the formation of this offspring seemed to suggest that it was indeed a child at risk. I also know that he hoped that every page of the report would ring out with a clarion call, a good lusty cry, from this little red-cheeked baby. I think that he probably feels that I and several others tried to mute that to some extent, but I hope he is satisfied that I still think it is a formidable and substantive effort, and I hope its vigorous cry will be heard in the corridors of power.

Certainly, as Senator McGrand has said, it has been heard as far away as New Zealand because the Parliament of New Zealand is interested in looking at this report, which I think is a credit to the Senate, and I know from Senator Bonnell, the overall chairman, that he has received many letters from provinces and individuals all across Canada concerning the report.

I would like to focus, if I might still on the author and, as far as I am concerned, the genius and the inspiration of the report.

Senator McGrand, I don't know how many children you, as a doctor, have brought into the world, but I do know from some of your colleagues from New Brunswick that you were a legend as a country doctor in the 1920s and 1930s; that no matter how cold and chilly the night or how harsh the blizzard, if there was a cry of desperation from some lonely farmhouse for help, your sturdy figure would get out the horse and sleigh and start through the clogged roads, and, when the horse stumbled and faltered, you put on your snow-shoes and still gamely pushed through to answer the need.

I would say as well, Senator McGrand, that as Minister of Health you have also been a pioneer in your province, in immunization, in preventative programs, and in building hospitals.

In fairness to Dr. McGrand, honourable senators, it was not his intention that this should just become a theological study on the origins of sin or a philosophical discussion on the nature of man, or even that it should be a discussion of astrology and the influence of stars towards criminal tendencies. But certainly for me, as I looked at the original term of reference, which is to examine "such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life" I felt, somewhat like Senator Macdonald, that this was perhaps a wee bit too esoteric and too mystical an adventure. If I might quote King Lear:

> This is the excellent foppery of the world, that, when we are sick in fortune—often the surfeit of our own behaviour—we make guilty of our disasters the sun, the moon, and the stars: as if we were villains by necessity; fools by heavenly compulsion;

And I wondered if we were not trying, in going back to prenatal circumstances, to make ourselves provide an excuse for criminals—"fools by heavenly compulsion".

[Senator Thompson.]

But, in fairness to Dr. McGrand, it was never his intention even to study the chromosome composition or the DNA code of life. Indeed, I know that Dr. McGrand subscribes, as I understand all reputable geneticists do, to the conviction that acquired characteristics are not inherited. The Soviet geneticist, Professor Lycenko, was descredited even in the Communist bloc, as David Suzuki said in referring to him, "Lycenko's mumbo jumbo held back Soviet generics for many years." In other words, he was emphasizing—that is, Lycenko was—that acquired characteristics are inherited. What Senator McGrand wanted to study and examine were the hazards in prenatal life, at birth and early childhood, a series of physical and emotional assaults, which can begin to lead towards a pattern of susceptibility towards withdrawal, resentful frustration and on towards antisocial behaviour.

Because of my own past interest in the corrections field, I have read a number of the reports—the Stewart Report, the Archambault Report, the Fauteux Report and the Ouimet report. I am also very impressed with the MacGuigan report. There has been a mountain of volumes on treating the offender, and I think the penology profession as a whole would agree with Alexander Pope's remark: "As the twig is bent, the tree inclines." But Dr. McGrand—and I know he admires René Dubois and I suspect he also admires Thoreau—agreed with Thoreau when he said, "There are a thousand hacking at the branches of evil to one who is striking at the root."

What I learned from the committee, first, was that there is a large constituency all across this country and internationally, many disciplines and professions, who are digging down to examine sometimes one and sometimes more of the entanglement of roots and fibres to see what has led towards a life of crime. We were not alone in our study by any means, or in our interest. Other speakers have talked about a recommendation for a Canadian institute for the study of violence in society, and its purpose, as well as initiating and promoting research, would be to co-ordinate and evaluate research.

● (2130)

From the testimony of witnesses, from the press, and from research papers, our committee recognized that some roots in the entanglement had become twisted and deformed, causing a malformed outcrop—the violent criminal. If I can be so bold as to use agricultural terms about which I know so little, there may be too much acidity in the soil, too little sun or too much buffeting by rain and storms.

At this point I wish to thank the two very able research personnel from the Library of Parliament, Helen McKenzie and Grant Purves, for their diligence and talents in co-ordinating the committee's findings.

The committee recommends the development of preventive resources—to enrich the soil—to assist the fetus, the infant and the young child in order that it will not develop the weakness of later susceptibility to crime—stunted growth.

Having described in terms of plant life the dangers of deformity, let me add that, in my eyes, there is a glorious, magnificent contradiction on the part of the human species.

We have a free will which at times seems to overcome the most terrible hazards and obstacles. In this connection, I think of one example: I had intended to catch a plane at Peterborough, but as is often the case, the plane never arrived at Peterborough airport. As a consequence of this, at about 6 o'clock in the morning I had to drive from Peterborough to Malton to catch the plane to Ottawa. It was a cold, wet summer morning and, in the company of four or five other men, I was travelling along a lonely stretch of road. Ahead I saw a police car's lights flashing at the side of the road. As we drew nearer we saw a young man hobbling along the road. As we passed him we recognized that one of his legs was a stump and saw the pain seared on his face as he struggled on. The young man was Terry Fox on his run across Canada. You may ask, "What on earth has Terry Fox to do with this study?" I say, "Everything."

During the committee hearings the emphasis was on those who had failed—why they had become criminals. In my view we overlooked the raw courage and steel determination which are the main ingredients of characters who fight obstacles. We should learn how they achieve that. Almost all the evidence presented to the committee concerned children who had become twisted criminals. There was no evidence of what enables some children to surmount the hazards of genetic, psychological and environmental disadvantages.

In this connection I had to go to the United States in order to see some studies. Very few have been done. However, studies have been done in Berkeley and Minnesota, and I would refer to one of those case studies. Michael, aged 10, had a schizophrenic mother who had been in and out of institutions; a father who was in prison; and an older sister who lived in a home for the mentally retarded. Yet, his teachers described Michael as charming, bright, a good student, a natural leader and loved by everyone in the school. The extraordinary contradiction of the human species is such that our theory of a series of calamities stunting growth and leading to crime is so often refuted by the will of the individual. Frankly, I get great encouragement from that.

Another study done in Berkeley concerned 403 eminent people, and demonstrated that three out of ten had childhoods in which they were despised, rejected, abused, abandoned, ignored or brutalized. Their parents were cruel, cold, bizarre, insane or alcoholic; yet, these children succeeded and became prominent, eminent people in the United States. The question I ask is: Why? How do they overcome these hazards that seem to hold back so many?

The committee readily admits that it did not have a chance to study all aspects and provide all the answers. That is why we want to set up an institute to study these matters. Frankly, my belief, honourable senators, is that we will never know how to grow people. Having said that, I do not want to mislead you into thinking that our committee felt that good, responsible parents would want to expose their children to hazards over which so many are stumbling. No level of government should ignore the elimination or diminution of such hazards when it is possible, collectively, to raze them.

Honourable senators, we rely on the family as a centre of warmth, caring, nurture, and a citadel for our young, but let us face the reality of some facts in this Canada of ours. All of us at some time feel smug about the care of our children even as we recognize that 15 million children in the world will die this year. We think how fortunate our children in Canada are. Many of us still live in the myth of the Victorian days where the father returns home from work, is greeted by his wife, and reads bedtime stories to his children. I am reminded of Longfellow's "The Children's Hour" where it says:

> Between the dark and the daylight,
> When the night is beginning to lower,
> Comes a pause in the day's occupations,
> That is known as the Children's Hour.

Honourable senators, Canadian fathers are not returning home. A 1976 census showed that there were 464,000 single-parent families headed by a woman. One-third of the working mothers had children under three years of age. There are almost 900,000 Canadian children living in single-parent families, many in poverty.

On the subject of pregnancies, statistics show that there were over 50,000 pregnancies in Canada between the ages of 15 and 19; of those about one-third were aborted. Although we have this idealism about children in Canada, there were over 62,000 abortions in 1978.

With regard to the care of our children, in 1977, there were 2,268 admissions to mental hospitals of children between the ages of 10 and 14 and, between the ages of 15 and 19, the number of admissions was 6,371.

There are 600,000 children under the age of seven with no access to any kind of professional, assured daycare. Many are sitting watching television because their parents are pressured to go out to work. It is not uncommon to see 10 or more children in some apartment sitting watching television while their parents are at work. There are one million so-called "latch-key" children in Canada.

The family unit is under enormous strain and bombardment, not only in Canada but in all of North America. This is more obvious in urban centres than in rural areas, and yet we recognize that in the 1990s 80 per cent of Canadians will be living in urban areas.

With stress comes violence. I am not talking about watching violence on television in the home. God knows, that is something that should be looked into, and Senator McElman constantly pushed that during the hearings. It might interest honourable senators to know that children between five and fourteen could watch the violent destruction of more than 13,400 characters within a period of ten years. Many of our children are exposed to that.

• (2140)

I am talking of the violence in the home, real life violence, the screams of terror as a child witnesses its mother being battered and beaten by her husband or common-law husband. Last year 12,000 women in Canada sought refuge in emergen-

cy shelters, of which we have far too few. It is estimated that one in ten are battered every year. There is a beautiful poem by Helwig, whom I know many senators will know, which speaks of the Canadian child:

Sleep on my child

Still in your innocence.

I was trying today to get the figures from the child welfare people in Toronto, and they say it is hard to prove it, but the dark stain of incest is starting to come out of the closet. In the first six months of 1979 there were 95 cases of incest reported in Ontario.

I believe, as I think we all do, that the family is a citadel and the place to nurture, care for and bring up children. Yet I think we all recognize that the traditional role of the family is changing in our society. There is a book by Keniston, *All Our Children*, in which he shows the trend that is taking place in the family. Instead of the family being a functioning place for bringing up children, the parents become co-ordinators to get the best agencies that are being provided around the community.

The dilemma that at least I faced in the committee was that, in proposing further government agencies and services to assist children, we are having the state carry out further functions for the family, so could we then be weakening the family? Let me give an example.

We propose day-care centres to be available to children of working mothers across the country. We do not question that in many, many cases it is of necessity that the mothers are working. But, again, I would like to see this institute do a good, hard study—and I realize I am very brave in raising this question—of why women are not taking the responsibility and duty—or why a parent is not; perhaps a father should do this—of staying at home to look after the young child for a period rather than demanding that the community provide outside services.

If it is because they have to go out to work, as I agree in many cases they do, perhaps we should have an overall look at all the ways governments interfere to bolster the family with medicare, education, and going through the whole thing—hospitalization, nutrition, immunization, income tax. Perhaps there should be a hard look focusing on the child and seeing how we could make conditions such that at least it would be financially rewarding as well for one of the parents to stay at home during that critical period of the first couple of years.

I should like to say that we are being nostalgic and not very realistic in thinking that we can hold back and not bring forward some services. When I mention to you, as I did, the enormous number of children for whom there are no services right now across this country, it is obvious that we have got to move and recognize the changed structure of the family.

I said that the stresses on the family are causing violence and brutality to children. The third section of our report talks of the effect of abuse and neglect of children by their parents, or parent, or guardian. I suppose there is nothing quite so chillingly abhorrent to us here in this Senate chamber as the brutality of some parent or guardian towards some small defenceless child.

If I may, I should like to read from Mary van Stolk, who appeared before us and has written a book that I think every one of us should read. I am sure it would shock you greatly to realize the prevalence of this across our country. She takes a typical case of a child abused: Age, two years; sex, female; assailant, step-father; injuries, many bruises and abrasions over face, scalp and trunk; fractures, ribs, recent. This is a typical case, honourable senators. Internal injuries, contusion; brain, sub-dural hemorrhage; presenting story, fell from bed downstairs; method of injury, beaten with, among other things, a hairbrush; reason for injury, child had messed his bed.

Honourable senators, we hope, surely to God, that that is some peculiar pervert, one among millions. Unfortunately in reality, reading from this book and from statistics, it is no such thing. Mary van Stolk, the witness, suggested that between 7 per cent and 8 per cent of Canada's children are battered and beaten, bruised and assaulted across this country, but hidden within the sanctity of the home. We know that there are 5,000 to 9,000 a year across Canada. We know that in Ontario alone 9,000 children have been battered and abused since 1965, and social workers and other witnesses say that this is really not the picture at all, that the number is far larger, probably double.

Why do we keep looking at this in our study? Because overwhelming research showed that violence breeds violence. One study of all the criminals at San Quentin prison showed they had violent upbringings as children. All assassins in the United States during the past twenty years had a history of being abused as children.

I will dwell briefly on two areas where I think we would make a great contribution, where those who are active in working with abused children know that these children, if they survive, can, with resentment and hate, become violent criminals.

The first thing that was suggested by the witnesses was that section 43 of the Criminal Code, the correction of children by force, is being interpreted too permissively. I suppose one always thinks in subjective terms, but I was brought up in an English boarding school, where, I have to admit, one would get beaten off and on, but I thought it was reasonable. I boxed when I was in the Navy. I should tell my former captain that I was not that great a boxer, because I suffered unreasonable punishment in the ring on occasion.

• (2150)

There really is a vagueness in the interpretation of this section of the Criminal Code of Canada. It permits parents and guardians to abuse children. We are being warned that there should be a second look at this. That section, in part, states:

> —if the force does not exceed what is reasonable under the circumstances.

I know the adage: "Spare the rod and spoil the child." As I mentioned, when speaking in support of Senator McGrand's

committee, I was a probation officer. I remember going before a magistrate with a little girl who was termed "incorrigible." That is a vague term used with children, but that would not stand up in an adult courtroom. As I was saying, the child was before the magistrate, and he turned to this burly Irishman and said, "What you have to do is apply more discipline to this child." Turning towards me, he said, "Follow this up to see that this is done."

About a week later I went to this girl's house. I asked where the girl was and was told that she was locked in a room with the windows boarded up. The father, who was a big man, proudly explained to me how he unbuckled his belt and, using his buckle, had tied her down to a kitchen chair and raised welts on her back to discipline her. When I saw her I thought that she was not completely broken down, because there was a fire in her eyes. I do not know where that has led her, but I would suggest, honourable senators, that that kind of abuse could very naturally lead many children to move on, as we have shown, to become violent criminals.

I could refer to a judgment given by the court where it has looked into what is meant by the words "reasonable under the circumstances." The court suggested that it had not been able to find a judgment clarifying what is reasonable under the circumstances. That was a 1978 case. I can cite cases of reasonable assault to children of the ages of six, eight and ten where bruises, contusions, welts, chipped teeth and bloody noses occurred. These were called "reasonable under the circumstances."

I suggest, honourable senators, that that is one section that should be looked at thoroughly, because it may be that through looking at it we will be able to avoid some of these terrible tragedies.

Let me make my next point. I should like to say to you that, in the past, our society has paid more attention to—cruelty to animals than it has to cruelty to children. Legislation against cruelty to animals was enacted in 1820, while legislation against cruelty to children was not enacted until 1893, when the Ontario Legislature passed an act for the prevention of cruelty to and the better protection of children.

What I am coming to is the evidence required to show that a child has been abused. Parental assaults to children are often extremely difficult to prove in a criminal court because there are usually no witnesses to the crime. It is done behind closed doors. There is a spouse or a partner and a terrified child, in some cases so young that it does not even know how to talk.

If an animal is abused or maltreated, the onus is on the owner to prove that he did not inflict the injuries. Similarly, if a car is stopped and burglary tools are found therein, and that car is on a darkened street by a house, the occupants of that car must prove that they are not up to any criminal activities. I suggest that, surely to God, we can say to two people who have beaten a child, and in some cases broken its ribs, that they must prove that they did not do it.

Honourable senators, I think that Dr. McGrand has done a tremendous service to this country. He used to go out over clogged roads, over snowdrifts, to answer the desperate cry of one child in a farm house. With this report he is answering the desperate call of thousands of Canadian children. I am proud of him and thank him for having the New Brunswick tenacity to drive on and on, despite our initial coldness to his proposal. I congratulate him on what he has done.

On motion of Senator Frith, debate adjourned.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending 31st March, 1981, which was presented November 20, 1980.

Hon. Douglas D. Everett moved that the report be adopted.

Motion agreed to and report adopted.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FIFTH REPORT OF COMMITTEE—ORDER DISCHARGED

On the Order:

Consideration of the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments.—(*Honourable Senator Lafond*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have the authority of Senator Lafond and Senator Godfrey, in whose name this probably should be standing anyway, to ask that this order be discharged.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order discharged.

BANKS AND BANKING LAW REVISION

INTERIM REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—INQUIRY WITHDRAWN

On the Inquiry of Senator Hayden:

That he will call the attention of the Senate to the Interim Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of the Bill C-6, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof", tabled in the Senate on 17th July, 1980.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with reference to this Inquiry standing in the name of Senator Hayden, the Banks and Banking Law

Revision Act, 1980 has now been assented to. Therefore, I ask leave, in Senator Hayden's name, to withdraw that Inquiry.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Inquiry withdrawn.

BANKRUPTCY AND INSOLVENCY

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE— INQUIRY WITHDRAWN

On the Inquiry of Senator Hayden:

That he will call the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of the Bill C-12, intituled: "An Act respecting bankruptcy and Insolvency", tabled in the Senate on 8th October, 1980.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this Inquiry also stands in the name of Senator Hayden. I am informed that this report need not be discussed for some time, probably not until the New Year. I have Senator Hayden's authority to ask leave to withdraw this Inquiry, it being understood that he may wish to draw attention to that report at a later date.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Inquiry withdrawn.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1336*)

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—WITNESSES WHO HAVE APPEARED—DAILY LISTINGS

Date and Name	Issue No.
Thursday, Nov. 6/80	(1)
(Organization)	
Friday, Nov. 7/80	(2)
The Honourable Jean Chrétien, Minister of Justice and Attorney General of Canada.	
Wednesday, Nov. 12/80	(3)
The Honourable Jean Chrétien	
Witnesses:	
Mr. Roger Tassé, Q.C., Deputy Minister, Dept. of Justice;	
Dr. B. L. Strayer, Q.C., Assistant Deputy Minister, Public Law, Dept. of Justice.	
Thursday, Nov. 13/80	(4)
The Honourable Jean Chrétien	
Witnesses:	
Mr. Roger Tassé, Q.C., Deputy Minister, Dept of Justice;	
Dr. B. L. Strayer, Q.C., Assistant Deputy Minister, Public Law, Dept. of Justice.	
Friday, Nov. 14/80	(5)
Canadian Human Rights Commission	
Witnesses:	
Mr. Gordon Fairweather, Chief Commissioner;	
Mrs. Rita Cadieux, Deputy Chief Commissioner.	
Monday, Nov. 17/80	(6)
Witness:	
Mr. M. F. Yalden, Commissioner of Official Languages.	
Tuesday, Nov. 18/80	(7)
Canadian Civil Liberties Association	
Witnesses:	
Mr. Alan Borovoy, General Counsel;	
Prof. Walter Tarnopolsky, President;	
Mr. J. S. Midanik, Q.C., (a past president).	
Positive Action Committee	
Witnesses:	
Mr. S. McCall, Co-Chairman;	
Mrs. Alex Paterson, Co-Chairman.	
Canadian Jewish Congress	
Witnesses:	
Mr. Max Cohen, Chairman, Selected Committee on the Constitution of Canada of the Canadian Jewish Congress;	
Prof. Martin Friedland;	
Prof. Joseph Magnet, Special Adviser;	
Prof. Irwin Cotler;	
Mr. Frank Schlesinger.	
Wednesday, Nov. 19/80	(8)
Canadian Chamber of Commerce:	
Witnesses:	
Mr. William F. Gunn, chairman of the Executive Committee;	
Mr. Sam Hughes, President;	
Mr. Graeme T. Haig, Q.C., Chairman of the Constitution Reform Committee;	
Mr. André Bouchard, Member of the Constitution Reform Committee.	
Council of Quebec Minorities	
Witnesses:	
Mr. Eric Maldoff, President;	
Mr. Casper Bloom;	
Mr. James Leavy.	
Association canadienne-française de l'Ontario (ACFO)	
Witnesses:	
Mr. Yves St-Denis, President;	
Mr. Gérard Lévesque, Secretary General.	
Thursday, Nov. 20/80	(9)
Federation of Canadian Municipalities	
Witnesses:	
Mr. Dennis Flynn, President;	
Mr. Glennis Perry.	
National Action Committee on the Status of Women	
Witnesses:	
Mrs. Lynn McDonald, President;	
Ms. Jill Porter, Member of Executive;	
Ms. Betsy Carr, Member of Executive;	
Ms. Mary Lou McPhedron, Member of the National Woman and the Law Association.	
Canadian Bar Association—Newfoundland Branch	
Witnesses:	
Mr. Raymond J. Halley, Q.C., President;	
Mr. Ed Hearn, Member.	

Date and Name — Issue No.

Canadian Polish Congress
Witnesses:
Mr. Jan Kaszuba, President;
Mr. Marek Malichi;
Dr. Jan Federorowicz.

Advisory Council on the Status of Women
Witnesses:
Ms. Doris Anderson, President;
Ms. Lucie Pépin, Vice-President for Eastern Canada;
Ms. Mary Eberts, Legal Counsel;
Prof. Nicole Duplé, Laval University;
Beverly Baines.

Friday, Nov. 21/80 (10)
Canadian Association for the Mentally Retarded
Witnesses:
Mr. Paul Mercure, President;
Mr. David Vickers, Vice-President;
Mr. David Lincoln, President (People First—Ontario).

Société franco-manitobaine
Witnesses:
Mrs. Gilberte Proteau, President;
Mrs. Lucille Roch, Director General;
Mr. Joseph Elliott-Magnet, Counsel.

Monday, Nov. 24/80 (11)
Protestant School Board of Greater Montreal
Witnesses:
Ms. Joan Dougherty, Chairman;
Dr. L. P. Patterson, Chairman, Constitution Committee;
Mr. Marcel Fox, Director General.

New Brunswick Human Rights Commission
Witnesses:
Dr. Noel A. Kinsella, Chairman;
Mr. Francis Young, Legal Counsel;
Dr. John Humphrey, President, Canadian Human Rights Foundation;
Ms. Sandra Lovelace, Tobique Indian Reservation, New Brunswick.

Tuesday, Nov. 25/80 (12)
Association culturelle franco-canadienne de la Saskatchewan
Witnesses:
Irène Chabot, President;
Mr. Florent Bilodeau, Director General;
Claire Doran, Political adviser.

Coalition of Provincial Organizations for the Handicapped
Witnesses:
Monique Couillard, First Vice-President, Carrefour Adaptation, Quebec;
Yvonne Peters, Member, Executive Committee;
Ron Kanary, Vice-Chairman;
Jim Derksen, National Co-ordinator.

Date and Name — Issue No.

Mennonite Central Committee (Canada)
Witnesses:
Ross Nigh, Vice-Chairman;
William Janzen, Director General of the Ottawa office;
J. M. Klassen, Executive Secretary.

Government of North West Territories
Witnesses:
George Braden, MLA, Leader of the Elected Members of the Executive Committee;
Stien Lal, Legal Adviser to the Executive Committee.

Canada West Foundation
Witnesses:
Stanley Roberts, President;
Dr. David Elton, Research Director;
Dr. Peter McCormick, Political Science, University of Lethbridge;
Honourable J. V. Clyne, Counsel.

Wednesday, Nov. 26/80 (13)
National Association of Japanese Canadians
Witnesses:
Mr. Gordon Kadota, President;
Mr. Roger Obata;
Dr. Art Shimizu, Constitution Committee Chairman.

La Fédération des Francophones Hors Québec Inc.
Witnesses:
Miss Jeannine Séguin, President;
Mr. Donald Cyr, Director General;
Mr. René-Marie Paiement, Assistant Director General (Policies).

Thursday, Nov. 27/80 (14)
Canadian Association of Chiefs of Police
Witnesses:
Chief John Ackroyd, Chief, Metro Toronto Police;
Mr. Guy Lafrance, Legal Adviser, Montreal Urban Community Police.

Canadian Association of Crown Counsels
Witness:
Mr. Roderick McLeod, Q.C. Assistant Deputy Attorney General of Ontario.

Government of Yukon
Witness:
Hon. C. W. Pearson, Government Leader.

Ukrainian Canadian Committee
Witnesses:
Mr. John Nowosad, President;
Mr. Manoly Lupul, Director, Institute of Ukrainian Studies.

Government of Prince Edward Island
Witnesses:
Hon. J. Angus MacLean, Premier;
Mr. Fred Driscoll, Minister of Education.

Date and Name	Issue No.
Friday, Nov. 28/80 *Canadian Bar Association* *Witnesses:* Mr. A. William Cox, Q.C., President; Mr. John P. Nelligan, Q.C., Chairman, Special Committee on the Constitution of Canada; Mr. Jacques Viau, Q.C., Bâtonnier, Past President; Mr. L. Yves Fortier, Q.C., National Treasurer; Mr. Victor Paisley, Chairman, Civil Liberties Section; Mr. David Matas, Chairman, Constitutional and International Law Section.	(15)
Monday, Dec. 1/80 *Inuit Committee on National Issues* *Witnesses:* Mr. Charlie Watt, Co-Chairman; Mr. Eric Tagoona, Co-Chairman; Mr. Mark R. Gordon, Coordinator; Miss Mary Simon; Mr. Zebedee Nungak.	(16)

STATISTICAL COMPILATION OF WITNESSES

(As of 8 p.m., December 1, 1980)

( ) after deadline of November 25

	1. Number of briefs and written submissions received: (includes letters, telegrams, etc.)	529 + (22)
404 + (11)	2. Number of groups *wishing to appear:*	274 + (5)
	3. Number of individuals *wishing to appear:*	130 + (6)
474 + (8)	4. Number of groups *making representations only:*	74 + (1)
	5. Number of individuals *making representations only:*	400 + (7)
	6. Numbers wishing to appear, by category: see attached list	

CATEGORIES OF WITNESSES WISHING TO APPEAR

A)	Provincial and municipal governments:	10
B)	Business community:	10
C)	Rights and Freedoms Associations:	54 + (3)
D)	Linguistic and ethnic groups:	32 + (1)
E)	Native groups (Indian and Inuit):	129
F)	Women's groups:	16 + (1)
G)	Handicapped:	8
H)	Individuals: a) "experts" b) MP's and senators c) public	130 + (6)
I)	Others (not included in A to H):	15
	TOTAL	404 + (11)

THE SENATE

Wednesday, December 3, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1980, pursuant to section 7 of the *Fisheries Prices Support Act,* Chapter F-23, R.S.C., 1970.

• (1400)

STATUTE LAW AMENDMENT PROPOSALS

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE PRESENTED

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, December 3, 1980

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred the document, entitled: "Proposals to correct certain anomalies, inconsistencies, archaisms or errors and to deal with other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970", tabled in the Senate on Wednesday, July 9, 1980, has in obedience to the Order of Reference of that date, examined the said document and now reports the same with the following amendments:

1. *Page 1:* Delete proposed clause 2

2. *Page 19:* Delete proposed clause 29

3. *Page 23:* Delete proposed clause 35

4. *Page 26:* Delete proposed clause 42

5. Add the following additional proposed headings and clauses:

(1) ADJUSTMENT OF ACCOUNTS ACT

(1) Subsection 21(1) of the *Adjustment of Accounts Act* is repealed and the following substituted therefor:

"21. (1) Subsections 136(1) and (2) of the *Unemployment Insurance Act, 1971* are repealed and the following substituted therefor:

"136. (1) In respect of each fiscal year of the Government of Canada commencing with the fiscal year 1980-81, there shall be credited to the Unemployment Insurance Account an amount equal to the government cost of paying benefit for the fiscal year.

(2) For the purposes of this section, "government cost of paying benefit" in respect of any fiscal year means the amounts payable out of the Consolidated Revenue Fund in respect of the portions of the two calendar years that fall within the fiscal year for extended benefits under section 35 and subsection 38(8) and 39(3)." "

(2) Schedule III to the said Act is amended in the column entitled "Order in Council Date" by substituting, in respect of Order in Council P.C. 1959-24/1146, the year "1959" for the year "1969".

(2) CANADA ELECTIONS ACT

Paragraphs 57(1)(*c*) and (*d*) of the *Canada Elections Act* are repealed and the following substituted therefor:

"(*c*) in the Province of Manitoba or Saskatchewan, to a judge of the Court of Queen's Bench for the Province; or

(*d*) in the Province of Quebec, *Alberta or New Brunswick*, the Yukon Territory or the Northwest Territories, to a judge of the Court of Appeal thereof."

(3) COPYRIGHT ACT

Section 19 of the *Copyright Act* is amended by adding thereto the following subsection:

"(11) For the purposes of this section, a record, perforated roll or other contrivance by means of which sounds may be reproduced and by means of which a literary or dramatic work may be mechanically performed made within Canada with the consent or acquiescence of the owner of the copyright in the work and intended for and primarily distributed to persons unable to read print because of a physical handicap is deemed not to be a contrivance made with the consent or acquiescence of the owner of the copyright in the work."

(4) LORD'S DAY ACT

The *Lord's Day Act* is amended by adding thereto, immediately after section 7 thereof, the following section:

"7.1 Where an activity referred to in section 4, 6 or 7 is permitted within a province on the Lord's Day by a provincial Act or law, it shall be lawful for any person to engage in that activity on the Lord's Day on any Indian reserve in that province."

Respectfully submitted,

Richard A. Donahoe
Deputy Chairman

He said: Honourable senators, there are four amendments consisting of deletions of entire sections from the proposed bill, and there is a fifth amendment, adding certain other sections, which was presented to the committee by the Department of Justice at the time of the committee meeting.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I expect that Senator Donahoe will be moving that the report be taken into consideration at the next sitting of the Senate. Perhaps that would be a more appropriate time for us to hear about the amendments.

Senator Donahoe: Very well.

The report which I move be taken into consideration at the next sitting of the Senate, as I said a moment ago, contains five amendments. Perhaps I should say briefly that this is not a bill that is before us. It is a report on material gathered together with respect to miscellaneous amendments to a wide variety of statutes. The amendments are said to be of relatively light consequence, in some cases correcting anomalies or archaisms. The practice is to submit the material for a proposed bill to a committee of the other house, and then to a committee of the Senate.

If an objection is raised to a proposed amendment—and it need only be raised by one member of either committee—the amendment is dropped if the objection is considered to be substantial. As a result, in this case four clauses have been dropped, those being clauses 2, 29, 35 and 42. I do not think I need take the time of the house to go over those in detail. Four new sections were added by the committee and do form part of the report, and I shall read those. The first is an amendment to—

• (1405)

Senator Macdonald: I think Senator Donahoe should move that the report be taken into consideration at the next sitting.

Senator Donahoe: I understood that I had made that motion. I am now merely giving an explanation of what it is that will be taken into consideration.

Senator Frith: If it is done briefly, I cannot see any objection to that. However, I think we had agreed that the report would be just presented at this point and we will look forward to hearing the distinguished deputy chairman of the committee provide the Senate with an explanation of the report tomorrow. In the meantime, honourable senators can read the report and be better able to follow the explanation given tomorrow.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Donahoe: I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

SELF-SUFFICIENCY PROGRAM—IMPACT OF PREDICTED INTERNATIONAL OIL SHORTAGE

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development relating to energy.

A few days ago the Chairman of Petro-Canada, Mr. Hopper, stated that there will likely be a critical international shortage of oil by 1985. If that is so, does the minister believe that that will in any way affect the decision of the government to have Canada become self-sufficient in oil by 1990?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, before making any comment on that, I would want to check the context in which Mr. Hopper's statement was made. Whether or not there is a critical international shortage of oil, the government is committed to doing those things that are necessary to make Canada self-sufficient in crude oil requirements by 1990.

Senator Smith: Would the minister be kind enough to indicate the sources which are now thought to be capable of

utilization in reaching this happy state of affairs, and tell us the part that is expected to be played by the so-called oil sands projects?

Senator Olson: Honourable senators, I could give a detailed description as to how we expect to reach that self-sufficiency point, but this has been outlined a number of times by others. It includes such things as substitution of natural gas for oil, this being achieved through deeper penetration of natural gas into existing markets, and by an extension of a line to make natural gas available to all parts of Canada east of Montreal that are not serviced by gas at the present time.

I can provide the figures in relation to substitution. In addition, there is the possibility of some further exploration in the conventional sense. A high figure is not placed on that because it is not known. A very large portion in meeting the deficit is potentially attributable to the heavy oils and tar sands deposits in Saskatchewan and Alberta. We believe that we have the technology now to bring on several hundreds of thousands of barrels from that source between now and 1990.

• (1415)

We sadly regret that an agreement between the producing provinces and Canada has not been reached, an agreement which would allow the industry and both levels of government to move as rapidly as is physically and financially possible into putting the processing and enhanced recovery schemes into place.

Senator Smith: I notice that the minister attributed a potential of "several hundred thousand barrels"—I think those were his words—to the tar sands or the heavy oil sands. Is that per day?

Senator Olson: It is per day.

Senator Smith: Then might I ask the minister what figure he has in mind when he uses the word "several"?

Senator Olson: Some of these figures are known. We know, for example, that the Cold Lake project is expected to produce about 140,000 barrels per day within four or five years after construction is under way. Alsands is another plant that is of about the same magnitude in terms of output that could be on stream before 1990. We know there is a potential to increase by, perhaps, 70,000 to 100,000 barrels per day the output of the Lloydminster heavy oil sands on both the Alberta and Saskatchewan sides of that border. There is a pilot project near Peace River in which about $80 million has already been invested. I cannot say off the top of my head the exact amount projected as being on stream there by 1990, but certainly it is a very significant amount.

In addition to that there is another project following in behind the Alsands project for the Fort McMurray area that could be on stream by 1990, if all the necessary permits were issued allowing it to go forward. So if you add all those figures up, it is safe to say that it does come to several hundred thousand barrels per day.

[Senator Smith.]

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—PRICE NEGOTIATIONS WITH IMPERIAL OIL LIMITED

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a few questions on the same general theme of my honourable friend, the Minister of State for Economic Development. I suppose he has noticed the statement made recently by the President of Imperial Oil about the price set for crude oil coming from the Cold Lake project. I think the minister told us the other day that it was set at $38 a barrel plus an escalation for inflation. I observe that the company seems to think that this is inadequate. They say that even if they had no problems with the licence from the Province of Alberta, the project does not look attractive to them.

Can the minister tell us if any negotiations have been entered into or any discussions started with Imperial Oil Company as to the price to be granted for oil developed from the Cold Lake project.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, when the price of $38 per barrel was announced, and when it was announced that we were prepared to accept that price in 1980 dollars, this amount was, according to the best information available to us, adequate to attract the investment necessary to do it.

There is some concern about the escalating formula, and I think the one that comes automatically out of that is the CPI. Imperial Oil and others who are contemplating these megaprojects are concerned that the actual cost of construction will escalate more rapidly than the consumer price index. At the present time that escalating factor is under negotiation and discussion.

• (1420)

Senator Roblin: I think the minister has described the position fairly, that the escalation in costs is considerably greater than provided for in the formula. I take it that he is telling the house that the government is giving consideration to increasing, in effect, the gross payment for oil that will be provided by the development of these facilities. Unless he nods his head to the contrary, I will take that to be a fact and proceed with another question.

Senator Olson: I want to be sure that the honourable senator does not reach the wrong conclusions—that it is automatically more. The industry would be more comfortable and, I think, more confident in its investment if the escalating formula was related to the actual costs of construction rather than to the CPI. That may or may not turn out to be more, but it would be more directly related to the kind of investment that the industry would have to make.

Senator Roblin: I congratulate the minister on his optimism. I think he is just as optimistic about the trend of building costs as he is about the possibility of Canada's becoming self-sufficient in oil by 1990. I wish him well. I wish him no bad luck in his forecast; but I think he is just bandying words with us if he tells us that the price will probably be lower—

Senator Olson: I did not say that. I said it was related to the formula, and not an automatic conclusion that it is going to be more.

Senator Roblin: My honourable friend left me with the impression that it would either go up or down, and I suggest to him that it will only go up.

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—FEDERAL LOAN TO IMPERIAL OIL LIMITED

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, my next question has to do with the $40 million that has been so kindly provided by the administration for that poverty-stricken group of people in Imperial Oil—which makes an annual profit of hundreds of millions of dollars per year. I would ask my honourable friend what happens to that $40 million if Imperial Oil does not go ahead? The company says quite plainly, in a quotation attributed to its spokesman, that "it just doesn't look attractive today." If it does not look attractive today, what happens to that $40 million if the project is not proceeded with?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are one or two things that my honourable friend left out of the agreement that I believe are fairly important. One is that it is a loan that is repayable with interest when the project comes on stream. We have expressed over and over again our determination to make use of that and the other heavy oil deposits that are already known as one of the most important contributions to self-sufficiency. So long as one has the kind of confidence that I have in Canadians being able to make use of resources that are already known, and to bring them on stream, if there is a co-ordinated determination by all levels of government and the industry to do it, then I believe the risk that my honourable friend is talking about diminishes greatly.

Senator Roblin: I see, honourable senators. I have misunderstood my honourable friend entirely. His contribution of $40 million to Imperial Oil is another step in the Canadianization and the Canadian ownership and control of the oil industry, no doubt.

Senator Frith: It's a loan.

Senator Roblin: It is not even equity; so it's a loan. We are going to give or loan the largest American-owned oil company in the country $40 million in support of the government's policy. If they do not go ahead with the project—and that is a possibility—then it will not be a loan, it will be a bad debt, because there is no stipulation that I know of for the government to get the money back if Imperial Oil does not go ahead. But let us assume that they go ahead. I must say that I find the minister's convolutions of policy with respect to Canadianization rather strange.

I would ask him, however, if he is prepared to agree with the estimate of the Imperial Oil Company that it will take eight years to bring this plant into production?

Senator Olson: The honourable senator is now leading into a technical question. We have not done that technical assessment independently of Imperial Oil, and therefore I do not have any opinion available to me other than what comes from their assessment, especially based on the engineering data they have. We just do not have it, but we are so confident that that is one of the desirable projects for Canada that we think it is worth maintaining what has been termed "the excellent team" that has been put together to bring that project on stream. That is what the $40 million involvement is all about.

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—PRICE NEGOTIATIONS WITH IMPERIAL OIL LIMITED

Hon. Joseph-Philippe Guay: Honourable senators, in view of what Senator Roblin has just asked the minister, I should like to know, as I am sure the average person would, what profit will the company make at $38, even though the company is quoted as saying that the price is not attractive? What profit would the company consider attractive with the increase in the Canadian price? That is something we should know.

● (1425)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will have to take that question as notice. The senator is asking for details about what may come out of an application of $38, plus the escalator that is involved, and I cannot give those details off the top of my head.

I would like to amplify and correct the impression that Senator Roblin is trying to leave here, namely, that we somehow lose the money. The asset is there. The tar sands are known. We have enough confidence in the technology that is being develop to say that that project will go ahead, certainly if we have a major investment in it. It is a decision for Imperial Oil to make, and we are confident they will make it.

Senator Roblin: I thank my honourable friend for his explanation. I would ask him if he would be good enough to provide us with a copy of the agreement with Imperial Oil that covers this loan of $40 million.

Senator Olson: I can try to do that, but as my honourable friend will know, this matter is being negotiated and I will not have the agreement until the negotiations are complete.

THE ECONOMY

GOVERNMENT POLICY—REQUEST FOR STATEMENT BY MINISTER

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development.

If I am correctly informed, the Minister of Finance made a statement recently indicating that his budget and inflation forecasts are likely inaccurate. We can understand him making a statement of that kind, because you only have to look around to see that unemployment is escalating, interest rates are going up, the dollar is falling, and with every passing week

predictions of our probable growth rate for next year are going down.

We can see that the projected deficit is likely to be several billions of dollars higher than it would have been under the Crosbie budget. I am sure the minister will agree with me that the budget of October 28 addressed none of these traditional economic preoccupations that are usually dealt with in a budget, but served only as a vehicle to launch a somewhat less than adequate energy policy.

Will the minister therefore tell us if we can expect his government to bring in soon an economic statement, or, indeed, even a new budget, designed to deal with our economic situation, which seems to be worsening on every front.

Hon. H. A. Olson (Minister of State for Economic Development): No. I cannot give an undertaking that there will be another statement immediately. I guess the only thing I can say about the honourable senator's comments is that his hindsight seems to be at about 20-20.

Senator Walker: That's pretty good.

YUKON TERRITORY

POSSIBLE PURCHASE OF WHITE PASS AND YUKON RAILWAY

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government.

The leader has been quoted recently in the western press as being in favour of the White Pass and Yukon Railway being purchased with funds from the Western Development Fund. Is the leader pursuing this, and is he talking about purchasing all the assets of White Pass, or just the railroad?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have been quoted as expressing a personal view that the White Pass and Yukon Railway should be purchased if that option is in the best interests of all parties involved. May I say that I think this is an attractive option. It is an important transportation link for the Yukon, and I believe that as part of northern development strategy it could be a very construction move. I think, as far as any purchase of the line is concerned, it would have to await an appraisal of the line's assets in order to determine the extent of any government purchase and participation.

Senator Lucier: Is the leader prepared to pursue this with his cabinet colleagues and try to get their agreement that the White Pass and Yukon Railway should be purchased?

Senator Perrault: The matter of how best to preserve a viable railway operation in the Yukon will be thoroughly discussed with my cabinet colleagues.

Senator Guay: By whom would the line be purchased?

Senator Perrault: By such an entity, for example, as the Canadian National Railways.

[Senator Donahoe.]

ENERGY

OIL—FORECAST REDUCTION IN EXPLORATION DEVELOPMENT

Hon. Richard A. Donahoe: Honourable senators, I have a further question for the Minister of State for Economic Development. Is the minister aware that Gulf Canada has announced a cutback in exploration spending for 1981 of more than 25 per cent of its originally anticipated expenditure?

Hon. H. A. Olson (Minister of State for Economic Development): No, I am not aware of that.

Senator Donahoe: If the minister is not aware of that, perhaps he might be aware of the declaration by the Canadian Oil Well Diggers Association that exploration spending is likely to fall by 40 per cent as a result of the budget. On this side of the house we were pleased yesterday by the government's retreat from its inflexible position on our proposal for a delayed reporting date for the Special Joint Committee on the Constitution. We commend the government for that. My question now is: When may we expect the government to show the same sensitivity to the energy needs of Canadians and reconsider its budget policies, which clearly imperils any possibility of oil self-suffciency by 1990.

• (1430)

Senator Olson: Honourable senators, it is difficult to deal with questions the premise of which is that something is likely to happen based on someone's opinion. My honourable friend will realize, of course, that it is really a violation of the rules to ask a minister his opinion on these things. You can ask about government policy. Government policy is known; that is in the budget.

What we are working on now are some of the regulations that would be based on these bills. This is being done in consultation with the industry and they are giving us some useful technical advice as to the practical application of what is contained in the budget. That is going on now.

I would also tell him that there is movement of oil rigs between Canada and the United States from time to time. There is nothing new about that. The chance of finding commercial production in Canada based on known seismic data is about five times greater than in the United States. In other words, the chance of finding successful commercial production on that basis, in the United States, is about 20 per cent of what it is in Canada. That is a pretty important factor when doing exploration work.

AIR CANADA

SERVICE TO AND FROM OTTAWA

Hon. Paul Lucier: Honourable senators, my question is for the Leader of the Government in the Senate. I am on a transportation kick today. It seems to me that Air Canada's service in and out of Ottawa leaves an awful lot to be desired. You have to reserve a week in advance in order to be sure to get in or out of Ottawa. Sometimes when you fly from the west

to Toronto you can sit at the airport for three or four hours waiting for a connecting flight to Ottawa.

Would the Leader of the Government ask Air Canada to increase its capacity between Ottawa and other points or allow some other airline to provide the service? Air Canada seems to have a lot of objections when another airline wants to provide certain service. Could Air Canada be asked to provide the service or allow someone else to do it?

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it may be useful at some point for the distinguished chairman of the Standing Senate Committee on Transport and Communications to ask representatives of Air Canada to appear before his committee to answer questions of the kind posed by Senator Lucier.

I would point out that the honourable senator, in terms of travelling, has to come from by far the most distant point to attend the deliberations of the Senate, and one can understand his special exasperation at the situation as it exists. The discussion in the chamber will be brought to the attention of the appropriate authorities of Air Canada.

Hon. Edward M. Lawson: On this subject, if I may inform Senator Lucier, I have just attended a meeting with the vice-president of Air Canada on another matter, and during the course of our discussion I raised with him the need for a competitive non-stop service from Vancouver to the nation's capital. Mr. Miller assured me that this is being actively considered by Air Canada at this time.

ALBERTA

RUMOURED DISTRIBUTION OF HERITAGE FUND

Hon. Louis-J. Robichaud: Honourable senators, my question is for the Minister of State for Economic Development. I do not expect an answer today, but I hope he will take my question as notice.

It is currently rumoured that a request was made to the Government of Alberta to distribute its Heritage Fund to all residents now residing in Alberta. If that were the case, how much would each individual resident of Alberta receive from that fund?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have heard that rumour many, many times. If the honourable senator can give me some basis for this assertion, then I would try to find out how much is in the Heritage Fund. We would also have to know the date, because the population of Alberta increases between five and seven thousand a month. We would have to know several more specific things before we could find out how much each individual would get if the fund was distributed.

Senator Robichaud: The date would be January 1, 1981. Could the honourable minister ascertain the amount of money that each individual citizen of Alberta would receive out of the Heritage Fund if this rumour were based upon fact?

• (1435)

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise on a point of order. That question is not within the competence of the Minister of State for Economic Development. It concerns the Government of Alberta, and I suggest that Senator Robichaud should write to Premier Lougheed if he wants an answer.

Senator Olson: Honourable senators, I can take the question as notice, but I am not sure that all of that information is available to me.

Senator Flynn: Not to you.

GRAIN

CROWSNEST RATES—INVESTIGATION OF CP RAIL

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to direct a question to the Minister of State for the Canadian Wheat Board. He has undertaken, I think, to give me a statement on government policy as to whether or not an investigation of the Canadian Pacific Railway will be entered into. I would like to know if he has any statement to make about the decision on that matter.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I do not have anything to report on that question at this time. I am still as interested in it as the honourable senator asking the question, and as soon as I am able to report on it, I shall do so.

Senator Roblin: I am much reassured by my honourable friend's interest in the subject; however, I would ask him to indicate whether he can give us an approximate date as to when he expects the policy on the Crow rate to be announced. I notice that the Minister of Agriculture in the other place did make some estimate as to when that might be. I think he said in the first quarter of the coming year. Would my honourable friend be prepared to substantiate that statement?

Senator Argue: I am not able to substantiate that statement. I do not know what the grounds are for making it. The whole idea is under consideration, but I do not have any idea when an announcement will be made.

Senator Roblin: I should tell my honourable friend that he has been given credit, along with his seatmate, the Minister of State for Economic Development, for holding up the decision. I am not really willing to say whether that statement is correct or not, but I know it is being widely mooted in western Canada. Perhaps I should give him an opportunity to say whether or not he is holding it up.

Senator Argue: Was the question to me?

Senator Flynn: Both jointly—the gold dust twins.

Senator Roblin: Both honourable ministers were given credit for disposition of that matter, so I think either one could answer, or each can answer for himself.

Senator Olson: Honourable senators, I can think of several ways to answer the question.

Senator Flynn: I don't doubt that.

Senator Olson: I think the safest way to answer it is to repeat the assertion that I know better than to comment on allegations that sometimes appear in the press.

Senator Roblin: Well, I think that is a pretty safe answer, honourable senators, but I will probably produce something more than a statement in the press one of these days in order to secure a more positive statement.

PUBLIC WORKS

TERMINATION OF COMMUNITY SERVICES CONTRIBUTION PROGRAM—EFFECT ON WINNIPEG

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address a question to the Leader of the Government in the Senate? It concerns a question which, I suspect, he will have to take as notice because it has to do with the Community Services Program. This is a program that the Government of Canada has made available to municipalities to support various municipal works of value. It was made available to the City of Winnipeg, but it has now been cancelled. I would like my honourable friend to tell this chamber, if he can, why it was cancelled—I presume money was one of the problems—and, more particularly, when it was cancelled, and whether any consideration was given to phasing-in this cancellation, because it is quite a blow to the budget of the City of Winnipeg to be suffered as it were, in one fell swoop, especially in the middle of budget negotiations.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall be pleased to bring a full statement to the Senate on this important subject. May I say, however, that this is not an abrupt termination of what was, I think, a very valuable program, and, certainly, a popular program, in Canada's provinces. There is a phasing-out of the program but we will see, despite the cancellation of the program, a substantial amount of public funds invested over the next few months. In other words, some projects, which were on the drawing board, will go ahead and will be completed. So this is not an abrupt termination.

Additionally, I might say that the government has been under criticism for its budget deficit, and in response to extensive opposition criticism, the government has been attempting to find ways to reduce expenditures in certain areas, especially in those areas where programs have been introduced and good works have been initiated. The feeling is that, now that some of the projects are under way, local resources can carry on these programs. Undoubtedly the program has been very popular and has been constructive. May I add that alternative ideas are under consideration now, which I believe will be very acceptable to municipalities across the country.

● (1440)

Senator Roblin: I thank the honourable senator for that assurance. I can tell him perhaps that one of the reasons advanced by the minister responsible, the Honourable Paul Cosgrove, for junking the program was that Ottawa was not getting sufficient public credit for its contributions—which I admit is a pretty serious drawback to any expenditure of public funds—and that anyway these are really not projects that Ottawa should be financing.

That brings me to a point I should like to underline in respect of the minister's statement, because he said that it is all very well to start something, and once it is going you can safely drop it. Perhaps there are instances where that is correct, but in most cases all you do is start something going and then, to the great discomfort of the other parties in the deal you pull the props out from underneath them and they are left alone, because it is not always possible or sensible for them to immediately follow suit and curtail their own expenditures to the same extent. I ask the Leader of the Government to take that concept under advisement when he is answering the question.

I think he is quite right in saying that the government will have other programs, because, while they appear to be taking away from the City of Winnipeg $8 million in this respect, they also appear to be handing back $6 million for a new project that is called a core project in the centre of the city, so the government gives, the government takes away, and the City of Winnipeg loses $2 million.

Senator Perrault: Most of these programs when introduced are not introduced with any assurance that they will be continued in perpetuity. Usually local governments and provincial governments are served with notice that federal funding is available for a certain period of time or for a certain purpose.

I well recall the federal Local Initiatives Program, which, while controversial in some respects, saw a great deal of local involvement a few years ago. The specific terms and conditions of those LIP grants were that they were for a period of, say, one or two years. In some cases the groups, after this preliminary period had come to an end, would immediately re-apply and say, "But this is such a marvelous work. The government has a responsibility to carry on this program."

This is a self-defeating exercise, if the government, in order to trigger certain good initiatives in a community by providing initial seed money is then asked to continue the program in perpetuity. One can well understand, if it were to be government practice to carry on programs well beyond the formal termination dates, why huge and unmanageable deficits could exist in the country.

I think the honourable senator, with his extensive experience in provincial government, is aware that the same circumstances occur from time to time as well in provincial municipal programs.

CANADIAN BROADCASTING CORPORATION

PROPOSED SALE OF ST. PAUL'S COLLEGE GROUNDS, WINNIPEG

Hon. Joseph-Philippe Guay: The City of Winnipeg is very interested in what we call the St. Paul's College Grounds, a very valuable property, which was bought by the CBC a few

years ago for several millions of dollars. They are asking the federal government to consider their request to turn over that land for $1. Would the Leader of the Government find out if this matter is being seriously taken into consideration by the federal government?

Hon. Raymond J. Perrault (Leader of the Government): I shall be pleased to make efforts to obtain a reply to that question. One dollar seems to be substantially below current land market values in downtown Winnipeg.

FEDERAL-PROVINCIAL RELATIONS

FISCAL ARRANGEMENTS—RENEGOTIATION OF ESTABLISHED PROGRAMS

Hon. Lowell Murray: I was interested in what the Leader of the Government had to say about the need for the federal government, because of its own financial stringencies, to withdraw from some of the programs it had initiated in the provinces and communities in the past.

My interest is in the range of programs under the Established Programs Financing Act, which is up for renegotiation very shortly. Perhaps the Leader of the Government would take the question as notice. I should like him to tell us what the procedure is going to be. Will there be an opportunity for the country and the provinces to examine well ahead of time the federal position in this regard, rather than have a take-it-or-leave-it proposition thrown on the table at the last minute when the provinces and the federal government meet; and will we have some opportunity to discuss this matter here in this chamber?

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice. However, there has not been a take-it-or-leave-it attitude demonstrated by the government with respect to any of these programs. All of these programs are the result of extensive consultation prior to introduction of the program, and certainly there have been many discussions held with provincial governments with respect to this Community Service Contribution Program which is being terminated. The importance of discussion with other levels of government cannot be underestimated.

ENERGY

GOVERNMENT POLICY—DEBATE CONTINUED

The Senate resumed from Wednesday, November 26, the debate on the inquiry of Senator Argue calling the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular

1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;

2. the advantage of Canadianizing the industry;

3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;

4. the advantage to Canada of the provisions concerning conservation; and

5. the advantage of other aspects of the policy.

Hon. Lowell Murray: Honourable senators, as the Minister of State for the Canadian Wheat Board put this inquiry on the order paper, there were and are a number of matters I want to get off my chest about the national energy policy. I will not deal at any length with the minister's speech in opening the debate, because I think it was disposed of, with all its inaccuracies and distortions, pretty effectively the other day by our colleague, Senator Balfour. However, there are some things I want to say about national energy policy.

The first is that I think it is no exaggeration to say that the energy policy of this government is built upon a lie—the lie that there can be such a thing as cheap energy for Canadians. That lie was first propounded to win the election of last February. Since that time, in order to prop it up and lend it some credibility other distortions have been added; figures have been fudged by this Liberal government in order to produce the answers and the projections that would appear to support the policy.

The country has been divided by federal negotiating positions that have no other purpose than to keep that fiction alive and perpetuated. Now $4 million of the taxpayers' money is being spent by this government on a huckster's advertising campaign to refine that lie, to retreat it and to make Canadians so believe it that they will not be able to recognize the truth when it comes. International commitments entered into by the previous Government of Canada have been abandoned, and our international reputation has been damaged to perpetuate that fiction.

So, one lie has led to another, so compounded that today the Liberal government has an energy policy that would have us believe not only that we can have cheap oil, but that we can decrease demand for it now, that we can go on to achieve Canadian self-sufficiency and Canadian ownership, and that we can do it all at the same time and all in this decade.

• (1450)

As with any program, there are elements of sanity that stand out more conspicuously in the context of an otherwise irrational program. By way of example, there is a conservation program that was lifted from work undertaken by the previous government. But these exceptional elements do not in any way give credibility to an overall policy that has as its starting point an incredible proposition; nor can the conservation measures by themselves meet the energy challenge that Canada must face in the 1980's.

The respected British weekly *The Economist* headlined an article in its November 1 edition about Canada's new energy program with the caption "Wildcat Canada Resigns from the World." The *International Herald Tribune*, several weeks ago, called the new Liberal program a disaster. We have heard within the past few days what the High Commissionner of the United Kingdom in Canada had to say about our policy. In commenting on the fact that we are paying our producers

about half what we are paying foreign suppliers, he made the following statement:

> As a result you are postponing the day of Canadian self-sufficiency and you are buying more oil than would otherwise be necessary on the world market. This helps keep world prices high and works to the particular disadvantage of the poorest among the developing countries which have no oil of their own. It also gives Canadian industry what amounts to big subsidies for energy use and thus raises among industrialists in Europe pressure for protective measures against what they regard as damagingly unfair competition.

Honourable senators, what the Liberal government's policy is doing to our international reputation is far less important than what it is doing to our economy and to our future as a country.

Can there be any serious doubt that the major energy problem we face in this country and in the world right now is that of oil supply? Can there be any doubt that oil supply is the major problem when the International Energy Agency estimates that there will be oil supply shortfalls of 2.1 million barrels a day in 1985, and a 5.7-million-barrels-a-day shortfall in 1990? Those shortfalls assume that supply will not be interrupted by political or military upheavals. Such upheavals would make the shortfalls even worse.

Canada will be trying to import oil in 1985 from that world market, with its estimated shortage of 2.1 million barrels a day. Contrary to the predictions served up by the government in Mr. Lalonde's policy paper to the effect that Canada will be producing more oil than it consumes in 1990, I believe Canada will be trying to import oil from that world market in 1990, when there will be an estimated world shortage of 5.7 million barrels per day.

Senator Frith: Who estimates that?

Senator Murray: The International Energy Agency, the IEA.

I have further evidence, which I shall come to shortly, to support that contention, and certainly the considered judgment of most experts outside the immediate circles of the Liberal Party back up the contention that we will still be importing oil in rather great quantities, not just in 1985, but in 1990, which is supposedly Mr. Lalonde's target date for self-sufficiency.

In any case, there is no question that our own Canadian oil production is dropping. Canadian production, or produceability, stood at over 2 million barrels a day in 1973. The government's policy paper projects it will be 1.3 million barrels a day in 1985, moving to 1.5 million barrels a day in 1990. Even those estimates of future production may be too high if the Liberal government's energy policy is as counterproductive as many believe it will be.

The Liberal government's so-called National Energy Program affirms a commitment to oil supply development, but that commitment to supply development is negated by its own energy policy; by its own budgetary policies. The reaction of the industry over the past few weeks since the policy and the budget were brought down gives the lie to that commitment of oil supply development. But even in making that ritual bow to oil supply development, the government specifically rejects—and I want to emphasize this—the government specifically rejects what it calls a "supply solution" to Canada's import problem. I quote the relevant passage from pages 98 and 99 of *The National Energy Program*:

> In short, the National Energy Program does not assume a "supply solution" to the nation's oil import problem. The supply forecast may well turn out to be pessimistic, in which case Canada could be in the enviable position of having an oil surplus. However, this in no way reduces the obligation to improve the domestic oil supply-demand balance now. The major part of the solution, as has been suggested earlier in this document, is to reduce oil demand to a level consistent with reasonably-anticipated domestic supply.

I think it is extremely important for Parliament and the country to understand exactly the effects of this policy of the government. Facing a world market in which there will be a serious shortfall of oil supplies, the Government of Canada is betting that we can overcome our dependence in that uncertain world market, not by a combination of increased domestic production and a curbing of demand for oil, but effectively by curbing demand alone—conservation and substitution.

Anyone tempted to take this government's commitment to conservation seriously should have a look at the track record. Since 1975, the government has announced three different targets for rate of growth in energy consumption, each higher than the previous one. It has made energy conservation announcements at least ten times and that does not include the programs that have been announced and re-announced. In one case we had the same program announced and re-announced. In another case we had the same program announced at least three different times.

The effectiveness of this government's conservation policies has been very poor indeed. Even their in-house program was a failure. In 1975, Mr. Macdonald, the then Minister of Energy, Mines and Resources, announced a conservation program within the government, and then in 1976 Mr. Gillespie appeared to be putting some teeth into the program when he announced that in one year all departments were to reduce their consumption of energy by 10 per cent. In fact, 17 departments actually increased their consumption. Even the Department of Public Works, which was responsible for implementing most of the program, fell short of the target. So, it is very difficult, even for the most optimistic or the most trusting among us, to take seriously this government's commitment to conservation.

But their betting on conservation notwithstanding, they have come up with projections which purport to show that their conservation program will result, in 1985, in 290,000 fewer barrels of oil a day being consumed than would otherwise have been the case, and in 1990 they say some 334,000 fewer barrels of oil a day will be consumed because of their conservation policy than would otherwise have been the case.

Perhaps those reductions can and will be realized. Perhaps I will include myself among the most trusting and the most optimistic of people; but we still have to consider what the bottom line—

Senator Frith: It is just that we do not trust that you are in that category.

Senator Murray: I still have to consider what the bottom line on oil consumption will be, and here the government has produced some statistics that are, at best, questionable. In the policy paper put out by Mr. Lalonde, it is said that under the so-called previous policy—that is to say, without these new conservation and substitution measures—total oil consumption would be a 1.9 million barrels of oil a day in 1985. Yet last June, the Department of Energy, Mines and Resources produced for the Standing Senate Committee on National Finance a table showing that total oil consumption in 1985 would be not 1.9 million barrels per day but 2.1 million barrels per day.

● (1500)

Again, Mr. Lalonde's policy paper indicates that without his proposed conservation and substitution measures, consumption in 1990 would be at 1.8 million barrels per day. Yet six months ago the projection was 2.2 million barrels per day in his department's background paper. If we go back as far as 1976, when the government issued a strategy for Canadians, they were predicting that consumption would be 2.3 million barrels per day in 1985, and 2.7 million barrels per day in 1990.

But what concerns me is that some time over the past six months the government has subtracted 200,000 barrels of oil per day from its base projections of 1985 demand, and subtracted 400,000 barrels per day from its base projection of demand in 1990. I would like to know what new information has been discovered in the past six months, either about economic growth or price, or about anything else, that would explain this sudden reduction in the government's base projections of oil demand over the next 10 years.

Senator Olson: The energy program of substitution.

Senator Murray: No, sir. I beg your pardon. I am talking about the base projections before this famous energy plan was to come into effect. It may be difficult for the minister to follow me, but I gave him the figures that Mr. Lalonde was using under the heading of "Previous Policy," which is to say before the National Energy Program was to take effect; and I am saying that under that heading of "Previous Policy" he has already subtracted 200,000 barrels per day in the past six months. In other words, he is starting with a base projection of demand that is far lower than it was six months ago, and I want to know why—because unless there is much more convincing evidence adduced, the suspicion will persist that the government is fudging basic demand assumptions in order to make the answers come out right, in order to produce a set of projections that will make it look as if self-sufficiency can be achieved under its policy.

It is rather interesting that the National Energy Board started some hearings in the country not long ago, to look into this very question of oil supply and demand, with particular emphasis on price sensitivity. I believe that is the first time they have done it with the emphasis on price sensitivity, and they are going to report next spring. So it may well be that the projections in Mr. Lalonde's paper are premature, in any case. But in Calgary they had scheduled two weeks of hearings, and they called them off after two days because so many of the companies withdrew saying, "We want a couple of weeks or months in order to revise our forecast because of the MacEachen budget and the Lalonde energy paper, and we will be back in January."

Senator Benidickson: Here.

Senator Murray: Here in Ottawa, as Senator Benidickson points out, when the hearings resume. But what has happened is that the base projections are being knocked into a cocked hat by the MacEachen budget and the Lalonde white paper. In order to highlight this point, showing how the base projections of the government on oil demand have been mysteriously reduced over the past little while, I would like to have incorporated in my remarks in *Hansard* a short table containing the information that I have just cited. I trust that in this respect honourable senators will grant me the same courtesy that they granted to Senator Argue the other day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The table follows:*)

Base Projections, Demand for Oil
MB/Day

	"An Energy Strategy for Canadians" (1976)	Government Background Paper (June 1980)	National Energy Program (Nov. 1980)
1985	2.3	2.1	1.9
1990	2.7	2.2	1.8

Senator Murray: So much for the government's demand assumptions. Let us look for a moment at the supply side, at the projections of domestic production, and see how much confidence those figures inspire. The government predicts that in 1985 Canadian oil production will be 1.3 millions barrels per day, and that in 1990 it will be 1.5 million barrels per day. The latter figure assumes, among other things, that both the Cold Lake project and the Alsands project will be on stream in 1987. Earlier today we heard some questions and some non-answers on this matter from the Minister of State for Economic Development. Yet sources in and close to the industry are already being quoted as projecting that because of the tax provisions in the recent federal budget, Canadian oil production in 1985 will be not at the level of Mr. Lalonde's 1.3 million barrels per day but at the level of one million barrels

per day, and that in 1990 production will be Mr. Lalonde's 1.5 million barrels per day, but 1.1 million barrels per day. Again this assumes that the Cold Lake and Alsands projects will be on stream by 1987.

An Hon. Senator: No way.

Senator Murray: Without those projects, total Canadian production in 1990 would be only 789,000 barrels per day.

The producing provinces and the industry are obviously convinced that the federal budget will have a seriously negative effect on future production in Canda, and, in terms of our goal of self-sufficiency, that effect, according to my information, will be as follows: In 1985 Canada's import requirements would be not Mr. Lalonde's 258,000 barrels per day but rather 597,000 barrels per day. The President of Imperial Oil said yesterday the import requirement would be 600,000 barrels per day in 1985. In 1990, far from exporting 45,000 barrels per day, as Mr. Lalonde predicts, we would be importing 510,000 barrels per day. If the oil sands projects are jeopardized, the import requirements would be at 868,000 barrels per day.

I was rather interested that at the National Energy Board hearings, to which I referred earlier, the Deputy Minister of Mineral Resources for Saskatchewan—and here I am quoting from a report in the November 27 issue of the *Globe and Mail*—told the Board:

> —the province fears a downturn in energy activity similar to the situation in 1974 when the federal Government disallowed write-offs of royalty payments on income tax, because the new tax regime reduces substantially a producer's net profit per barrel of oil. In some cases, he said, netbacks are zero, or negative.

Senator Frith: It depends on the kind of producer.

Senator Murray: Senator Frith says that it depends on the kind of producer. Indeed, and I will come to that before I am finished. Mr. Lalonde's policy paper says that the National Energy Program makes a massive, unprecedented commitment to improving the demand side of the equation. It describes its conservation and substitution measures as "the centrepiece" of the National Energy Program. Yet the demand assumptions are questionable from the start. As for supply, if Canadian oil production turns out, as a result of the budget and the Lalonde energy policy, to be closer to the new estimates that I have referred to, that are being produced by the industry and the producing provinces—if actual production turns out to be closer to those estimates than to the government's estimates, we in this country will be in very serious trouble indeed. To import half-a-million barrels of oil a day or more at a world price that, according to the government, will be $70 per barrel in 1985 and $116 per barrel in 1990, will be disastrous for our economy. Yet government policies are leading our country in this direction.

Canada is to depend, under those policies, on a reduced demand for oil in order to reduce our dependence on world markets. The validity of that assumption is, at best, questionable.

[Senator Murray.]

• (1510)

As for supply, Mr. Lalonde's policy paper says:

> —there is a basis for optimism. The new system should result in more vigorous exploration, especially in the frontier. There are new and encouraging signs of early production potential, especially from the east coast off-shore.

It seems to be obvious that their ace in the hole is going to be the east coast off-shore production; yet, the fact is that the potential there remains to be proven—in commercial terms, at any rate.

Neither the industry nor the producing provinces share Mr. Lalonde's "basis for optimism." On the contrary, they are projecting a much different supply situation. They are projecting a much different supply situation not on Mr. Lalonde's "basis for optimism," but on the basis of the budget and on the basis of Mr. Lalonde's policy.

Senator Frith: That is why Dome's shares went up by so much, I suppose—because of pessimism?

Senator Murray: My honourable friend, of course, pays much more attention to the stock market than I do. He is very sensitive today to these points. If he got beyond the stock listings in the newspapers today, he will have read some of the comments people from Dome were making about this policy, as well as what some of the people from Imperial Oil were saying.

Senator Frith: I would have to wait for the McIsaac Commission report to be implemented before I could afford to buy any of those shares.

Senator Doody: If we keep the price of energy down, we will all be able to afford them.

Senator Murray: Senator Balfour the other day, and Senator Roblin today, referred to the Canadian Association of Oilwell Drilling Contractors who put out a news release on November 5 saying:

> The combined effect of the federal budget and the cutback in production in the Alberta government may reduce available funds for exploration and development by approximately 40%. That could translate into the drilling of about 5500 wells in Canada in 1981 compared to nearly 9000 in 1980. The downturn will have a dramatic effect on the economy of the country. Jobs in Ontario in such activities as steel mills, automobile plants, as well as the petroleum servicing industry will be affected. We can expect a loss of jobs throughout the country as a result of the downturn—

Senator Perrault: Gloom and doom.

Senator Murray: "Gloom and doom," says the Leader of the Government in the Senate. No, reality, by people who recognize reality.

Senator Perrault: Gloom and doom.

Senator Murray: Let me cite from the publication, *Drilling Contractor*, perhaps a more objective source, published, as it is, in Houston.

Senator Frith: Is that the criterion?

Senator Murray: It is certainly more objective about the Canadian government's policy than the honourable minister, because it observes the same phenomenon of Canadian drilling rigs moving south, and it adds this comment in its October issue:

> Canada's problems aren't all bad news for U.S. contractors. The drilling machinery is being preceded by large sums of Canadian money to finance exploration. Current estimates are that these funds are already arriving at a rate equal to $1 billion per year. This exploration capital seeks refuge in the U.S. for the same reason drilling rigs will—disenchantment with the Trudeau Government's policy on petroleum prices.

I believe the evidence, honourable senators, is pretty strong that under this policy our country will be facing serious oil shortages and perhaps rationing before the midway point in this decade.

Instead of a budgetary policy that puts the emphasis on increasing Canadian production, we have a revenue grab by the federal government—a revenue grab that the government and its apologist in this debate, Senator Argue, try to disguise by telling only part of the truth. Senator Argue said that in the period 1980-83 the new policy will give the federal government $21 billion or 24 per cent of the revenue; the industry will receive $30 billion or 33 per cent of the revenue; and the provinces will receive $38 billion or 43 per cent of the revenue.

Senator Argue included in this calculation the distribution of revenues from wellhead prices of oil and gas production. He conveniently neglected to mention the petroleum compensation charge and the natural gas tax which together will add $14 billion to the federal treasury over that period 1980-83. If these are included, the revenue distribution dramatically changes.

Over the period 1980-83 the federal government will receive $35 billion or 34 per cent of the revenue; the industry will receive $30 billion or 29 per cent of the revenue; and the provinces will receive $38 billion or 37 per cent of the revenue. When we arrive at the year 1983, the federal government will receive $17 billion or 45 per cent of the revenue; the industry, $9 billion or 24 per cent of the revenue; and the provinces, $12 billion or 31 per cent of the revenue.

Of course, if you wanted to add the Canadian ownership charge of up to $4 a barrel, if and when it comes, the revenue distribution would be even more weighted in favour of the federal treasury. Here again, I have a very short table I would like to have incorporated in my remarks which will show Senator Argue's estimates of the revenue distribution under the new program, and what the revenue distribution will be when we include the petroleum compensation charge and the natural gas tax that he omitted. I should like to have that incorporated, as Senator Argue has done with his statistics, in my remarks in *Hansard*.

(*The table follows:*)

WELLHEAD PRODUCTION TAX AND PETROLEUM AND GAS REVENUE TAX

	"Old" Revenue Distribution 1980-83		"New" Revenue Distribution 1980-83	
	($Billions)	%	($Billions)	%
Federal	$ 9	10	$21	24
Provincial	$40	45	$38	43
Industry	$40	45	$30	33

Revenue Distribution Including Petroleum Compensation Charge and Natural Gas Tax 1980-83

	($Billions)	%
Federal	$35	34
Provincial	$38	37
Industry	$30	29
		In 1983
Federal	$17	45
Provincial	$12	31
Industry	$ 9	24

Senator Murray: Our colleague, Senator Manning, described the implications of government taxation policies in this field in a well documented speech in this house on November 21, 1979, which can be found at page 389 of *Hansard* of that date:

> Much of the often irrational debate about so-called windfall profits misses entirely what should be the main point of government and public concern. If the goal is energy self-sufficiency, the concern must be to make certain that the maximum amount of increased cash flow generated by higher prices does not go into government coffers or company dividends, but back into the production of additional energy supplies.

Later, in the same speech, Senator Manning added:

> The matter on which governments must concentrate is not how much additional tax revenue they can gain for the public treasury through higher prices, but what steps are necessary to ensure that the revenue to producing companies generated by higher domestic prices goes into development of new sources of energy supplies. Honourable senators will agree that it is well within the legislative competence of the federal government of this country to do this, and to do it effectively. What is more, they can and should do it without the government itself going into the oil business. That is probably the most inefficient and

undesirable way of attempting to attain the desired goal of energy self-sufficiency.

There have been some other interesting speeches on energy policy made in this place in the past, and since I arrived here in 1979. One of those speeches was made by Senator Austin, but another, and one which I wish to refer to today, was made by the Minister of State for Economic Development when he sat on this side. In fact, he made two speeches touching on energy policy in my first session here, but there is one in particular that I want to refer to, much of which bears retreating. On October 18, 1979, Senator Olson was discussing the need to increase recoverability from conventional oil fields, and he said:

> Those people who criticize the Premier of Alberta and his government for some of the positions they are taking should realize that the giving of incentives and rewards for increasing recoverability from the fields and discoveries that are already known is a very important part of Alberta's energy policy. I hope that the federal government takes that into account, too. Some people think that, with depletion allowances and a number of other things, they already have a great advantage, but if we want to do Canada a service, and if the government wants the oil industry to be of service in the government's objective of self-sufficiency by 1985 or 1990, incentives and rewards provide a very specific, and probably the most useful, inducement.

● (1520)

> The tax incentives have not been specific enough, and an examination of that area ought to be carried out. When you come to the bottom line, you find it is going to cost more money to bring this oil to the surface and put it into use. Let us not kid ourselves into believing that the oil companies or the provinces stand to make a bonanza through increased oil prices. It may be that they can skim off some of the easy, cheap oil at the top of these oil pools and make a few dollars on that—in fact, quite a few—but the oil that will come on stream after that to fill the reserves requirements for Canada is going to cost a good deal more money than the initial discoveries.

I am not going to go into this at great length today, but if the minister thinks that the incentives that he and his colleagues have put into the new policy for this enhanced recovery, are going to produce any results, he should talk to some of the people in the industry, some of the people in the producing provinces and some of the people in the Department of Energy, Mines and Resources where confusion reigns on this very point.

Senator Olson: What have you quoted is as valid today as it was then. I have no problem with that.

Senator Murray: Then why do you not have policies that will support and implement it?

Senator Olson: We do.

Senator Murray: I have just told you about your policies.

Hon. David Walker: It is the minister that is confused.

Senator Murray: It is not my opinion. I am not an expert in the petroleum business. I am telling the minister that what he should do is consult, particularly in respect of this matter of enhanced recovery and the incentives in the new policy that purport to encourage it, with the industry and the producing provinces and perhaps even with some of the people in his own Department of Energy to find out exactly what these incentives are likely to produce.

I want to continue to quote for a few minutes more from this speech by the Minister of State for Economic Development when he sat on this side of the house. He said:

> There is a popular notion across Canada today that there are a whole lot of people out in Alberta who are going to bleed the rest of the country white; that everyone in Alberta is a millionaire, and then some.

Senator Donahoe: It's a great speech.

Senator Murray:

> They forget that there are constitutional matters involved in some of the proposals that have been made. It happens to be a fact that the resources of Alberta belong to Alberta, and, unless it is changed, I hope that fact will be respected.

A little later the minister is reported as saying:

> I want to say one other thing. The idea has been bandied about that if they cannot achieve redistribution through negotiation, they can circumvent the agreement by some changes in the tax equalization formula, or perhaps the imposition of some harsh federal law in relation to energy appropriation and the right of the federal administration to set prices. I hope that this government is not tempted to do that.

Later in the same speech Senator Olson said:

> Honourable senators, I think we should look at this very seriously. While the government might get a few dollars by trampling provincial rights with respect to natural resource revenue, they should consider the longer term implications of doing so. This applies not only to Alberta. It applies to British Columbia and Saskatchewan, and perhaps Newfoundland in time.

Senator Doody: Boy, what a speech!

Senator Murray: Again, I am quoting Senator Olson:

> We have to educate the Canadian people. They have to understand that if they want petroleum products on the scale that they are used to, or even on a more conservative basis, then the oil coming on stream to produce those products is going to cost more than it has over the past few years.

What a difference a year make.

Senator Flynn: You lied to the Canadian public.

Senator Murray: What a difference it makes when one takes ministerial office.

Senator Olson: May I ask the honourable senator a question at this time? What were the incentives and the price structures

offered at that time by the existing government to bring those higher-priced supplies on stream?

Senator Murray: I am sorry, I didn't hear the beginning of that question.

Senator Olson: What were the incentives, both in terms of price of oil and other incentives, that the then government offered to the industry to bring those supplies on stream?

Senator Murray: I am going to come to that, as a matter of fact.

Senator Olson: Zero.

Senator Murray: I am prepared to say a few things about that before the end of this speech. I wonder why the minister checked those convictions at the door when he entered the government.

Senator Perrault: Oh, oh.

Senator Murray: It seems it was a very sensible—

Some Hon. Senators: Oh, oh.

Senator Murray: It seems to me to have been.

Senator Olson: It is very political now.

Senator Flynn: He had no convictions at all when he said that.

Senator Murray: I sat over there and I listened to that speech, and I was so impressed with it that I sent it to some of my friends in the Tory party as an example of an honest and sensible view.

Senator Walker: It depends who is talking today.

Senator Murray: Today the honourable gentleman is a minister in a government that has embarked on a $4 million advertising program, a million-and-a-half dollars of it already spent, the purpose of which is not to educate the Canadian people about the facts of the oil situation but to deceive them as Senator Donahoe says, or to hoodwink them as Senator Walker says, and I was going to say to mislead them, to brainwash them and—I quote from the government's energy communication strategy—"to remove energy from the list of high-ranking national concerns." I wonder if the minister thinks that is a proper objective for the government? It is a communications policy designed for this fall and this winter "to remove energy from the list of high-ranking national concerns." There is more just in case the Leader of the Government should accuse me of quoting out of context.

Senator Perrault: I will try to be objective.

Senator Frith: And trusting.

Senator Flynn: You will never succeed.

Senator Murray: Later in the same document, prepared by the Director General of the Energy Communications Division, of the Department of Energy, Mines and Resources, there is the following section entitled "The Energy Issue Take Out":

> Despite some expected difficulty in the early going with regard to the impact of the energy package on the constitutional talks, it should be possible—given the general cast of the strategy thus far—to make substantial gains towards the removal of "energy" from the pantheon of major national issues.
>
> This is regarded as the essence of the strategy, recognizing that it may take several years to achieve such a goal.
>
> No propagandizing is envisaged here. The unassailable premise is that through clean, attractive, relevant information—basic information, completely in line with overall federal communications objectives—

Indeed it is.

> —we can dramatically alter the public's perceptions of the energy situation, and thereby change their beliefs (and perhaps even their attitudes and behaviour).

A bit later in the document, what is called a "semantic contrast" is outlined, listing in one column words that have been used up until now to describe the energy situation, and it says, "Don't use those words any more." The opposite column lists the new words that are to be used from now on.

Where, until now, the word "crisis" has been used, from now on the word "resolution" is to be used. The word "vulnerable" is to be replaced this fall by the word "manageable"; the word "waste" by the word "conservation"; the word "imbalance" by the word "balance"; the word "depletion" by the word "discovery"; the word "studying" by the word "deciding"; the word "uncertainty" by the word "certainty"; the word "indecision" by the word "decision."

Senator Doody: And "black" by "white."

Senator Murray: The first group of words are to be abolished from the vocabulary. It is a huckster's guide to a Liberal vocabulary. That is what it is.

Senator Frith: It must come as a terrible shock to an innocent like Senator Murray who has never been known to deal with words in this way.

Senator Murray: This is not a question of euphemism. This is not a question of using a softer term to describe reality. This is a question of falsifying reality. It is not an information program. It is what the intelligence community would call a "disinformation program." Again, to quote from the document itself:

• (1530)

> At the end of the day, one suspects, we would have created a montage of ideas, beliefs, and perceptions of the Canadian energy situation that would clearly demonstrate that we're really not talking about "energy" so much as its constituent elements—that we are really not talking about some grand national design, so much as a typical Canadian approach of managing, at the federal level—

This is from the government's communication strategy.

Senator Frith: Which government? Yours?

Senator Flynn: Yours.

Senator Murray: The Liberal government.

Senator Flynn: Probably Kirby.

Senator Murray: No. I have the name of the officer in question, but I don't think it is relevant. He is Director General of the Energy Communications Division at EM and R. In any case, I do want to quote this final paragraph in full:

> At the end of the day, one suspects, we would have created a montage of ideas, beliefs, and perceptions of the Canadian energy situation that would clearly demonstrate that we're really not talking about "energy" so much as its constituent elements—that we are really not talking about some grand national design, so much as a typical Canadian approach of managing, at the federal level, an efficient system of matching, balancing, interlocking, discrete regional energy sources and distribution systems.

Senator Perrault: Hear, hear.

Sentor Frith: It sounds like one of your disciples. Is that where you got the document?

Senator Murray: The quotation concludes:

> In short, we should be able to move from "national energy policy" to a public perception of "regional energy balances" (without ever using such words).

Senator Perrault: Hear, hear.

Senator Murray: What a communications strategy. Not a "montage of ideas". It's a tissue of lies that they are planning to tell the Canadian people. I think it is scandalous enough that a communications strategy of a government would attempt to manipulate the Canadian people, but I must say it shocks me to see that ministers of the Crown would allow themselves to be manipulated and become the tools of this kind of communications strategy.

Senator Flynn: Think what they did during the election campaign. It was much worse than that.

Senator Murray: So this government has a demand policy that is questionable in its assumptions. It has a supply policy that its own budget, its own budgetary policies and its own energy policies negate. It has an energy policy that will keep Canadian production below potential and delay self-sufficiency, on the word of everybody outside the immediate circle of the Liberal Party who has any expertise in the matter. And it has an advertising policy whose declared objective is to "remove energy from the list of high-ranking national concerns." It is an information program unworthy of the name.

Meanwhile, we are paying Mexico and Venezuela and other OPEC countries $22 more per barrel of oil than we are paying Alberta, and the Prime Minister is congratulating himself on getting an apparent undertaking from Saudi Arabia to sell PetroCan 100,000 barrels of oil per day. It is not known, and I was not able to ascertain as a result of a question I put to the Minister of State for Economic Development last night, whether those 100,000 barrels are over and above present import levels from that country. In any case, the Prime Minister is quoted as saying that it is nice to have friends who will sell oil to you.

Senator Perrault: It certainly is.

[Senator Murray.]

Senator Murray: When Saudi Arabia entered into an agreement last spring—and this is a matter I raised briefly last night—to sell some 20,000 barrels of oil per day to Denmark, the Danes were obliged to accept political conditions imposed by Saudi Arabia, conditions which were widely interpreted as giving Saudi Arabian authorities a veto over the showing, for example, of a film such as *Death of a Princess* on Danish television.

All of us hope—and the Minister of State for Economic Development was able to do no more than express the hope last night—that such conditions attached to our purchase of oil on world markets would never be accepted by the Government of Canada, whether they relate to television programs, to boycotts or to anything else in the way of political conditions. But the point cannot be made too strongly or too often that increasing dependence on foreign oil means increasing vulnerability to conditions imposed by OPEC countries or to other political and military events which we can neither foresee nor control.

Quite apart from these factors, the economic cost to Canada of our dependence on imported oil is horrendous. Imported oil is now costing Canada a total of $8 billion annually. About half of this is coming from the federal treasury. The Oil Import Compensation Fund cost taxpayers $8.6 billion to the end of the fiscal year 1979-80. It will cost a further $18.3 billion to the end of the fiscal year 1983-84. Instead of using a dynamic energy sector as the source of economic growth we are exporting jobs and economic growth.

We hear a lot about Canadianization of this industry, and of course Canadianization must be a goal of public policy. But the people are still entitled to the truth from their government. The Minister of State for the Canadian Wheat Board said on November 20 that the industry is 72 per cent foreign-owned—a figure he arrived at by using revenue comparisons. This criterion seems to distort reality to some extent, because PetroCan, for example, is a large Canadian company with low earnings. On the basis of assets, foreign ownership, according to a survey by the Petroleum Monitoring Agency of this government, is not at 72 per cent but at 61 per cent, a reduction of over ten points in four years. Again, on page 1263 of *Hansard* of November 20, the Minister of State for the Canadian Wheat Board says that the industry has supported net capital outflow from 1975 to 1979 of $2.1 billion. He says:

> —some of this outflow has represented a return of capital to foreign owners, while some has represented new foreign investment by Canadian companies.

What the minister neglects to point out is that a great deal of this money went to the United States to pay for the purchase of Husky Oil by Nova, an Alberta Corporation, and of Pacific Petroleum and ARCAN by PetroCan. I do not have the precise figures, but I would be surprised if it was anything less than $1 billion.

So it is important to know what the facts are now with regard to foreign ownership and control, and it is important that more analysis be done by people who have political

responsibility of the likely effects of policies that are ostensibly designed to Canadianize the industry.

Perhaps the government's policies will indeed result in some of the multinationals entering into joint ventures with Argus or Brascan or Power Corporation in the energy field, if that is the objective of the government. But there is no doubt that existing Canadian companies in the petroleum field will have their growth impeded by the reduction of some 30 per cent in cash flow.

Some economic commentators would agree with Michael Walker's observation in *The Financial Post* of November 22:

> The seeming inconsistency of a goal of Canadianization and a revenue-raising scheme bound to produce a negative reaction from Canadian firms, is completely resolved if the new energy policy is regarded as a first step in the effective nationalization of the industry. That would also explain the impassive reaction of the Energy minister to the protestations of such firms as Dome Petroleum and Canadian Hunter Exploration—shining examples of aggressive Canadian enterprise. If, on the other hand, the ultimate intention really is to buy out the industry, a decline in share values would be a desirable development from the government's point of view.

There is a wide range of policies open to a federal government that intends to pursue the goal of Canadianization. The Progressive Conservative government last year proposed the establishment of a $1.6 billion National Energy Bank that would have sought to develop an all-Canadian group to bring on stream the next oil sands project. It would have provided financial support for a gas pipeline to the maritimes, and it would have acted as a catalyst in the assembly of the consortium to build a Canadian-owned oil upgrader. Under the agreement between the federal government of the day and Alberta—and there was an agreement—

● (1540)

Senator Olson: That is only part of the truth, too.

Senator Perrault: Half truths.

Senator Murray: We have been over this ground before in this chamber—

Senator Olson: You say there was an agreement, and I do not accept that.

Senator Murray: The minister says he does not accept it. I have pointed out in this place before—

Senator Perrault: The mystery agreement.

Senator Murray: I have pointed out in this place before that both the federal government of the day and the Alberta government have testified that there was an agreement.

Senator Perrault: Why didn't they tell the people about it? The phantom agreement.

Senator Olson: Could we have a look at it now?

Senator Frith: We will consent to your making that an appendix to today's *Hansard*.

Senator Murray: I have not suggested that there be any appendices in connection with my statement. I have provided a couple of tables, and honourable senators have kindly given me permission to include those tables in the context of my remarks. I should like at this point to read, for the benefit of the Minister of State for Economic Development, and the Leader of the Government in the Senate, a statement made by the Alberta minister, Mr. Mervin Leitch, and I quote from *Hansard* of the Alberta Legislature for November 24:

> We had reached an agreement on all of the essential elements of the energy package. We said at the time of the budget that there were some i's to dot and some t's to cross, some matters to put into formal form, letters that may have been exchanged between the Prime Minister and the Premier, and other formal documents. But all of the essential elements of the energy package had been agreed upon.
>
> Mr. Speaker, in any language I am aware of, people call that having reached an agreement.

Some Hon. Senators: Hear, hear.

Senator Olson: Could I ask the honourable senator a question?

Senator Perrault: Those two would not even campaign for your leader.

Senator Olson: I would ask the honourable senator to answer one simple question: Was there an agreement on revenue sharing?

Senator Frith: That was one of the little i's that had to be dotted.

Senator Perrault: They would not even campaign for your leader.

Senator Murray: The minister is saying that we cannot divorce price from distribution of revenues. That is where he is wrong. That is what has his compatriots in the west so infuriated. They want to settle on a fair price first and then talk about a redistribution of the wealth.

Senator Olson: I take it you are not going to answer the question.

Senator Murray: I have answered the question.

Senator Olson: There was no agreement on revenue sharing.

Senator Murray: All the essential elements of the agreement were there. I have answered the question in the words of the Alberta Minister of Energy, and that was confirmed by the federal government then in power.

Senator Olson: It should be noted for the record that you have refused to answer the question.

Senator Perrault: And they refused to campaign for your leader.

Senator Macdonald: I think, Senator Murray, you have hit a sensitive nerve with those people today.

Senator Murray: It seems to be a very sensitive nerve. Whether they refused to campaign or not, the fact is that we had 100 per cent support and 100 per cent success in the Province of Alberta.

Senator Walker: Anyone who was a Tory got in.

Senator Donahoe: Someone must have campaigned for our leader. We got all the seats.

Senator Murray: Under the agreement between the federal government and Alberta, Alberta would have lent $400 million to the Energy Bank and provided the infrastructure and financing for three new tar sands plants during the 1980s.

Senator Benidickson: Are you again quoting Mr. Leitch?

Senator Murray: No, I am not now quoting Mr. Leitch. I am stating what the agreement provided for.

Senator Olson: You are quoting again from the non-existing agreement.

Senator Perrault: The phantom agreement.

Senator Murray: I am stating that the agreement provided that Alberta would have lent $400 million to the Energy Bank and provided the infrastructure and financing for three new tar sands plants during the 1980s. That is a matter of public record.

Senator Perrault: Written in vanishing ink.

Senator Olson: But we have not got the agreement yet. This is based upon a non-existent document.

Senator Murray: As the Minister of State for Economic Development says, we do not have the agreement yet. You denounced the previous agreement and went back to Square 1. You have nothing now by way of an agreement, and the Canadian economy and Canadian energy self-sufficiency are suffering as a result.

Senator Frith: No, we have not got the previous agreement that you were talking about.

Senator Olson: It is the previous agreement, including the revenue sharing agreement, that we would like to hear about.

Senator Murray: The honourable minister did not find the cupboard bare when he came to office.

Senator Perrault: Give us the details now. Share it with the public.

Senator Murray: Let me remind the minister of some of the things that were in the Crosbie budget, which his counterparts in the other place defeated—

Senator Olson: Tell us about the excise tax.

Senator Murray: The Crosbie budget offered $2 billion in tax deductions to smaller companies, which are mostly Canadian-owned—tax breaks which would have improved their cash-flow positions and, consequently, their ability to expand. The previous government's proposed sale of shares of PetroCan to the Canadian public would have provided that company with $5 million more in funds and would have allowed that company to buy a major Canadian operator. The present government proposes to provide the money for PetroCan to take over existing companies by imposing a special Canadian ownership account tax of up to $4 a barrel.

The frontier lands provide an opportunity to increase Canadian ownership and control. I am advised that 90 per cent of the exploration permits on those lands are coming up for renewal within the next three years. The government could have increased requirements for Canadian participation in those lands, thereby ensuring a much more aggressive Canadian private sector involvement. Instead, they decided that the government itself would make a retroactive seizure of 25 per cent equity participation in all projects on the Canada Lands.

There is no shortage of policy options available to the government in order to increase Canadian ownership and control. The range of policies announced by the Liberal government has left open to serious question whether these policies can achieve the desired objective, and at what cost—at what cost to the ability of existing Canadian-owned companies in the private sector to expand; at what cost to the investment that is needed to develop supplies; at what cost to the overriding goal of self-sufficiency?

Honourable senators, we come back to the original lie that there can be such a thing as cheap energy for Canada. To perpetuate that fiction, the government has constructed an elaborate policy. It may be called a cheap energy policy, but its cost is not cheap. It will cost Canada very dearly. This policy will not achieve energy self-sufficiency and thus oil self-sufficiency, and there is virtually no one outside of the Liberal government and its apologists who believes that it will.

What will be the cost to Canada of the failure of this government to face reality and to bring in a policy that will achieve self-sufficiency? What will be the cost to Canada of oil shortages and perhaps rationing a few years down the road? What will be the cost to Canada of jobs exported and economic growth foregone; the cost in terms of our international balance of payments; the cost in terms of our budgetary deficit at the federal level; the cost in terms of our political vulnerability to foreign suppliers; the cost in terms of our national pride and national unity?

Whatever the short-term political advantages of this dishonest and ill-advised policy, it is causing permanent and serious damage to Canada, and that is a matter which should be foremost in the minds of honourable senators and of all thinking Canadians.

On motion of Senator Frith, debate adjourned.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Special Committee on Retirement Age Policies entitled: "Retirement Without Tears," tabled in

the Senate on the 15th April, 1980.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this order has been stood retreatedly for several weeks. I have been holding it open for Senator Croll, and particularly in case of relevant developments in some other fields. I would ask that the order stand until Tuesday, January 13, 1981, by which time we shall probably have returned from our Christmas recess.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 4, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Department of the Secretary of State of Canada for the fiscal year ended March 31, 1980, pursuant to section 6 of the *Department of State Act*, Chapter S-15, R.S.C., 1970.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance, to which were referred the estimates laid before Parliament for the fiscal year ending March 31, 1981. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 1377.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

STANDING RULES AND ORDERS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Lewis be substituted for that of the Honourable Senator Lang on the list of senators serving on the Standing Committee on Standing Rules and Orders.

Motion agreed to.

RESTAURANT OF PARLIAMENT

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Bosa be added to the list of senators serving on the Standing Joint Committee on the Restaurant of Parliament; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Hon. Raymond J. Perrault (Leader of the Government): The addition of Senator Bosa will improve the committee.

Hon. Jacques Flynn (Leader of the Opposition): Now we will be sure to get good spaghetti in the restaurant.

Motion agreed to.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns

today it do stand adjourned until Tuesday next, the 9th of December, 1980, at 8 o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

PROPOSED RESOLUTION FOR A JOINT ADDRESS—STATEMENTS BY PRIME MINISTER OF CANADA AND LEADER OF QUEBEC LIBERAL PARTY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, yesterday before the Press Club of Ottawa the Leader of the Quebec Liberal Party had something to say about the federal government's proposals on the Constitution. He very clearly opposes the proposal as it is now before the Joint Committee on the Constitution. Since it is quite obvious that all of Quebec's political parties are opposed to the present proposals, I was wondering if the Leader of the Government could tell us whether the federal government is willing to examine the objections made by Mr. Ryan, which resemble in great part those made by the present Quebec government and the other party in the National Assembly, namely, the Union Nationale, and change its stand.

Hon. Raymond J. Perrault (Leader of the Government): I know Mr. Ryan's views will be given every consideration.

Senator Flynn: I am not asking about examination by the joint committee. I am asking about an examination by the government itself, because it could shorten the work of the joint committee if the government were to agree with the compromise suggested by Mr. Ryan. Possibly some senators from the Province of Quebec might even support Mr. Ryan's position.

Senator Perrault: From the outset, government spokesmen have stated emphatically on several occasions that we are prepared to consider proposals for amendments to the constitutional proposals presently under study. I reiterate that government position. It is a position of flexibility. There is a government determination to make certain that the constitutional proposals are sound, and, if they can be improved, they will be improved.

Senator Flynn: I am glad to hear the Leader of the Government make that statement, but because of the stand taken by the Prime Minister in Montreal last Sunday, in which he appeared unwilling to accept modifications along the lines suggested by Mr. Ryan, I must ask the Leader of the Government if he is telling us that the Prime Minister has changed his attitude since last Sunday.

Senator Perrault: The Prime Minister has a very open mind on this subject. I can only suggest to honourable senators that they must await the events of the next few days to determine the degree of flexibility that this government may be prepared to demonstrate.

Senator Flynn: The next few days? Did I hear the honourable senator say we must await the events of the next few days?

Senator Perrault: Well, the universe will unfold.

Senator Roblin: But not necessarily the way it should.

[*Translation*]

Hon. Martial Asselin: I have a supplementary. Is the Leader of the Government telling us that in the next few days the government will announce that changes will be made to the proposals now being considered by the joint committee of the Senate and the House of Commons?

[*English*]

Senator Perrault: I am in no position to announce that any changes will be made, but on the basis of the expressed view of the Prime Minister that he and the government he leads are prepared to consider certain changes and amendments if these are advanced on a well-reasoned, logical and legal basis, there are reasonable expectations that there could be changes in the constitutional proposals before the committee's report is received by us for ultimate and final disposition.

[*Translation*]

Senator Asselin: In view of the position taken yesterday by the leader of the Quebec Liberal Party, Mr. Ryan, against certain aspects of the proposals now under consideration by the joint committee of the Senate and the House of Commons, will the Right Honourable Prime Minister of Canada change the stand he took last Sunday in Montreal to the effect that all those who are opposed to these proposals in Quebec support the separatist movement led by the Quebec government? Is the Right Honourable Prime Minister willing to change his stand since Mr. Ryan has decided to oppose the constitutional resolution of the Right Honourable Mr. Trudeau, as he stated yesterday before the Press Club?

● (1410)

[*English*]

Senator Perrault: Honourable senators, the remarks allegedly made by the Right Honourable the Prime Minister have been taken out of context—taken out of context as badly as the so-called "hysteria" speech made in Regina. In its complete context it was a very eloquent appeal to the people of the entire nation to support soundly based constitutional reform proposals. The Prime Minister is well able to speak for himself in respect to constitutional matters.

It would be presumptuous of me to suggest to this chamber what members of the committee may feel about certain suggestions proposed by the leader of the Liberal Party in Quebec. Members of that committee will evaluate the proposals made by Mr. Ryan and by other provincial leaders, provincial premiers and others, and when they prepare their report we will have an opportunity to discuss and debate their proposals and suggestions in due time which, as the result of

the agreement achieved yesterday, will be sometime after February 6.

Senator Flynn: I was suggesting to the Leader of the Government that it would save a lot of the joint committee's time if the Prime Minister himself and the government were to state right away their reaction to Mr. Ryan's position and proposals.

Senator Perrault: I am certain that the Right Honourable the Prime Minister will study Senator Flynn's suggestions.

Senator Flynn: I am sure he will not study my suggestions. I have expressed them before, and I have seen no reaction up until now. I am speaking of Mr. Ryan's proposals and position.

ENERGY

GOVERNMENT POLICY—EFFECT OF DEFERRAL OF COLD LAKE AND ALSANDS PROJECTS

Hon. C. William Doody: Honourable senators, I have a question on the government's energy policy. Perhaps the Leader of the Government would prefer to wait until the Minister of State for Economic Development is present.

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator could proceed to ask the question, and, if I have a reply, I will certainly make an energetic effort to provide it.

Senator Doody: My question deals with what appears to be the increasing cost to the country of the government's energy policy. The latest development is the Alsands announcement which, like the Imperial Oil announcement before it, states that the pricing schedule offered by the government in its energy package is insufficient to ensure continuation of the project.

Alsands has given the government, as I understand it, a six-month breathing space in which governments are expected to try to come together with a policy acceptable to the company. I understand it will cost the country about $165 million for that investment. Will the government re-examine the provisions in the budget with which the companies, and Alsands in particular, have taken issue, in the interests of the ongoing energy needs of the country?

Senator Perrault: Honourable senators, the question will be taken as notice. I do not have an immediate detailed reply of the quality which the question deserves.

May I say, however, that certain opposition questioners quote only from those companies that have expressed some degree of dissatisfaction with the energy program. It is encouraging to note the renewed confidence in the shares of certain oil companies in Canada in the immediate period following the announcement of the national energy program, and other statements by various oil companies in Canada in which they said they see a great deal of good in this program.

Senator Doody: I thank the honourable minister for his response. I have a supplementary which the minister may take as notice.

[Senator Perrault.]

Just by way of an aside, I take it, then, that the minister would like me to bring in from time to time complimentary comments that oil companies might make. I would not want to inflate egos any more than they are already.

Would the minister confirm that the government's estimates of self-sufficiency by 1990 will be met in view of the Cold Lake and Alsands deferral? My understanding is that self-sufficiency is predicted on the assumption that 250,000 to 300,000 barrels a day would be produced from these developments by that time. Would the delay of six months, and perhaps a further six months, make a grave difference in the prospects for oil self-sufficiency and have a great impact on the requirements of all parts of the country over the next 10 to 20 years?

Senator Perrault: Honourable senators, that question will be taken as notice. It may be useful to observe that this government eventually sees the price of Canadian oil approaching 85 per cent of the world price. The previous government had set its target at 75 per cent of the world price, and yet the present government is accused of being unrealistic in its energy projections and its program to achieve energy self-sufficiency.

● (1415)

As far as speeches which have been made by industry spokesmen are concerned, I think the statement made the other day by Mr. Bob Blair, who is rather a leading person in the energy industry, should be given a good deal of weight by honourable senators. He sees great advantages flowing from this National Energy Program, yet there seems to be an almost unremitting effort on the part of the official opposition to ignore favourable responses and to create a scenario of doom, gloom and disaster, and I would hope that the official opposition might be as optimistic about the future of this country, as are supporters of the government.

Senator Doody: I would like to assure the honourable minister that I am well aware of Bob Blair and his optimism, and I am also well acquainted with the government's policies. What I am trying to get clear here are the government policies in this particular stituation.

FOREIGN AFFAIRS

SENEGAL—POSTPONEMENT OF CONFERENCE OF FRANCOPHONE NATIONS

Hon. Heath Macquarrie: Honourable senators, might I direct a question to the government leader in the Senate concerning the somewhat surprising statement made by the Secretary of State for External Affairs on the postponement of the Francophonie Conference in Senegal? It was alleged that France was to blame for this postponement. This criticism of France will not, of course, help in the international scene, and I wonder if the minister will agree with me that since Senegal was the host country, the suggestion that France and not Senegal made the decision is somewhat insulting to Senegal as well. Could the minister advise us as to the reasons why the conference was postponed, and what is the Canadian government's reaction to the situation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Macquarrie may be aware that there have been reports of possible governmental changes in Senegal in recent days. There are reports that the president may consider resigning. The situation is unclear. I believe that this situation, at least in part, is a factor.

Some Hon. Senators: Oh, no.

Senator Perrault: Well, honourable senators, I am only bringing information to the house that was made available to me a short time ago.

Senator Macquarrie: Perhaps we should ask the indulgence of the minister to come again with a more thorough report, because there were some definite allegations by the Secretary of State for External Affairs which had no bearing at all on the state of the internal government of Senegal.

COMMUNICATIONS

BROADCASTING—CONTROL OF PAY TELEVISION

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. I am informed that representatives of the ten provincial governments at a meeting last week in his home province of British Columbia unanimously concluded that the provinces should have jurisdiction over pay television.

Has this agreement among the provinces been communicated to the federal government, and, if so, what is the federal position in respect of it?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the subject of control over pay television was on the agenda of the last federal-provincial meetings in Ottawa. As honourable senators will recall, in the general area of communications the federal government offered to the provinces a greater degree of control over communications within provincial boundaries. It was part of a list of proposals submitted by the federal government to encourage a similar positive response on the part of provincial governments. That positive response, especially with the national government's proposal to entrench human rights, was not forthcoming. But I am certain that the deliberations of the provincial premiers in Victoria and the resolutions and many conclusions which may have been arrived at at the meeting will be studied very carefully by the national government.

Senator Smith: Am I to understand from the response of the leader that the government has not, so far as he is aware, taken a clear position on this present decision of the provinces regarding pay television?

● (1420)

Senator Perrault: Honourable senators, I will be pleased to bring to the chamber a fuller response at a later sitting.

ENERGY

GOVERNMENT POLICY—EFFECT ON THE ECONOMY

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I was not sure if I heard the Leader of the Government correctly when he was replying previously to Senator Doody. Did he say that the position of the government is to have the oil price at 85 per cent—

Senator Perrault: Eventually.

Senator Flynn: —whereas the former government had, as a target, only 75 per cent?

Senator Perrault: Yes.

Senator Flynn: How does the leader reconcile that with the position taken by the Liberal Party during the election campaign?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I shall be pleased to respond to that. It is the schedule of the increases and the auxiliary programs to accompany that price increase which are markedly different between the two parties, surely. The heavy impact of the Conservative program on the ordinary Canadian, particularly the drastic increase in gasoline prices and the substantial increase in natural gas prices, would have been disastrous, in our view, at this particular time of economic slowdown—

Senator Flynn: Not now.

Senator Perrault: —and it was the judgment of this party and this government that these Draconian increases would have hurt the ordinary Canadian very badly, and would have injured the ability of Canadian industry to compete. But eventually we do see the necessity to move closer to world prices, as was suggested by the Conservative Party.

It is a difference, surely, in philosophy between the two parties, and a different degree of concern about the immediate problems facing the Canadian people.

Senator Flynn: I would say that the only difference was that during the election campaign you wanted to give the impression that you would have a price lower than the one proposed by the former government. Now that you are in office with a majority, you do not care. You have lied to the Canadian people, and you have—

Senator Robichaud: Question. Ask the question.

Senator Flynn: I was not addressing Senator Robichaud. I know that he would not be able to reply, and he does not care to because he is always in agreement with whatever the government says or does. He is just a trained seal; we always know in advance what he is going to say.

I am asking the Leader of the Government what the difference is between the price of petroleum today and that proposed by the former government.

Senator Perrault: The prices are lower than those proposed by the previous government, I am pleased to say. Prices of natural gas are lower than those proposed by the previous government.

Some Hon. Senators: Oh, oh.

Senator Perrault: Let me say, honourable senators, that I can understand the sensitivity of the Leader of the Opposition—

Senator Flynn: I'll bet!

Senator Perrault: —because he was one of the architects of that disastrous Conservative program that would have penalized the ordinary Canadian to such a large extent.

The fact is that all the other programs which are going to march ahead to enable Canadians to conserve energy, to convert from oil to natural gas and other alternative fuels, taken in their entirety, will mean that the Canadian consumer will be infinitely better off under this program than he would have been under the Conservative program, despite the fact that at the same time we see that we must move far closer to a realistic pricing policy than did the previous government.

Senator Flynn: "Eventually". You have four years to do that. You fooled the public.

Senator Roblin: He didn't fool them. They are catching on to him.

Senator Perrault: May I complete my answer to this question because I now have some information before me? Dollars per gallon for gasoline: Under the Conservative budget, in 1981, gasoline price, $1.56 per gallon; under this program, $1.36. In 1982, $1.75 the Tory price and $1.53 under the National Energy Program. In 1983 the Conservatives would have pushed the price to $2.32 per gallon, and the Liberal price would be $1.71. In 1984 it would be $2.63 per gallon under the Clark-Flynn proposal, and $1.95 under the National Energy Program, and so on.

There is no doubt whatsoever that the Canadian people, in their wisdom, made the correct decision at the last election.

Senator Flynn: How can the Leader of the Government reconcile those figures with his statement that the government is aiming at 85 per cent of the U.S. price, when we were aiming at only 75 per cent?

• (1425)

Senator Perrault: Honourable senators, in the ultimate the price would go to 85 per cent of the world price, but in terms of energy conservation, and other programs, to enable the average Canadian to save money, the Canadian consumer will be substantially better off with this program.

HOME HEATING—CONVERSION GRANTS

Hon. Robert Muir: Honourable senators, my question is directed to the Leader of the Government in the Senate.

Can he tell the Senate how soon the provisions respecting grants of up to $800 will come into effect, and how long they will be in effect for those who wish to convert to other sources of energy? People at the moment have to go by the newspapers, of course, and the propaganda put out by the Liberal Party. They want to be able to claim their grants and use the money to convert to energy sources other than oil.

[Senator Perrault.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information before me relating to conservation in the province of Nova Scotia.

The national energy program will give increased support for the upgrading of home insulation under the home insulation program established in 1977. Approximately $61 million has been provided to about 156,000 households in Nova Scotia. Nova Scotians have benefited, Senator Muir, to that very large extent.

A $30 million industrial conservation program for the Atlantic provinces will fund up to 50 per cent of the cost of energy efficiency improvements in industry. This will reduce industry's vulnerability to energy price increases, and enhance its competitiveness in national and international markets.

With regard to the time frame of the program to provide the $800 grants, I must take that question as notice. There is a wealth of interesting information in the document that I have before me, but I do not have the precise time frame of the proposed grants. The taxable grants will cover 50 per cent of conversion costs up to a maximum grant of $800. Some 202,000 homes in Nova Scotia are currently oil heated. The program target is conversion of at least 171,000 homes by 1990.

I imagine that the payout of the grants will largely be determined by the ability and the skill of the outstanding craftsmen in Nova Scotia who will be engaged in doing the conversion work.

Senator Muir: I thank the honourable leader for that answer. I am sure that in view of what he said the people of Nova Scotia will be on their knees saying thank you to the all-wise, all-knowing seer of the Senate. That is with regard to the first part of his answer.

With regard to the second part of the answer just provided by the Leader of the Government in the Senate, to the effect that he will take my question as notice, I hope he will bring back a very encouraging report that this program will go into effect shortly, since it is very difficult to find out anything from any government office with regard to the up-to-$800 grants that will be provided.

Senator Perrault: Honourable senators, I would like to remind Senator Muir, as well, about the grants of $400 per vehicle that will be available to commercial fleet operators in his province in order to assist them to convert the fuel systems of their motor vehicles from gasoline to propane. Virtually a shower of abundance is about to be bestowed on the honourable senator's province.

HOME HEATING—APPLICATION OF CONVERSION GRANTS

Hon. Orville H. Phillips: Honourable senators, I have a question arising from the reply of the Leader of the Government in the Senate to the Honourable Senator Muir, in which he referred to the conversion of a number of homes in Nova Scotia. I remind the Leader of the Government that the Ayatollah Lalonde stated that this conversion grants program will not apply to electricity that is generated by oil burning

plants. Has this policy been altered for the third time since the budget was announced?

● (1430)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I must take that question as notice. The answer may be forthcoming in due time, but I have not yet been able to locate it among the documents before me.

ATLANTIC REGION—HOME HEATING

Hon. Orville H. Phillips: While the honourable senator is taking that question as notice, may I remind him that approximately two weeks ago he promised to supply this chamber with information on the length of time it takes to convert an oil-burning generating plant to coal? While he is getting the other information, may I request that again?

Hon. Raymond J. Perrault (Leader of the Government): I believe that answer was provided when the honourable senator was not in his place in the chamber. Perhaps he should refer to previous Question Periods for this information, if his research staff have not yet brought my reply to his attention.

FINANCE

INTEREST—INCREASE IN BANK RATE

Hon. G. I. Smith: Honourable senators, I wonder if I may ask a question of the Leader of the Government. Can he confirm that the Bank of Canada interest rate increased today by 81 points, from a rate of 13.95 per cent to a rate of 14.76 per cent?

Hon. Raymond J. Perrault (Leader of the Government): Yes, I have been advised that it has been increased.

Senator Smith: Can he also confirm that this rate is 76 points higher than the highest reached under the administration of the Right Honourable Joe Clark, which highest rate was 14 per cent?

Senator Perrault: I must say that I have not assiduously compared the interest rates as between this particular government and the previous government.

Senator Flynn: That's obvious.

Senator Smith: I noticed that the honourable gentleman is very assiduous in trying to compare, when he finds it to his advantage, as just indicated by the range of misinformation and figures which he read to us a little while ago. It intrigues me that he could not have been as assiduous in making comparisons which do not serve his purpose so well but which relate to the truth.

THE ECONOMY

UNEMPLOYMENT—STATEMENT BY CHIEF ECONOMIST, TORONTO-DOMINION BANK

Hon. G. I. Smith: Honourable senators, may I also ask the Leader of the Government to confirm that the Chief Economist of the Toronto-Dominion Bank very recently projected that the total of unemployed persons in Canada will go above the one million figure as a result of the depressing effect on economic recovery which these very high, and higher-than-in-recent-history, rates will have.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it continues to intrigue many of us in this chamber how the official opposition seem to revel in every truncated report of impending doom and gloom they are able to haul into this chamber.

Senator Flynn: Everything is going so well.

Senator Roblin: Inflation, the interest rate, unemployment, and so forth.

Senator Perrault: Their interest is so narrow that anything which suggests that there is a bright future for this country is filed in the waste basket and the other tattered fragments of bad news are brought into this chamber, and they seem to positively take glee in bringing that information to the chamber.

The situation facing this country—

Senator Flynn: Is very bright.

Senator Perrault: —is not the brightest this country has faced in the past. Indeed, the whole world is going through a difficult economic period.

Honourable senators, surely we should be giving the Canadian people encouragement at this particular time of the year rather than attempting to depress them.

Senator Flynn: You are quite a joker.

Senator Smith: I suppose it would not be unfair to say that both the official opposition and any other group who might be interested in these matters can well rely on the honourable gentleman and his associates to magnify and exaggerate the slightest bit of sunshine they may be able to find in the way in which they have conducted the affairs of this country in the last little while. Surely, he should not mind our bringing to his attention the things which he and his associates ignore, and which they would be glad to hide under the bushes forever.

I suggest to him that he cannot give any reason why the multitudinous sins of omission and commission of himself and his associates should be overlooked. After all, this is a democratic country where these honourable gentlemen have to answer for their sins, and the opposition has every right, and the very duty, to point out those sins to the country at large, and it is a weakling, indeed, who would try to take refuge in the empty rhetoric we have just heard from the Leader of the Government.

Senator Perrault: Honourable senators, we try to be objective at all times.

Senator Flynn: You try and try, but without success.

THE BUDGET—REDUCTION OF OIL EXPORT TAX—BENEFITS TO SASKATCHEWAN AND ALBERTA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some delayed answers to certain questions—not too long delayed, but delayed, in any event.

On October 29, the Honourable Sidney L. Buckwold asked a question with respect to the actual dollar amount which will accrue to Saskatchewan and Alberta as a result of the 50 per cent reduction in the export tax on oil. He proceeded to specifically ask how much of the rebate the Province of Saskatchewan would receive from the federal government in 1981.

Senator Balfour asked a supplementary question requesting certain information, including estimates with respect to the level of exports of crude oil, calculated in barrels from the Province of Saskatchewan for the years 1980-83.

As honourable senators are aware, provisions under the National Energy Program provide that Saskatchewan and Alberta will receive 50 per cent of the export charge revenue from crude oil exports, which is of substantial advantage to those provinces. Current forecasts place heavy crude oil exports in the range of about 90 million barrels a day in 1981. The total revenues from these exports, from the two provinces, could be approximately $740 million, of which about $300 million could accrue to Saskatchewan, with $70 million going to Alberta.

This is a feature of the National Energy Program which has not been dealt with extensively by the official opposition in this house.

Revenues, however, would be expected to decrease during subsequent years as the domestic price increases to a level closer to the world price. In addition, any reduction of export volumes due to increased consumption in Canada would, of course, also decrease revenues. It is not possible at this stage to be more definitive about export volumes and dollar figures beyond the year 1981, other than to say some decline would be expected as these heavy oils are taken into greater use in Canada.

INTERNATIONAL DEVELOPMENT

GOVERNMENT POLICY—PETRO-CANADA INTERNATIONAL

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 18, the Honourable Orville H. Phillips asked a question regarding Petro-Canada International. He asked if that entity would be participating abroad on an equity or on a loan basis in the development of energy sources. He also asked what method Petro-Canada International will use to raise the necessary funds.

The National Energy Program contained a major new initiative to aid developing nations in new energy projects. Petro-Canada International will be established to explore for sources of petroleum only in developing areas where multinational oil companies are often unwilling to invest. Petro-Canada International will also seek joint venture activities with other state-owned oil companies and discussions have already taken place with such companies in Mexico and Venezuela in connection with a major joint effort to assist petroleum development in Latin America and the Caribbean.

Some $250 million has been allocated for this company, including some $50 million for equipment acquisition and start-up costs.

Money for the account of Petro-Canada International will be in the form of grants in the budget of the Department of Energy, Mines and Ressources, and will be made available under terms and conditions yet to be defined. Proposed expenditures will be subject to approval by the Governor in Council.

• (1440)

NEWFOUNDLAND

PROVINCIAL ECONOMY—CONTROL OVER NATURAL RESOURCES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on November 24, 1980, concerning transmission of Newfoundland power through Quebec and the possible involvement of the Quebec government in discussions between officials of the federal government and the Newfoundland government.

Honourable senators, in view of the interest that the Quebec government has in this matter, it is the duty of the federal government to ensure that all parties, including Quebec, take part in these important discussions.

FEDERAL-PROVINCIAL RELATIONS

NEWFOUNDLAND—TRANSMISSION OF ELECTRICAL ENERGY THROUGH QUEBEC

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 25 last I tabled a copy of a letter from the Prime Minister of Canada to the Premier of Newfoundland, respecting the transmission of Newfoundland electrical energy through Quebec, which prompted questions from Senator Doody and Senator Roblin.

The letter mentioned meetings between federal and provincial officials, and Senator Doody asked if steps had been taken towards arranging such meetings. I am pleased to inform Senator Doody that steps have already been taken to get those meetings under way. It is now a matter of fixing a date that is satisfactory to both parties.

Senator Roblin asked whether it is the policy of the federal government to await the disposition of the lawsuit that is now before the courts with respect to Newfoundland's claims concerning the exportation of electricity through Quebec before it can accept the proof that it requires in order to act.

Honourable senators, it is not the policy of the federal government to await the disposition of the lawsuit before it can accept the proof that it requires.

IRISH MOSS

QUESTION ON ORDER PAPER

Hon. Heath Macquarrie: Honourable senators, in the realm of delayed answers, I do not want to appear ungrateful or negative, and certainly I am not impatient about the question I asked about five weeks ago, but I wonder if at some time soon the leader could get me an answer to my question of last May.

Hon. Raymond J. Perrault (Leader of the Government): Is that about Irish moss?

Senator Macquarrie: Yes, Irish moss.

Senator Perrault: The question is gathering moss. That is all I can suggest, but I understand that the preparation of a reply is near completion.

Senator Macquarrie: I was wondering who, in fact, was gathering the moss, but I will let that go.

THE ECONOMY

THE BUDGET—REDUCTION OF OIL EXPORT TAX—BENEFITS TO SASKATCHEWAN AND ALBERTA

Hon. Sidney L. Buckwold: Honourable senators, with respect to the delayed answer to the question I asked about the refund of 50 per cent of the export charge revenue to the Province of Saskatchewan, I am delighted, first of all, with the response of the Leader of the Government, but I just want to get the figures straight. I did not quite follow them. Is it correct to say that the Province of Saskatchewan in 1981 will receive a refund of $300 million as a result of the new federal policy on energy? Would I be correct in saying that to the people of Saskatchewan? I know they will be delighted to get that news.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am pleased to read again from the statement which I have been given by the minister responsible for the program:

> Total revenues from these exports from the two provinces could be approximately $740 million, of which about $300 million could accrue to Saskatchewan—

Senator Buckwold: Just so I get it straight, would the "total revenues" be the 50 per cent, or the total revenue which the federal government is collecting? I do not want to go and brag to the people of Saskatchewan about our government unless I have the facts right.

Hon. Jacques Flynn (Leader of the Opposition): You have no occasion to do that.

Senator Perrault:

> Current forecasts place heavy crude oil exports in the range of about 90 million barrels per day in 1981.

Senator Buckwold: That must be for a year?

Senator Perrault: I meant to say "90 thousand barrels", senator—or something like 33 million barrels a year.

> Total revenues from these exports from the two provinces could be approximately $740 million, of which $300 million would accrue to Saskatchewan with $70 million going to Alberta.

That would be $300 million a year for the great province of Saskatchewan.

Senator Buckwold: I think that is really good news, and I would suggest to the Leader of the Government that the advertising campaign of the Government of Canada regarding energy in the province of Saskatchewan, at least, should be directed to the fact that people are going to benefit to the extent of almost $1 million a day.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I hope there is no advertising campaign.

Senator Flynn: Even if it is not entirely true, they will say it.

Senator Perrault: May I add that this is a proposal which had not been proposed by the previous government, and it is particularly good news for the people of the western provinces.

Senator Flynn: True or false.

INCOME TAX CONVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Henry D. Hicks moved the second reading of Bill S-17, to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, in April of this year I moved the second reading of Bill S-2, which had to do with the ratification of tax conventions between Canada and 11 countries. The bill was subsequently passed and now rests in committee in the other place where it has not been dealt with because, as I understand it, some members of the other place are fearful of the inclusion of Liberia, which they suggest may be a tax haven. Now, I make the same motion with respect to tax agreements—or tax conventions, as they are called in this document—between Canada and Australia and Canada and New Zealand. In both cases they update agreements that already exist between Canada and these two countries.

Honourable senators, the purpose of this bill is to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax. In addition, the bill provides that the Governor in Council may, subject to a resolution of Parliament, give effect by order in council to any supplementary convention.

At the time of tax reform, Canada had tax treaties in force with 16 countries, including Australia and New Zealand. The treaty with Australia was signed in 1957, and the one with New Zealand was signed in 1948. There are now 24 such treaties, and it is expected that many other countries will be added to that list.

You will note, if you compare these figures with those that I referred to in April, that they are the same, because the 11 countries that we hoped to deal with in April have not yet been dealt with.

As in the case of similar tax treaty legislation approved by Parliament in the past, this bill contains a part which deals with supplementary conventions. That is Part III of the bill, which is designed to ensure that the tax treaties can be kept up to date when there are changes in the tax systems of Canada and the other countries. The mechanisms provided for under this bill are similar to those agreed to previously.

The two tax treaties under review follow the general pattern of the treaties concluded with other countries after tax reform. They also follow, to a large extent, the format and language of the Model Double Taxation Convention, prepared by the Committee of Fiscal Affairs of the Organization for Economic Cooperation and Development—OECD.

The treaties generally provide that dividends can be taxed in the country of source at a maximum rate of 15 per cent. A general rate of 15 per cent is also provided for in the case of interest originating in one country and paid to a resident of the other country. With respect to royalties, the treaty with Australia provides for a general rate of 10 per cent, and the one with New Zealand provides for a rate of 15 per cent.

The only limitations provided for under the old agreements were 15 per cent in the case of dividends with Australia, and an exemption for copyright royalties with both Australia and New Zealand.

The provisions of the treaties relating to capital gains preserve the right of the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies.

Contrary to other tax treaties concluded by Canada, the treaties with Australia and New Zealand do not contain an article on non-discrimination. It is those countries' firm policy not to include such an article in their tax treaties and, as a matter of fact, the existing agreements already reflect their position.

With respect to teachers—I dealt with this in the spring—no special concession for teachers from abroad is included in the tax treaties. The reciprocal exemption now granted teachers, under both the Australian and New Zealand agreements, will consequently be terminated, as have similar agreements with other countries in the more recent conventions that we have arrived at.

Under the existing agreements, pensions and annuities are taxable only in the country where the recipient resides. Under the new conventions, Canada has preserved its right to tax pensions paid to residents of the other countries. In the case of New Zealand, there is, however, a special provision whereby that right will be exercised only if the pension paid in a year exceeds $10,000. The country in which the recipient of the pension resides retains its full taxing powers.

Double taxation of foreign source income of Canadian residents is alleviated by way of a foreign tax credit. In addition, an exemption is granted for certain dividends received from a foreign affiliate of a Canadian company. In order to promote the flow of capital and investment, the tax treaties also ensure that proper relief will be granted in the other countries in respect of taxes paid in Canada.

On balance, the terms of the tax treaties provide an equitable solution to the various problems of double taxation existing between Canada and these two countries.

Honourable senators, I commend this bill to the favourable consideration of this house.

On motion of Senator Phillips, debate adjourned.

• (1450)

STATUTE LAW AMENDMENT PROPOSALS

REPORT OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on the document entitled: "Proposals to correct certain anomalies, inconsistencies, archaisms or errors and to deal with other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970", which was presented yesterday.

Hon. Richard A. Donahoe moved that the report be adopted.

He said: Honourable senators, I am very relieved to have finally picked the appropriate spot in the proceedings of this house when I should speak to this report. I have a few words to say with respect to it, but most honourable senators are more familiar with what goes on in this connection than I am.

We are concerned with, in effect, a number of proposed amendments to a wide variety of statutes which are put forward, not in the form of a bill but in the form of a proposed bill, and which were submitted for consideration to a committee of the other place, and subsequently submitted for consideration to the Standing Senate Committee on Legal and Constitutional Affairs. They were submitted on the basis that if any one member of either of those committees raised a substantial objection, or any objection that he or she considered substantial, the proposed amendment would accordingly be deleted. If, as and when there are some surviving sections that are approved by both committees, it is my understanding that a bill will be brought forward which will probably rejoice in the name of the Miscellaneous Statute Law Amendment Act, 1980.

Senator Flynn: Or 1981.

Senator Donahoe: It took our committee three or four hours of minute and exacting examination of these provisions to come to the conclusion that we could report this document back and recommend its acceptance by the Senate. We did delete two sections, and there were also two sections deleted by virtue of the action of the committee in the other place. However, there were four sections added dealing with four other acts—The Adjustment of Accounts Act, the Canada

Elections Act, the Copyright Act and the Lord's Day Act. There were amendments to each of those acts which were submitted to us, and which we approve and recommend for acceptance by this house, but which will, in due course, have to be returned for consideration by the committee in the other place, because they have not yet been considered by that committee.

I am sure no one wants me to go into any great detail respecting any of these amendments, either the added ones or those included in the original proposal. However, there is one that interested me, namely, the amendment to the Copyright Act. It is a provision that would make it easier for copyrighted works to be copied for distribution to the blind and the handicapped without interfering with the rights of the copyright holder. It may be done with the consent of the copyright holder, but, that consent having been given, the copyright holder does not thereby in any way forfeit his protection against other persons wishing to copy his works, which he would forfeit if the law is not amended as it is proposed in this action.

Honourable senators, those are my comments, and I ask the Senate to adopt the report.

Hon. W. M. Benidickson: The honourable senator made reference to the fact that disapproval by a single member of either house of a proposal would be sufficient to have it deleted from the proposals before the two committees. What is the justification for and philosophy behind the idea that one member could prevail in such a situation?

Senator Donahoe: It is a little difficult for me to say what the justification is, because it is reported to me as being a practice that has grown up in this house over some period of time. The purpose of the procedure is to gather together in one place, and to deal with subsequently in one bill, a number of amendments that would otherwise cause a multiplicity of bills to be put forward. The type of amendment that is accepted for inclusion under this procedure bill is one that has the effect of removing an archaism or of clarifying a typographical or other patent error in the statute itself.

It is intended that these should not be ones that effect substantive change in the law. If one member of a committee feels that those who selected the amendment for consideration are attempting to bootleg in an amendment which, in effect, makes a substantive change, then it is felt this is not a proper kind of amendment to be included, but is rather the type of amendment that should be moved as an amendment on its own. Accordingly, it does not belong here and therefore consideration of its inclusion should be dropped, and those attempting to promote it can proceed in the ordinary way.

Senator Benidickson: I should have either known that or appreciated that that would be the reason.

Senator Flynn: These are non-controversial matters.

Hon. Louis-J. Robichaud: I have heard that question and the answer. As a member of the Standing Senate Committee on Legal and Constitutional Affairs I asked the very same question that Senator Benidickson has asked. I asked it in the corridors, and the answer I received was that this legislation would come in the form of a private member's bill, which requires unanimity. That is why, if any member of either house objects to any portion of the entire bill that will be submitted, the whole thing can fall apart. The fact is, because it is going to be a private member's bill, that it requires unanimity.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in speaking in support of Senator Donahoe's motion, I want, on behalf of members on this side of the house, to thank him and his committee for the careful work they have done. There is, perhaps, an analogy to a private bill, but I think Senator Donahoe's explanation is the more accurate one. The kind of amendment dealt with here is, for example, whether a comma has been omitted or whether there has been a typographical error—matters that are clearly just housekeeping.

Senator Flynn: Non-controversial matters.

Senator Frith: Exactly. As Senator Flynn points out, even in the title they are called non-controversial. They are pure housekeeping matters. So, if anyone says, "I am sorry, I don't think that is a housekeeping matter," the proposal is removed and the committee proceeds with unanimously accepted housekeeping, non-controversial items.

Nonetheless, the document still requires a lot of painstaking work on the part of the committee. Therefore, I do not want this explanation to indicate anything but our gratitude to the committee, under the chairmanship of Senator Donahoe, acting during the absence of Senator Goldenberg, who is a member of the Special Joint Committee on the Constitution, for its swift and efficient treatment of this important, even though non-controversial, document.

Senator Donahoe: I should like to make one observation in response to what the Deputy Leader of the Government has said. In fact, during the consideration of this document, two sections were deleted by each of the two committees, so we did follow that practice in this case. In those instances representation was made that something beyond ordinary housekeeping was implied.

Motion agreed to and report adopted.

• (1500)

NORTH ATLANTIC ASSEMBLY

TWENTY-SIXTH ANNUAL SESSION, BRUSSELS, BELGIUM—INQUIRY

On the Inquiry of Senator Bonnell:

> That he will call the attention of the Senate to the Twenty-sixth Annual Session of the North Atlantic Assembly, held at Brussels, Belgium, from 14th to 23rd November, 1980, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

Hon. Paul Yuzyk: Honourable senators, the inquiry standing in the name of Senator Bonnell is for December 10. I wish to speak to this inquiry but I will not be here on that date. I discussed the matter with Senator Bonnell, and he agreed that the inquiry could be brought forward to December 9, at which time I could speak to it. His speech will then follow.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until Tuesday, December 9, 1980, at 8 p.m.

APPENDIX

(*See p. 1366*)

THE ESTIMATES

REPORT OF THE STANDING SENATE COMMITTEE ON NATIONAL FINANCE ON THE ESTIMATES LAID BEFORE PARLIAMENT FOR FISCAL YEAR ENDING MARCH 31, 1981

December 4, 1980

The Standing Senate Committee on National Finance to which the Estimates laid before Parliament for the fiscal year ending March 31, 1981, were referred has in obedience to the order of reference of Tuesday, April 29, 1980, examined the said Estimates, and reports as follows:

The Committee was authorized by the Senate, as recorded in the *Minutes of the Proceedings of the Senate* of April 29, 1980, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1981".

WITNESSES

The Committee made a general examination of the Estimates as tabled, and heard evidence from the Honourable D. J. Johnston, President of the Treasury Board and from the following officials of Treasury Board: Mr. J. L. Manion, Secretary; Mr. L. J. O'Toole, Assistant Secretary, Program Branch.

In addition, the Committee met with the following witnesses:

Department of Finance	Dr. I. A. Stewart, Deputy Minister
Bank of Canada	Mr. G. K. Bouey, Governor
Department of Transport	Mr. J. Charron, Assistant Deputy Minister, Coordination
	Mr. N. G. Mulder, Assistant Deputy Minister, Strategic Planning
	Mr. R. J. Marsham, Deputy Administrator, Canadian Surface Transportation Administration
C. D. Howe Research Institute	Mr. Carl E. Beigie, President and Chief Executive Officer
	Dr. Wendy Dobson, Senior Economist
Royal Bank of Canada	Dr. E. P. Neufeld, Senior Vice-President and Chief Economist
Department of Energy, Mines and Resources	Mr. M. A. Cohen, Deputy Minister
	Mr. Ross Toombs, Senior Advisor, Energy Policy Coordination
Alberta Gas Trunk Line Company	Mr. S. R. Blair, President and Chief Executive Officer
Shell Canada Limited	Mr. C. W. Daniel, President and Chief Executive Officer
	Mr. Z. Peter Pokrupa, Consultant Economist
Government of New Brunswick	Mr. Arthur C. Parks, Deputy Secretary to Cabinet, Economic Policy, Cabinet Secretariat
	Mr. J. P. Blanchard, Deputy Minister, Commerce and Development
	Mr. F. J. Arsenault, General Manager, Community Improvement Corporation
Department of Finance	Mr. Gérard Veilleux, Assistant Deputy Minister
	Mr. J. H. Lynn, General Director, Federal-Provincial Relations Division
Department of Regional Economic Expansion	The Honourable P. De Bané, Minister
Conference Board of Canada	Dr. James Nininger, President
	Dr. Peter Gusen, Director, Provincial Economic Forecasting
	Dr. Thomas Maxwell, Vice-President and Chief Economist
Ministry of State for Economic Development	The Honourable H. A. Olson, Minister

OVERVIEW

The Main Estimates for 1980-81 amount to $59,013 million. Of this amount $57,861 million are for budgetary items and $1,152 million are for non-budgetary items that is loans, investments and advances. Statutory requirements amount to $34,075 million and non-statutory amount to $24,938 million. Of the total budgetary Estimates, $24,310 million represents funds for which Parliament is asked to provide new authority.

However, Honourable Senators should be aware of the following comments by the Honourable D. Johnston, the President of the Treasury Board:

> At the time of tabling I indicated that these estimates were prepared on the basis of the economic and policy assumptions of the previous government and had not been modified to reflect the policies under development by this government. Given the time required for the technical revision of estimates of this complexity, the government could not have completed the formulation of its own policies and programs without an undesirable delay in the tabling of the estimates.
>
> The government has refined its spending plans for 1980-81 since the Main Estimates were tabled. In the October 28 budget, my colleague, the Minister of Finance, set out the new expenditure plan that incorporates these policy and program changes as well as more up-to-date economic assumptions. Some of these changes were reflected in Supplementary Estimates (B) which I tabled on November 5th, and others will be included in future Supplementary Estimates.

PRESENTATION OF THE ESTIMATES

The President of the Treasury Board has informed this Committee that the Treasury Board Secretariat is in the process of developing a new format for the presentation of the Main Estimates. These recommendations spring from the Committee's view that the Estimates must present not just an enumeration of the government's spending intentions but should place them in a meaningful context. The presentation should facilitate the general public's and parliamentarians' understandings of the overall impacts of the government's plans in the context of the medium term needs and conditions of the nation.

In our ongoing examination of "Government Policy and Regional Disparities", we have come to appreciate in particular the diverse nature of Canadian society and the Canadian economy. Therefore we feel that any revised presentation of the Estimates should include brief, summary analyses indicating the relative regional impacts of federal government spending initiatives. We do not here suggest that this type of summary evaluation could be perfect or totally comprehensive; we recognize that such is technically impossible. Nor do we seek what has popularily come to be known as a 'balance sheet of Confederation'. The sum total of the benefits of Confederation cannot be summarized in the strict accounting terms of government expenditures. We do however hope that by displaying in a compact, comprehensible form the government's spending plans on a regional basis, we, our fellow parliamentarians and the public at large might be more sensitive to and aware of the government's programs in terms of the implications for regional and national economic conditions and prospects.

In a parallel line, we recomend that any revised presentation of the Estimates include an expanded evaluation of the Estimates according to function. In particular, we would like included a summary display of government expenditures aggregated according to which major sector of the economy—e.g. manufacturing, agriculture, tourism—is affected by the expenditure. Once again we recognize that such an exercise can not be performed to the complete satisfaction of everyone, and that at best the results will be reasonable approximations. Nevertheless, we feel that such information is vital to our understanding and assessment of the direction and implications of government expenditure policies.

THE MEDIUM TERM ECONOMIC ENVIRONMENT

In our examination of the Main Estimates, we have attempted to understand the economic within which the government's policies, represented by these Estimates, will function. While we have no pretence of being crystal ball gazers, we would like to review Canada's medium term prospects, and the factors we have been told will prove most significant.

THE OUTLOOK

The past decade has been a disillusioning one for most Canadians. The rose coloured bubble of the fifties and sixties, which featured strong productivity and real output growth, and, in retrospect, moderate inflationary pressures, burst in the early years of this decade and left us with a residue of uncertainty and distrust. Based on the comments of our witnesses, we see little that is likely to rinse away this residue. The Economic Council, for example, could muster just 'two cheers' for the eighties. The Deputy Minister of Finance, Dr. I. Stewart commented on the 1980's prospects as follows.

> By our historical standards, average real growth between 3% and 3.5% is low, but by the decade of the eighties standards is the kind of real growth that we are going to see worldwide. Nonetheless it is not sufficient real growth to make major incursions on the rate of labour force utilization, and therefore is associated with the prolongation of rather severe unemployment rates. (2:10)

Despite this apparent pessimism, we remain convinced that the conclusion this Committee reached in 1971 is valid today:

> There is no simple solution to the problem of economic management, but government does possess powerful policy tools for stabilizing the growth of the economy, and important improvements can be made in the use of these tools.

In order to utilize the policy tools effectively, a clear recognition and understanding of the goals and the factors operating in our economy is essential. We would like in this report to review some of these factors.

ENERGY

The energy situation which continues to haunt the world economy has been a constant factor mentioned by every witness appearing before us. We recognize that by now the subject is familiar to all, and therefore we will not proceed to discuss the matter at length. We would however like to note the enormous impacts that energy price increases will have on the Canadian economy, the inflationary pressures, the weakened growth potential as existing machinery is made obsolete, the hardships imposed on low wage earners and those on fixed incomes, and the redistributions of incomes from energy consuming to energy producing sectors and regions. While the Canadian economy and Canadians must adapt to the realities of the new energy world of the eighties, we should not lose sight of our opportunity as a relatively energy rich nation to utilize our comparative energy advantage in order to facilitate our general economic development. And above all, we must accept the enormous demands placed on all of us to ensure the energy security of future generations.

INFLATION

The energy impacts and pressures are ubiquitous; they influence all facets of our future, and in some respects dominate completely. But we must not be blinded by this energy veil. Other problems also contribute to the challenge of our future. Inflation remains one of the biggest concerns for our economy and our economic policies over the next decade. We agree with the Governor of the Bank of Canada that the rate of inflation cannot be reduced rapidly without serious economic disruption except over a period of years. But we are now concerned by the risk that not only will the rate of inflation not be reduced, but rather that it may in fact increase, and of itself cause major economic disruptions. The Canadian economy will be vulnerable to a number of inflationary sources over the course of the coming decade. In particular, international prices are expected to continue to rise so that import sources will continue to exert upward influences, and domestically, we will have to absorb the impacts of higher energy prices. If we allow these higher energy and international prices to become incorporated into a higher Canadian inflation rate, we will all be losers.

We have noted our general agreement with the views of the Governor of the Bank of Canada with respect to the difficulty of dealing with the inflation problem. We would also like to express our general agreement with the Bank's overall policy position. In 1971, this Committee expressed the following recommendation with regard to monetary policy:

> The Bank of Canada cannot operate monetary policies on the basis suggested by some monetarists. It must be concerned with such important matters as interest and exchange rate levels, liquidity and the financing of federal government debt. However, it should give more relative emphasis to steadying the growth of the money supply and it should guard against a tendency to be overly reactive to short term indicators.

While we continue to endorse the thrust of this recommendation, and hence we accept in general terms the Bank of Canada's current gradualist approach to the control of the money supply, we are concerned by the apparent intractability of inflation. We would therefore urge the Governor of the Bank of Canada to consider lower future bounds for the rate of growth of the money supply. Given the likelihood of unavoidable price increases in certain segments of the economy such as the energy sector, there is a real danger that further lowering of the bounds will cause a major reduction in output with its consequences for employment. However, in light of the present rates of price and wage increases; the virulence of expectations of continuing inflation and the concommitant speculation that is raging in certain areas of the economy, it is essential that stronger action be taken to reduce the growth of the money supply.

GOVERNMENT DEFICITS

The current monetary policy of the Bank of Canada is in our view an important element in the effort to control inflation. This policy is, however, not without implications for other aspects of the economic policy. In particular, as the Bank of Canada continues to restrict the rate of growth of the money supply, the impacts on financial markets of the federal government's continued deficits become more important, and possibly deleterious to Canadian growth. Government deficit financing adds greater pressures on interest rates and Canadian capital markets; productive investments may be crowded out, and the pace of economic growth slowed. Moreover, the continuing deficits increase the government's debt position, and thus lead to increases in the already substantial costs of servicing this debt. For the information of honourable senators, we would like to note that in the Main Estimates 1980-81, these debt service charges are estimated to be $10.275 billion dollars, 19.5% above the charges for 1979-80, and some 17.8% of total 1980-81, tabled Estimates. These large debt charges, in this period of a fiscal restraint, may be crowding out needed government expenditures in other areas, as well as contributing to the difficulty of reducing the existing deficit. We note in this regard the October 28 budget forecast of the Minister of Finance which projects continuing increases in the public debt charges such that by fiscal year 1983-84, these charges amount to more than twice the projected federal deficit.

POTENTIAL GROWTH

Dr. Ian Stewart claimed that, due to developments over the past decade, economists have been forced to revalue downwards their estimates of potential labour force growth, the potential growth of the stocks of machinery, equipment, and facilities, and overall Canadian productivity growth. Therefore, Canada's estimated potential economic growth for the 1980's has been reduced. We believe that this is a most serious and unwelcome development. But we also believe that by looking at the root causes of the problem, changes for the better may be possible.

(1) LABOUR FORCE

We realize that the slower growth of the population will impose certain restraints on the rate of our potential growth. However, we are concerned that our economic potential is reduced by the rate of growth of the labour force while simultaneously relatively high rates of unemployment are tolerated, and called 'natural'. We believe that the government should begin immediately to discuss and develop policies which will serve to reduce this 'natural rate of unemployment', with due and explicit consideration given to any social ramifications of such policies. In this regard it is important to reduce the "natural rate of unemployment" by structural changes such as training, mobility and unemployment insurance eligibility regulations and not by demand policies which will not reduce the "natural rate of unemployment" and only serve to increase inflation. Moreover, the government should closely monitor situations whereby growth in healthy industries may be blocked by the retention of employees in industries which, without substantial government intervention, would be declining in size. We would suggest as well, that, if applicable, immigration levels might be increased when, despite the above efforts to reduce the natural rate of unemployment, Canadians are not available at reasonable Canadian wage levels to fill new positions.

(2) INVESTMENT

We have already expressed our concern that the federal fiscal deficit might be crowding out some productive investment. We have other concerns as well about the state of investment markets. In particular, we are concerned that the demands placed on Canadian financial markets by the massive energy projects, about which we have heard so much, will make the financing of investments in other areas of the economy very expensive, and difficult. These investments are essential if Canada is to grow, if our productivity is to increase, and if we are to become and remain more internationally competitive. No easy solution to this problem suggests itself. Clearly we can make some progress by reducing the government deficit, but we can also consider the need to schedule very carefully our investments in certain major energy projects so as not to force non-energy investments to one side. We should be mindful that many industries will require substantial investments in new machinery, equipment, and technology simply to adapt to the new higher energy price world. The capital needed to make these adjustments must be assured.

(3) PRODUCTIVITY

Productivity performance has, in the past decade in Canada, not been in keeping with international nor our own historic norms. There are many valid reasons for the performance, reasons which are not reflections of inadequacies on the part of the Canadian people, industry, or government, including such factors as weak international growth and the growth of the demand for services which traditionally are plagued by low measured rates of productivity. But other factors, inefficient regulations, inadequate levels of investment in new equipment and technology, insufficient development of manpower skills, and slow responses to changing world market conditions must also bear part of the blame. We recognize that, even to the economic experts, much of the story of the past productivity performance remains somewhat of a mystery. But we also recognize that productivity growth is essential for increased real incomes in Canada and to our continuance as a leading international economy. The productivity performance projected in the recent budget for the next five years cannot be allowed to extend into the latter half of the decade. We strongly recommend that the government begin immediately a major undertaking to discover and implement long term measures necessary to improve our potential real economic growth through improved national productivity.

CONCLUSION

To summarize, the next decade will present both challenges and opportunities to the Canadian economy. We recognize the massive challenges to our economy and our country of the new energy realities, and we see all too clearly the risk of increased and debilitating rates of inflation. But we see as well the great potential of which this country is possessed, and we believe that given our best efforts and policies, this potential can be achieved. The effort to reach our national potential must be based on the achievement of the potential of all of the regions of Canada, a goal which has eluded us since Confederation. It is the intention of this Committee to continue its examination of the problems of "Government Policy and Regional Disparities", and to seek ways to achieve regional fulfillment in a national context. We welcome the continued interest and participation of all members of the Senate.

In closing this report, we would like to express our greatest appreciation to all of the witnesses who have met with us over the course of our hearings.

Respectfully submitted,

D. D. EVERETT,
Chairman.

THE SENATE

Tuesday, December 9, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate of changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of messages, see today's *Minutes of the Proceedings of the Senate.*)

PRIVATE BILL

GENERAL SECURITY INSURANCE COMPANY OF CANADA—BILL TO AMEND AND REPEAL AN ACT TO INCORPORATE—FIRST READING

Hon. Maurice Lamontagne presented Bill S-18, to amend and repeal an act to incorporate General Security Insurance Company of Canada.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Senator Lamontagne: Honourable senators, with leave of the Senate, I move, seconded by the Honourable Senator Denis, that this bill be read a second time now.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it would probably be better if the second reading of this bill were set down as the first item on today's Orders of the Day.

Senator Lamontagne: This evening?

Senator Flynn: Yes, later today, but as the first order.

Senator Lamontagne: Honourable senators, with leave of the Senate, I move that this bill be read the second time later this day.

The Hon. the Speaker: Is leave granted honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (2010)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government), for Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Benidickson be substituted for that of the Honourable Senator Laird on the list of senators serving on the Standing Senate Committee on Internal Economy, Budgets and Administration.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, perhaps I should explain the reason for that motion, not so much to justify it as to give honourable senators news of our colleague, Senator Laird, who has been ill this fall. I believe honourable senators have received a note suggesting where they might write to him and send their best wishes.

I have been speaking to his son who tells me he is in hospital, and it is hoped he will be able to join us after Christmas.

Senator Laird is a former chairman of the committee we are now concerned with and, of course, Senator Benidickson is a former long-standing member of the committee. It is for that reason we thought that Senator Benidickson, who has also been ill but is now with us again, should serve the place of Senator Laird.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA DEVELOPMENT CORPORATION

REDUCTION OF GOVERNMENT'S SHAREHOLDING

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I originally intended to ask a question of the Minister of State for the Canadian Wheat Board, but I see he is not with us at the moment. Consequently, I will ask the Minister of State for Economic Development a question about the Canada Development Corporation. The original plan under the Canada Development Corporation was that the government's shareholding, which I think now amounts to 49 per cent, was, over the course of time, to be reduced to 10 per cent. Is this still the policy of the government, and, if so, when does he expect to give effect to it.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall have to take that question as notice. If a decision has been reached as to when some of the shareholding will be offered privately to the public, I will try to bring that information back to the chamber quickly.

Senator Roblin: While my honourable friend is looking into that matter, could he also inform the Senate whether the undertaking, which I believe was given by the Prime Minister to the Canada Development Corporation, that the government would not interfere in the corporation's affairs, still holds good?

Senator Olson: I can take that part of the question as notice too, but I would think that, yes, that is still the obligation of this government.

Senator Roblin: I am anxious to receive the information because I have seen a number of press reports that the Minister of Industry, Trade and Commerce is studying possible ways and means of changing the operation of the CDC so that it may play a role in the manufacturing sector similar to that played by Petro-Canada in the energy sector. It seems to me that if that policy change is being contemplated, the chances of the undertaking holding good on the two points I previously mentioned are probably in question.

I really want to find out what the government's intention is on this matter because I notice that, according to press reports, Mr. Hampson, the head of the CDC, is quoted as saying that he has heard nothing from the minister in question with respect to new plans for that corporation. Would the minister take all that into account when replying to my question?

Senator Olson: I will take that all into account. However, if my honourable friend is seeking an assurance that we are not contemplating anything, the position is, and always has been, that when some changes are to take place, announcements will be made.

● (2015)

Senator Roblin: Honourable senators, I appreciate the point my friend is making. I am really not asking for any speculation, but for a statement on the government's policy with respect to its shareholding in the company, and with respect to the Prime Minister's undertaking and other matters. As my honourable friend is quite aware, the stock in this company is also held by the general public. We have all these newspaper reports about the future of the Canadian Development Corporation, and it seems to me that the government should come clean and let us know what it intends to do.

Senator Smith: It probably doesn't know itself. You are asking a lot.

Senator Roblin: I appreciate that, but I think my honourable friend opposite may have trouble answering in the near future with respect to this matter.

THE CONSTITUTION

DATE OF PATRIATION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government about the Special Joint Committee on the Constitution. Recent statements have been made by the Prime Minister to the effect that he still holds to July 1, 1981, as the date by which all matters before the committee, including the patriation of the Constitution, will be finalized. I ask the leader if this is indeed the government's intention, and, if so, does the Prime Minister intend to adhere to it whether or not the cases now before the courts are reported by that time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government is still hopeful that the original time-frame targetted by the Right Honourable the Prime Minister can be met. If there is any change, parliamentarians will be advised in due course.

Senator Roblin: That is really not the thrust of my question, as I think my honourable friend appreciates very well. The thrust of my question is: Does the government intend to adhere to that date, regardless of whether or not the applications before the courts are dealt with by that time?

Senator Perrault: Honourable senators, the balance of the question will be taken as notice.

[*Translation*]

FOREIGN AFFAIRS

POLAND—MASSING OF RUSSIAN TROOPS ON BORDERS—THREAT TO WORLD PEACE—GOVERNMENT POSITION

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government. The Canadian people are very concerned about the situation in Poland. The Polish people have opposed passive resistance to the government by creating independent labour unions, but we now learn that the Russians are massing troups along the borders and are getting ready to invade the country.

I would like to know what diplomatic action Canada has taken to communicate the opinion of Canadians to the Soviet Union and what discussions are going on in NATO at the

present time concerning this sensitive situation. Are we going to stand by and let the Soviet Union invade Poland as it invaded Czechoslovakia? Are we going to watch the Polish people be slaughtered and do nothing? Are we going to take serious diplomatic action to let the Soviet Union know that an invasion of Poland would be considered as an act of aggression which could bring about retaliation from the member countries of NATO? Or are we once again going to stand passively by and witness a repetition of what happened before in Czechoslovakia?

● (2020)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question asked by Senator Asselin is an important one, and the implications for the entire world of a possible conflict involving the Polish people would be very serious, indeed possibly catastrophic, for all of us.

A number of statements have been made by spokesmen for this nation, including the Right Honourable the Prime Minister. The Secretary of State for External Affairs, the Honourable Mark MacGuigan, stated in the House of Commons on December 4, 1980, the following:

> Madam Speaker, we are in close touch with our summit partners concerning this problem . . . The problems of Poland are for the Poles to solve and not for any other country. We have stated publicly on many occasions in the last number of weeks and months—we stated this clearly to the Soviet government—that the problems of independent countries of the world are to be solved by those countries and not by the Soviet Union.

The Right Honourable the Prime Minister stated in the House of Commons also on December 4, 1980, the following:

> We would not like to see a repeat of the situation at the time of the Afghanistan invasion by the Soviet Union when most Western nations acted on their own to condemn that invasion and to indicate that they were not only opposed to the invasion but that détente was severely threatened, that they would take various measures to protest that invasion. The Right Honourable Leader of the Opposition was then Prime Minister and I do not have to remind him that we succeeded less in showing our condemnation of the Soviet Union than showing the extent to which the Western nations were divided, whether it was over the Olympics, the grain boycott, or the interruption of visits and of détente with the Soviet Union.

He went on to say:

> In this very serious time for the peace of the world we in Canada do not care to show again that kind of division which existed . . . We are hoping that the Western nations will be able to react in a more united way to this very serious threat.

He went on to say:

> —I have been in personal meetings with at least three of the leaders of the Western nations and that I have been in contact by personal correspondence with the others.

[*Translation*]

Senator Asselin: On a supplementary. I certainly appreciate the remarks just made by the government leader in the Senate concerning this situation. However I am under the impression that Canada has not taken and does not take seriously the action taken by the Soviets in massing their troops along the border. In a press conference, the Right Honourable Prime Minister has apparently said that this was a hypothetical situation. We do not know whether or not there will be an invasion. He said the same thing about Afghanistan. But when the Conservatives were in power, we took economic sanctions against Russia. We cut back wheat shipments to that country. What has the present government done? It has merely, in the last while, increased wheat shipments to Russia. Therefore the economic sanctions we took were completely neutralized. Are we just going to sit back and wait for another Afghanistan type of situation to develop? Has the Canadian government at least advised the Soviet Union that if it invades Poland there would at least be a break in diplomatic relations between the two countries? Would economic sanctions be taken against the Soviet Union? How can the actions taken by the Canadian Parliament remain credible in the eyes of the Soviets if, following our sanctions, your government simply resumes wheat sales to the Soviet Union? Can it be taken seriously?

[*English*]

Senator Perrault: First of all, I wish to assure Senator Asselin that the supporters of the government are just as concerned with the situation in Poland as are members of his party. Indeed, all Canadians, regardless of political affiliation, are concerned about it. Secondly, this very day the Minister of Defence and Canadian defence officials and others are attending a meeting of NATO defence ministers in Brussels.

I shall undertake to obtain as complete a statement as is possible to make on the Polish situation and the outcome of today's talks. That information is not yet available but it shall be brought to the Senate just as soon as possible.

● (2025)

UNEMPLOYMENT

COMPILATION OF STATISTICS

Hon. G. I. Smith: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. Without going through all the statistics which I am sure he read today concerning employment and unemployment, I would draw his attention to the fact that it appears that while seasonally adjusted unemployment dropped, so did the size of the labour force. This indicates to me that it is very likely that many Canadians, discouraged from looking for work, have simply stopped making their desires known to the people who gather the statistics.

I am wondering if in view of the various discussions which have taken place in recent months about the methods of gathering the statistics, the government has in mind any firm policy with reference to changing the method of assembling

and correlating these statistics so as to reflect truly the number of people who are out of work.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, nobody can be satisfied with the unemployment situation which exists in this country today. No one is satisfied with the economic situation which exists throughout the world today. It is a difficult time, a time of trial for the entire world.

As far as measuring the exact number of people unemployed is concerned, there are different methods here and abroad. Some European countries, for example, measure unemployment in terms of those above the age of 21 who register as seeking work at the local employment office. That is somewhat different from Canada's labour force survey which uses random survey methods and on this basis attempts to determine all those above the age of 15 who would like to have work and who are not presently employed.

A number of other changes in the labour force have also taken place in recent years. There are many multiple-job households. Not only is the head of the family, male or female, in the work force, but so are sons and daughters. It may be that both the husband and wife are working. It is not an easy task to measure the extent of unemployment and the economic impact of that unemployment on the family unit.

I think it can be said, however, that on a continuing basis the Department of Labour and Statistics Canada attempt to devise methods and techniques to measure unemployment more accurately. In this regard, I would be pleased to bring a supplementary statement to the Senate.

Senator Smith: Honourable senators, I thank the leader for his assurances that he will bring in a more detailed answer to the Senate in the near future. I would say, however, that it seems to me from my recollection of reading the facts about this matter over many years that the government had that time to decide upon a policy or a means of more accurately gathering the information, and perhaps the leader, when he is gathering the information for his further answer, would attempt to pay particular attention to whether or not such a policy has been developed.

THE ECONOMY

FOOD PRICES—STATEMENT BY PRIME MINISTER

Hon. G. I. Smith: Honourable senators, I wish to draw the attention of the Leader of the Government to what appear to be remarks of the Prime Minister of this country very recently in a press conference to the general effect that if Canadians find it difficult to set enough on their tables to suit themselves and to give them adequate nourishment, they might very well re-order their priorities as to how to spend their money. In this respect I would like to ask the Leader of the Government what policy the government has now in place to assist people to make this very difficult choice.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the matter of statistics was the subject of the honourable senator's previous question.

[Senator Smith.]

The method of assessing unemployment is continually being updated, assisted to a very large extent by the increasing application of computer science to the task of measuring unemployment. But there are still apparent discrepancies which exist from time to time. When one compares, for example, the number listed at the local unemployment insurance office with the labour force survey of the estimated number of unemployed, there are often differences one way or the other.

• (2030)

With respect to the remarks attributed to the Right Honourable the Prime Minister, I know the Honourable Senator Smith, with his extensive experience as leader of a provincial party, has never in his life been reported out of context. Of course, I am being facetious. I don't know of anyone in public life who at times has not suffered the problem and frustration of being quoted out of context. I suppose it is an occupational hazard.

The Right Honourable the Prime Minister did not state without qualifications that, if low-income people are suffering from inflation, they should learn to shop more sharply.

Senator Smith: I am sorry, I did not hear you.

Senator Perrault: I stated that to suggest that the Right Honourable the Prime Minister's only response to the question: "How are the poor people going to get by in this country?" was, "Well, they should learn to buy cheaper food to put on the dinner table," and so on, is really quite unfair to the Prime Minister, honourable senators. I think that all those in public life would agree.

Some Hon. Senators: Oh, no!

Senator Perrault: I suggest to you that that quotation is in the same category as that misleading remark attributed to the Prime Minister: "Why should I sell your wheat?" That remark, too, was taken out of context. It is in the same category as that statement the other day attributed to the Prime Minister that "western Canadians are being hysterical"—another remark taken out of context and misused by the opposition. And I suggest that the remark quoted by the honourable senator in this chamber is equally out of context.

Senator Smith: It amazes me that the Leader of the Government is so concerned about so many matters which have, according to his view of things, been taken out of context, but which the whole country believes were said and were meant to be said and were meant to mean what they seemed to mean.

As for this particular remark, I respond quickly to the honourable gentleman's comment about being taken out of context by saying that, like himself, I have often suffered in the past, and still suffer, from having my remarks taken out of context; but I have never circulated a transcript of my own speech containing the words complained about, and then say that I had been taken out of context. But that is what has happened in this case. That is what the honourable gentleman happens to have done.

I may have been misled since coming to this chamber some years ago, but I have supposed that when Prime Ministers of Canada, including the present Prime Minister, have caused to be circulated transcripts of speeches or transcripts of press conferences, they have done so expecting people to take them as being truthful and accurate. That is what I did.

If the honourable leader is saying to me that we cannot rely on what is circulated by the government or by the Prime Minister, then let him say so. Until he is prepared to say otherwise, I expect to treat these transcripts as being worthy of belief and worthy of comment.

Senator Perrault: Honourable senators, if there is any concern about what the Prime Minister said during his press conference, I challenge the honourable senator to place in the written record of today's proceedings every word of the Prime Minister at that press conference so that the Canadian people, starting with senators, can determine exactly what he said.

Some Hon. Senators: Oh, oh!

Senator Perrault: May I further suggest to those members of the opposition who trade in quotes out of context—those, for example, who say to westerners, "You see! The Prime Minister says that you are hysterical"—that they should allow the exact words of the Prime Minister to be inscribed in the *Debates of the Senate* so that the people of Canada can judge who is being responsible and who is being irresponsible in Parliament today. This business of pouring gasoline on the fires of misunderstanding—

Senator Flynn: Hah!

Senator Perrault: —is not to the credit of the opposition; it is not to the credit of this great and historic Conservative Party to have spokesmen indulging in that kind of verbal pyromania.

● (2035)

Senator Smith: Well, if the honourable gentleman ever expected himself to be taken seriously, he has removed any chance of that by his last words. The honourable gentleman, having been in opposition for a goodly part of his parliamentary life, knows that it is the duty of the opposition to bring these things to light.

Senator Perrault: Responsibly.

Senator Smith: Had he ever been accused of being irresponsible in bringing the sins of omission or commission of the government to which he was opposed to light, he would have risen to righteous anger and blown the house down. He would have huffed and puffed and blown the house down.

Senator Flynn: He still does.

Senator Smith: The honourable gentleman, when he hears something that he does not like, says that it is taken out of context. Well, one can cry "Wolf!" too often, and the honourable gentleman has cried "Out of context" too often tonight to allow us to take him seriously the next time he says it. I do not think we have taken him seriously at any time he has said it in the past.

I ask the honourable gentleman why it is that he has not answered my question, instead of launching into this—

Senator Perrault: What was your question again?

Senator Smith: Had the honourable gentleman paid attention to it, he would not now have to ask. My question was a straightforward one. What policy does the government have to assist people in making this choice which the Prime Minister has indicated is the right way by which they should go about dealing with inflation—namely, how are they to re-arrange their priorities in spending their money so that they can put food on the table.

Senator Perrault: Honourable senators, I am proud to be associated with a government which has initiated perhaps the best consumer information program in the entire world. If the honourable senator is having difficulty with his own household budget, I shall personally make myself responsible to equip him with certain booklets on how to budget, all produced by a Liberal government interested in consumer welfare.

Senator Flynn: Huff and puff.

Senator Smith: I am afraid all this government has produced is booklets. Booklets make a pretty poor diet. Did the honourable gentleman every try to satisfy his hunger by eating paper?

Hon. Jack Marshall: A supplementary honourable senators—

Senator Flynn: A supplementary! Haven't you had enough?

Senator Marshall: The Leader of the Government has asked that what the Prime Minister said be put on the record. At page 5446 of *Hansard* of the other place, in replying to a question from the Honourable Mr. McGrath, the Prime Minister said:

> I take it he himself knows it is a commonsense matter when you have a set budget to spend more or less of it on the aspects which are more necessary to your daily life—

I should like to ask the Leader of the Government how people on fixed and the low incomes, those on welfare, can set any priorities. After they have paid for their fuel, which takes 30 per cent of their income, their light, telephone and rent, they have nothing left for food.

In what order does the government leader suggest these people put these priorities? They are all priorities. These people just cannot live on their incomes. If my honourable friend wants to come over to my office and listen to the telephone calls from these people asking for help, he is welcome to do so.

What answer does the Prime Minister have for these people?

Senator Smith: Eat some more bread.

Senator Perrault: Honourable senators, I understand the challenges facing those in opposition. I was in opposition for ten years. However, there is a difference between responsible opposition and irresponsible opposition.

Senator Flynn: You should know all about that.

Senator Perrault: The suggestion by some members of the opposition that the Prime Minister's response the other day represents the sum total of this government's approach to the real and pressing problems facing so many Canadians is quite irresponsible. There is no question that many Canadians are living a less than satisfactory existence. That is understood. But, at the same time, as Senator Marshall has himself said, we have in place in Canada perhaps the finest veterans' program in the entire western world. This and previous "Liberal" governments have brought into being some of the world's best "human" programs, such as hospitilization and medical care, and unemployment insurance—not perfect, but as good as those anywhere.

CANADA PENSION PLAN

INVESTMENT IN CANADIAN OIL STOCKS

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for Economic Development.

In view of the stated government policy to increase the share of ownership of the oil industry from the present level to 50 per cent by 1990, can he tell us whether any thought has been given to changing the terms of reference of the Canada Pension Plan to enable its management to invest a portion of the funds in oil company stocks which have the potential of increasing in value. This is a pension plan, I might say, that the actuaries are predicting will run out of funds by the end of the century.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not think any consideration has been given to such a change. I shall take the question as notice, and try to get a detailed answer.

GRAIN

COMPENSATION TO RAILWAYS FOR MOVEMENT OF GRAIN FOR EXPORT

Hon. Martha P. Bielish: Honourable senators, my question is for the Minister of State for Economic Development.

The President of Canadian National (Rail Division) has said that decisions must be made very quickly on adequate compensation to be paid to the railways for the transport of export grain so that both Canadian National and Canadian Pacific can commence investment, which is expected to total $20 billion by 1990. This investment will allow Canada to keep pace with foreign demand for our grains.

● (2040)

Given that Canada's future ability to reliably meet its export demands depends on this investment, that Canadian industry will benefit from this considerable investment, and that the program seems conditional on government decisions, would the minister tell us when a announcement of a new compensation policy can be anticipated?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the answer is: No, I cannot give a date. I have been around long enough—not all that long, but long enough—

[Senator Flynn.]

Senator Flynn: Long enough.

Senator Olson: —to know that one should not try to predict when that kind of decision will be made, because it is a very large and, indeed, complicated set of circumstances that have to be taken into account. I can tell the honourable senator, however, that a great deal of work is now under way by the CN to increase its capacity to carry tonnage over its line to the west coast ports; and, indeed, a great deal more is already approved, such as the expansion of the necessary rail facilities to Ridley Island, for example. Some of us in this chamber had the privilege of spending a couple of days with a CN crew who showed us what is under way now in increasing significantly that capability to deliver grain to export position.

Senator Bielish: I have a supplementary question. The CN president has said that something has to be done shortly. It is all right for the minister to mention Ridley Island, increasing the capacity of grain cars, and that sort of thing, but what is being done about this? They can no longer operate on that 3 per cent that they are getting for the transport of this grain.

Senator Olson: Honourable senators, when specific projects, or a change in the structure of the compensation, are in their final stages and are ready to be announced, they will be announced at that time. I tried to review briefly some of the action that is now under way to increase that capacity, and I am sure my honourable friend knows that there are other considerations that are under active consideration but have not yet reached the stage where an announcement can be made.

ENERGY

OIL—INTERNATIONAL ENERGY AGENCY—REDUCTION IN DEMAND—DOMESTIC STOCKS

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. The International Energy Agency meeting in Paris today announced a decision on behalf of its 21 member-countries to cut demand for non-IEA oil by 10 per cent, to be achieved by relying more heavily on existing stocks.

My question is: Is Canada, having previously lost considerable credibility in the international community by agreeing to, but not adhering to, IEA decisions, now going to consider itself bound by this commitment?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall have to take that question as notice, but I reject its preamble.

Senator Balfour: Honourable senators, I have a supplementary question for the minister. In an attempt to reduce demand on OPEC oil in particular, and thereby help to keep prices down, does Canada intend to draw down its existing stocks, and, if so, what supply situation will remain, and how much of that supply, in terms of days, will be in tanks in eastern

Canada, as distinct from that in the ground in western Canada?

Senator Olson: Honourable senators, obviously that is a technical question involving technical data, which I shall have to refer to the Minister of Energy. However, he did reply to a question, not quite in that context but with respect to supplies in the inventory that is now available, and indicated that there appeared to be adequate supplies for the balance of this winter.

OIL—SECURITY OF FOREIGN SUPPLY

Hon. Richard A. Donahoe: Honourable senators, my question is directed to the Minister of State for Economic Development. Mexico last week cut in half its oil exports to Canada for December from 50,000 barrels to 25,000 barrels per day. The Mexico decision highlights the fact that while Saudi Arabia and Mexico are relatively more secure than either Iran or Iraq, neither country can guarantee a secure supply of oil to Canada. Accordingly, we have to believe that the rhetoric that has emanated from the Prime Minister's visit to the Middle East concerning negotiations of secure supply from Saudi Arabia is only so much window dressing.

My question is: Will the minister acknowledge that no foreign supply can possibly be as secure as a Canadian supply?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, to answer the first part of the preamble—

An Hon. Senator: A simple yes or no will suffice.

Senator Olson: —although it was not contained in the question, the fact is that Mexico has notified Canada, and indeed other purchasers of its crude oil, that it has invoked the force majeure provisions in its export contracts and the December deliveries will be reduced by 50 per cent.

The reasons, of course, are bad weather and technical problems, which have reduced crude oil production and seriously delayed the loading of tankers in the Gulf of Mexico. However, they have expressed the hope to have the backlog cleared up by the end of December so that deliveries in January can proceed as per the contract. I could give a lot more information on how they intend to make up for this shortfall in December before very long.

The other part of the honourable senator's question is that Canadian supplies are perhaps more secure. I would agree with that. That is why this government has given such a high priority to the development of known reserves in Canada, such as the tar sands and heavy oil, and we are committed to that, including offering to agree to a price of $38 per barrel plus escalation for that oil.

Senator Donahoe: I thank the minister for his answer, and I am pleased to hear him say that steps are being taken to provide a complete and secure supply of Canadian oil. But will the minister admit that the great priority that seems to have been assigned to a supply from so-called secure foreign sources is a misdirection of effort, and will he tell us if the government has any plans to adjust its proposed pricing and tax regimes so that the producing provinces of Canada can receive a price closer to that which we are apparently prepared to pay to foreign suppliers?

Senator Olson: The honourable senator is attempting to—

Senator Donahoe: —to get information.

Senator Olson: —mix two time frames which are not compatible. One is, of course, that we are looking in the longer term with respect to increasing the supply from Canadian sources. However, in the meantime, the maximum utilization of Canadian supply is now going into the consumer stream, and therefore there are, so far as we know, no additional supplies that can be put into the stream for the balance of this year, or, indeed, in the time frame related to the curtailment of Mexican oil coming into Canada. It remains a fact, however one wants to argue, that for some time we are going to have to import a portion of our crude oil requirements.

OIL—DEVELOPMENT OF UNCONVENTIONAL SOURCES

Hon. Richard A. Donahoe: Does the minister believe that the long-term policy that has been adopted with respect to the development of the oil sands, the prices that are being offered for the product of that portion of the oil industry, and the measures in which he takes such great pride, are at present giving signs that they are producing the results which he says they are designed to produce?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is no doubt in my mind that whatever policy is pursued between now and the end of this season, there will be no significant quantities of tar sands oil coming forward in addition to what is already going through the processing plants that are in place. There will not be a significant amount for several years. It is, however, our view that the pricing structure that has been offered for bringing that oil on stream, and into the consumer distribution system, is attractive to the extent that it ought to go forward. If my honourable friend wants to be honest and frank about this, and he knows that is not what is holding up the projects.

● (2050)

BRITISH COLUMBIA

PURCHASE OF URBAN TRANSIT SYSTEM DEVELOPED IN ONTARIO—FEDERAL CONTRIBUTION

Hon. Lowell Murray: Honourable senators, my question is for the Leader of the Government in the Senate, and it arises from the announcement by the Government of British Columbia that it would purchase an urban transit system developed by the Ontario government for greater Vancouver.

The minister will no doubt be aware that one of the major factors in that decision by the Government of British Columbia was the prospect that between $50 million and $100 million would be available from the federal government. The basis of that prospect is the statement, or a number of state-

ments, by the minister himself, in his capacity as B.C.'s representative in the federal cabinet.

In order that we may be more certain of our facts, may I ask the minister to indicate precisely how much federal assistance is being made available, and from what source it is forthcoming.

Hon. Raymond J. Perrault (Leader of the Government): First of all, honourable senators may be interested to know that Vancouver has been designated officially as the site of a major world transportation exposition in 1986, to be known as Transpo '86. It is expected that up to 160 nations will participate. On display will be the latest in world technology and Canadian technology in the field of transportation. The prospect of a world's transportation fair, officially designated as such by the world governing body in Paris—and that decision was made a few days ago—presents an unparalleled opportunity for Canada and other nations to put on display their latest transportation technology, including aeronautical, automotive, and rail, including light rapid transit vehicles, and so on.

This government is very enthusiastic about the light rapid transit technology which has been developed in Ontario. This is Canadian technology, developed by Canadian engineers and scientists—a credit to Canada. To this point, I understand that the technology has been available only on an experimental basis in Kingston. Until now, it has lacked credibility because to this time there have been no major world sales of that technology. I can report that the government has entered into conversations with the Province of British Columbia and the City of Vancouver regarding the idea of putting into practical operation for the world to see, and to test, this Canadian technology at the Vancouver Transpo '86, with a possibility of vast industrial development benefits not only for the western provinces but for central Canada and possibly the Atlantic provinces.

If an agreement can be achieved, this could be an extremely important national endeavour. As I have said, the government had been discussing with the Province of British Columbia the possibility of federal participation in putting this technology into operation in connection with Transpo '86. British Columbia has responded by suggesting that the project could go beyond a limited showcase project, that ultimately it could become a $600 million rapid transit system for southern British Columbia. The implications, in terms of jobs for Canadian workers and benefits to the economy are really quite significant. That is why the Conservative Government of Ontario, headed by Premier William Davis, has expressed its support for this project, and why Ontario has offered to provide certain guarantees for the technology.

It looks as though this project has the possibility of being yet another example of what Canada is all about; in other words, a project which would involve co-operation from all parts of Canada for the benefit of all Canadians. Ultimately, there could be the possibility of light rapid transit vehicle assembly plants in several parts of Canada, and industrial benefits of many kinds for all of Canada's regions.

[Senator Murray.]

Honourable senators, while the exact "price tag" of all of this has yet to be determined, the estimated cost of federal involvement in the "showcase" phase or first phase of this development could be in the area of between $30 million and $50 million. Beyond that, honourable senators, is the fact that between now and the year 2000—

Senator Flynn: What about the year 3000?

Senator Perrault: —there could be $20 billion spent by the nations of the world on light rapid transit. This vast market need could be met in significant measure by the new Canadian light rapid transit technology.

Senator Flynn: Just imagine what it will be in 50 years.

Senator Murray: If the minister thinks I have forgotten what the question was, he is mistaken.

Senator Perrault: You asked how much would be spent, and I told you.

Senator Murray: It may well be, as the minister said, that this project is a good example of what Canada is all about. But his answer, I suggest, is a good example of what the minister is all about.

Senator Perrault: If you are against the project, just say so.

Senator Murray: I am very much in favour of the project, and I am delighted to know that the Government of Canada is so enthusiastic, as the minister put it, about the light, rapid, comfortable, transit technology.

The Government of British Columbia is quite enthusiastic about the minister's apparent undertaking to provide between $50 million and $100 million for the project. What I want to know, and what the Government of British Columbia is entitled to know, as well as the members of the Senate and the people of Canada, is, how much money is being committed by the Government of Canada, and from what source is it coming?

To assist the minister, this time, in giving a more precise answer to my question, perhaps I might recall to his mind something that is attributed to him by Southam News Services, as follows:

> "When I contacted mayor-elect Harcourt," said Senator Ray Perrault, a member of the Trudeau cabinet, "I said, you know, we have a $4 billion Western Development Fund. We also have a $550 million energy allocation fund for B.C.".
>
> "And in view of the fact that rapid transit will be a major energy conserver, I said, it seems to me that under either of these programs there might be some federal involvement."

Senator Perrault: Right.

Senator Murray: What I want to know is whether the minister is going to emphasize the word "might", or if, indeed, there is some commitment on the part of the federal government, under the aegis of British Columbia's representative in the cabinet, to assist in this project, what precisely the commitment is, and from what source it is coming.

Senator Perrault: As usual the government is proceeding responsibly. Tomorrow, in Kingston, Ontario, the mayor of the city of Vancouver, Mayor Harcourt, will take a test ride in this new Ontario developed vehicle.

Senator Flynn: Will you be there?

Senator Perrault: Other officials are going to be present for the demonstration, and I hope to be present for the demonstration as well.

Senator Marshall: You'd better be back for question period!

Senator Perrault: After studying the available data, and after looking at the specifications of the system, we then hope to enter into negotiations with the Province of British Columbia. The final price tag has not yet been determined. It would be irresponsible of me to say definitely that it is going to cost $30 million or $50 million, but the general estimated amount of money is in the area of $30 to $50 million.

Senator Murray: From Ottawa.

Senator Perrault: From Ottawa.

Senator Murray: This does raise a question as to the source of those funds. The minister, in the statement attributed to him by Southam News Services, mentioned the Western Development Fund. This raises a more general question still on this matter, since the Minister of Transport has said that moneys from the Western Development Fund might eventually be used, for example, to replace the Crow rate subsidies. Other ministers have been making other commitments from that same fund. I would therefore like to ask the Leader of the Government in the Senate, or, perhaps, the Minister of State for Economic Development, to provide us with a list of all the promises of Western Development Fund money which have been made by the government, and at the same time to indicate when the government will be providing details as to the exact year in which the remaining $2 billion of the fund will be allocated. At the same time, would he also indicate when the government will be providing details as to what year the remaining $2 billion of the fund will be allocated, because, while $4 billion is being talked about, the budget assigned only $2 billion over the next two years and made no provision, as the minister is aware, for the additional $2 billion.

● (2100)

Senator Perrault: A demonstration project of this kind involves industrial development. It involves the possibility of international trade; it relates to scientific development, energy conservation and to western development. If the project proceeds, of course, there will be a great amount of eastern development as well as western development.

In due time it will be announced under what heading the money, if the ultimate decision is to grant the funds, will be made available. However, the immediate task is to make certain the technology is sound. There is every evidence that the technology is first-rate. The Province of British Columbia has made an announcement that it intends to proceed with this major full-scale LRT development in the lower mainland. I would hope that the official opposition would rejoice with us in what could be a very positive achievement for all of Canada.

Senator Murray: I will rejoice when I see the $100 million going to British Columbia for the project.

ECONOMIC DEVELOPMENT

THE BUDGET—WESTERN DEVELOPMENT FUND

Hon. C. William Doody: Honourable senators, my question is for the Minister of State for Economic Development in his capacity as chairman of the Economic Development Committee. At a recent meeting of the Standing Senate Committee on National Finance, the Minister of Finance was asked by me if there was not a danger that a department such as DREE might find itself strapped for funds because of the relatively small amount in the economic development package, since from that has come this new commitment to the Western Development Fund. The minister seemed to indicate that the Western Development Fund was in addition to the economic development package, at least I believe that is what he said. I listened very carefully and I subsequently checked the transcript but, as honourable senators are no doubt aware, there is sometimes certain ambiguity in the minister's statements.

Would the Minister of State for Economic Development clarify that situation for me? Is the economic development envelope inclusive of that commitment for the Western Development Fund or is a separate amount allocated to that?

Hon. H. A. Olson (Minister of State for Economic Development): The Western Development Fund is not part of the money committed to the Economic Development Fund; it is in addition to it.

Senator Doody: Would the honourable minister indicate what part of the budget document contains that breakdown? Obviously, he does not have to bring that information to us immediately, but he could let me know in the near future. Is it a particular envelope, or is it a separate amount listed somewhere else?

FEDERAL-PROVINCIAL RELATIONS

FISCAL ARRANGEMENTS

Hon. C. William Doody: Honourable senators, I have another question for the Minister of State for Economic Development. It deals with the Federal-Provincial Fiscal Arrangements Act which is due to expire in 1981. This is the umbrella arrangement under which the federal government and the provinces work out their shared-cost extended program which finance such things as health care, hospital insurance and post-secondary education. It is a very complex and important part of the financial arrangements of all the provinces and, indeed, of the federal government.

There was an ongoing committee of officials which met regularly to update itself on the situation regarding that arrangement, but I do not think that committee has been

meeting regularly for the past year, and perhaps for longer than that.

Does the government intend to put forward a position paper on the Federal-Provincial Fiscal Arrangements Act in terms of the cost-sharing programs, or what arrangements are being made? Is a meeting of technical officials scheduled shortly to discuss this important matter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not know whether a meeting is scheduled shortly; however, I will ask the Minister of Finance. I will also refer the other part of the question to him as to whether he will be putting forward a proposal for amending the formula.

Senator Doody: Some of the provincial governments are becoming concerned that as the deadline approaches there might be time pressures involved and the Federal-Provincial Fiscal Arrangements Act might terminate before a new set of arrangements is put in place. That is the reason for the urgency of the question.

Senator Olson: That concern, of course, could be dissipated to some extent if they reach an agreement quickly rather than protracting the matter over several months.

Senator Doody: It took over two years the last time.

Senator Olson: It has two years before it does terminate. I think the honourable senator is asking me when a decision is going to be made, and I am not sure I can predict that or if there would be much accuracy to my answer if I even tried.

INDUSTRY

MANUFACTURING SECTOR—SUGGESTED NEW CROWN CORPORATION

Hon. Lowell Murray: Honourable senators, I wish to ask the Minister of State for Economic Development a question concerning the consideration that is now being given by the Departments of Finance and Industry, Trade and Commerce to setting up a new state-owned company in the manufacturing sector. This suggestion has been attributed in today's newspaper to a spokesman for the minister's colleague, the Honourable Herb Gray. I should like to know at what stage these considerations are and when we can expect definitive announcements on this matter.

Hon. H. A. Olson (Minister of State for Economic Development): When such an announcement is ready to be made, it will obviously be made and I will bring it to this chamber. Honourable senators opposite sometimes become a little annoyed when they ask this type of question and I am unable to respond, but really all I am being asked to do is speculate on some rumours that someone has picked up somewhere.

Senator Murray: May I ask the minister whether the government has any intention of setting up a new state-owned company in the manufacturing sector?

Senator Olson: That question will be taken as notice and referred to the Minister of Industry, Trade and Commerce.

[Senator Doody.]

THE ECONOMY

UNPRODUCTIVE SUBSIDIES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question raised by Senator Roblin on October 23 concerning unproductive subsidies.

(*The answer follows:*)

As I have stated before, it is this government's goal to create a favourable investment climate. We are committed to ensuring that funding in the form of assistance to the private sector is invested in such a way that would provide maximum benefits to the Canadian economy.

With this goal in mind, it becomes clear that we do not attempt to delineate separate categories of "unproductive" versus "productive" subsidies. We must try to ensure that when we are faced with the difficult choices of competing applications for assistance, that we be guided by the principle that we allocate our funds in the most productive manner. Our funds are not unlimited and we must make choices. I believe that I referred to this earlier as part of the art of governing.

We cannot, nor should we, attempt to enunciate a rigid set of criteria which would cover every conceivable case. Quite simply, we must evaluate each case carefully on its own merits, in light of the relevant factors.

Given this, it is obvious that the government in making these choices should concern itself with some basic priorities. These I outlined in my recent speech to the Canadian Export Association and I would be pleased to provide additional copies of that speech, should the honourable senator so desire.

ENERGY

HOME HEATING—CONVERSION GRANTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on December 4 by Senator Muir concerning the application of conversion grants under the government's National Energy Program.

(*The answer follows:*)

The federal government's objective is to encourage conversion to alternative energy sources to reduce our dependence on imported oil. For this reason, the government developed a series of incentives and introduced conversion grants to encourage Canadians to consider the high efficiency equipment already available and the improvements in equipment efficiency that are anticipated over the next year or two.

The program of conversion grants is expected to be in effect for the decade. Negotiations are still taking place with the various provinces but the program should be in full operation by the beginning of the next fiscal year.

I would, however, remind Canadians that if they have started to have work done on converting from oil, that they save their receipts in order that they can benefit when the program is set in place.

SCIENCE AND TECHNOLOGY

THE BUDGET—RESEARCH AND DEVELOPMENT—GOVERNMENT FUNDING

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on December 2 by Senator Phillips.

(*The answer follows:*)

The honourable senator sought information concerning increased funding for the Economic Development Envelope provided in the Budget and specifically the proportion of this which will be allocated to research and development.

I am assuming that the honourable senator is referring to the 22 per cent increase in Fiscal Year 1981-82 indicated by my colleague, the Minister of Finance. The detailed disposition of this increase is under review at this time. I will endeavour to inform the honourable senator as soon as the decisions in question have been made. In the interim, I would refer the honourable senator to the remarks made by my colleague, the Minister of State for Science and Technology, in the other place on October 31, 1980 in which the Minister outlined advances which have already been made in this area.

ENERGY

COME-BY-CHANCE, NEWFOUNDLAND—OIL REFINERY—ACQUISITION BY PETRO-CANADA

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on December 2 by Senator Smith concerning the Come-By-Chance oil refinery and the possible purchase by Petro-Canada.

(*The answer follows:*)

I am unable at this time to give the honourable senator a detailed answer to his question. I am informed that Petro-Canada is presently giving careful study to its option to purchase the Come-By-Chance oil refinery. While this matter is under review and until such time as a final decision has been taken I cannot comment on what future involvement Petro-Canada may or may not have with the Come-By-Chance refinery.

INDUSTRY

CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on November 20 by Senator Smith concerning the Canada-U.S. Auto Pact.

(*The answer follows:*)

I am informed that both Chrysler Canada Ltd. and American Motors (Canada) Ltd. have submitted the figures for production to sales ratio to the Department of National Revenue for the 1980 model year. These figures must be audited. Should either of the companies fail to meet with the agreement, the results are passed to the Department of Industry, Trade and Commerce for analysis and action. Since the audit has not yet been completed I am unable to answer the specific question raised by the honourable senator.

I would add, however, that it is the responsibility of the Minister of National Revenue to notify the companies of their responsibilities in relation to any duties owing if they have failed to meet their obligations. The question of further action rests, should it be necessary, with the Ministers of Industry, Trade and Commerce, Finance and National Revenue. Honourable senators can be assured that any action would be with the benefit of Canada in mind.

• (2110)

PUBLIC WORKS

TERMINATION OF COMMUNITY SERVICES PROGRAM

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to respond to the question raised on November 20 by Senator Marshall concerning the termination of the Community Services Contribution Program—CSCP.

A number of factors contributed to the decision to terminate the program. First, there was the question of whether it was appropriate for the federal government to continue funding for the provision of services that both traditionally and from a jurisdictional point of view have been the responsibility of the provinces and municipalities. It is not a matter of whether the program was good, but rather who should pay for such a program.

Second, there is the issue of accountability. The government responsible for raising the resources through taxation should be the government responsible for the expenditure of such revenues.

Third, the effectiveness of the program was analyzed from the point of view of job generation and compared with other programs that demonstrate a better return for money spent.

Moreover, as the minister responsible for Canada Mortgage and Housing Corporation has aleady explained, the present climate of physical restraint contributed to this decision. In meeting the objective of providing more effective government, the continuation of existing programs has been studied with a view to providing funds for new programs, or those of a higher priority. The decision to terminate the Community Services Contribution Program now results in more funds being avail-

able for addressing higher priorities in the fiscal year 1982-1983.

The task remains to determine precisely the federal housing priorities for the 1980s. It is expected that at the National Housing Conference planned for early 1981, and in discussions with provincial ministers and other interested groups, a number of ideas will be put forward. These will assist in developing federal housing priorities and programs, and lead to the best distribution of funds between them.

With regard to projects approved by the provinces up to December 31, 1980, under the existing CSCP federal-provincial agreements, the minister responsible for Canada Mortgage and Housing Corporation will ensure that they will have every opportunity to receive the committed funds.

NEWFOUNDLAND

REVITALIZATION OF RAILWAY SYSTEM

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Marshall asked this question on November 25, 1980: "Could the Leader of the Government extract from the Minister of Transport what his reaction is to the provincial government's stand? Will consultations be held, and, if so, how soon?"

Honourable senators, the report of the provincial government was delivered to federal officials on Friday, November 21, 1980. The report will require examination before any formal response can be made. Federal officials will react quickly on this matter.

The Minister of Transport advises that he met with Premier Peckford in October, 1980, and established a Federal-Provincial Committee of senior officials to co-ordinate the multimodal planning of the Newfoundland transportation system. The committee had its first meeting in St. John's on November 25, 1980, and preliminary discussions took place with respect to the report and the role of the railway. Further meetings will take place in the near future.

TRANSPORT

ACCESS TO AND FROM REMOTE AREAS—POLICY

Question No. 29 on the Order Paper—**By Hon. Jack Marshall:**

What is the present status of the government's transportation policy on access to and from remote areas?

Reply by the Minister of Transport:

The government is not contemplating, at present, the development of a comprehensive policy on access to and from remote areas. There are, however, a variety of individual programs in place which answer specific needs. Examples are:

the Northern (Arctic) Air Facilities Program;

Water Transport Assistance Programs;

Western/Northlands highway construction programs; and

Atlantic Provinces Transportation Program.

Programs such as these, taken together, constitute the federal government's response to the needs of remote areas for adequate transportation.

NEWFOUNDLAND

OLD AGE SECURITY BENEFITS—STATISTICS

Question No. 31 on the Order Paper—**By Hon. Jack Marshall:**

1. How many Newfoundland citizens are receiving Old Age Security benefits?

2. How many receive (a) the basic rate only, (b) the basic rate plus Guaranteed Income Supplement, and (c) Spouses Allowance?

Reply by the Minister of National Health and Welfare:

1. As of September 30, 1980, there were 46,129 Newfoundland citizens receiving Old Age Security benefits.

2. (a) (b) and (c). There were 8,203 citizens receiving the basic rate only, 34,610 receiving the basic rate plus Guaranteed Income Supplement, and 3,316 receiving the Spouse's Allowance.

PRIVATE BILLS

GENERAL SECURITY INSURANCE COMPANY OF CANADA—BILL TO AMEND AND REPEAL AN ACT TO INCORPORATE—SECOND READING

Hon. Maurice Lamontagne moved the second reading of Bill S-18, to amend and repeal an act to incorporate the General Security Insurance Company of Canada.

Hon. Daniel Riley: Honourable senators, before Senator Lamontagne speaks, I must say that I am a little confused about this bill. The General Security Insurance Company of Canada is governed, apparently, by another company called The Canadian and British Insurance Company. They are going to amalgamate with a caisse populaire company, and I wonder if Senator Lamontagne in his presentation is prepared to tell us what the position of the members of the caisse populaire company will be in the new company which is being incorporated.

I presume that the old company, whose charter is being repealed, is a publicly-owned company with shareholders, and that La Société d'assurance des Caisses Populaires has members who are also shareholders. What is going to be the outcome of this amalgamation? Is Senator Lamontagne prepared to tell us this, and explain it to us in his presentation on second reading?

[*Translation*]

Hon. Maurice Lamontagne: Honourable senators, I believe it would be appropriate for me to make a statement in moving

second reading of this bill. However, I am not certain that I can reply to the technical question which I have just been asked. In any case, I intend to move that, if this bill passes second reading in the Senate, it be referred to the Senate Committee on Banking, Trade and Commerce where I believe all interested parties, including federal officials, will be able to reply to every technical question concerning this bill.

Still I would like to tell Senator Perrault that I am grateful for the peaceful climate he has brought about in this chamber, and of course, I also want to thank—

Senator Flynn: We can say that this is an auspicious beginning!

Senator Lamontagne: I also want to thank honourable senators for the cooperation they have given me as I am replacing Senator Langlois who could not be here this evening.

Senator Flynn: Have you moved second reading?

Senator Lamontagne: I did so earlier.

The Hon. the Speaker: The Honourable Senator Lamontagne, seconded by Senator Denis, has moved that this bill be read for the second time.

Senator Lamontagne: I thought I had done that earlier. I believed that the question had been put.

Senator Flynn: I think that Senator Riley asked his question before you could do so.

Senator Lamontagne: As I was saying, honourable senators, I wish to thank the members of this assembly for their cooperation this evening because the procedure that I am suggesting we follow is rather unusual. However, it is justified because of the urgency of proceeding in this matter.

Let me simply say for the moment that the General Security Insurance Company of Canada should amalgamate with La Société d'assurance des Caisses Populaires as of December 31, 1980. For this to happen, the National Assembly of Quebec must pass legislation before the end of the present session, which is scheduled for December 19. According to the information I have received, an arrangement has been made in the other place for this bill to receive first reading on Thursday afternoon after four o'clock and for the second and third reading stages to occur the next day, Friday, December 12, which would mean that this bill, after being passed by the Senate and the House of Commons, could then be "exported", so to speak, to the National Assembly of Quebec.

To meet that timetable and go through all the stages it entails, the Senate should proceed, this very evening if at all possible, as I shall be away tomorrow, with the second reading of the bill so that it can be referred to our Standing Committee on Banking, Trade and Commerce for study and passage, I trust, then with third reading on Thursday afternoon. I therefore ask for the co-operation of honourable senators, and for leave to proceed as I have just suggested.

I am at the entire disposal of honourable senators should they want a long explanation, or a shorter one, of this bill. In brief, essentially, the bill before the Senate is required as a result of the proposed amalgamation of a Quebec company which operates under Quebec provincial laws, with another insurance company that is governed by the laws of Canada.

This bill, then, is necessary because no existing federal act allows an insurance company, operating under federal jurisdiction, to amalgamate with another insurance company governed by provincial laws.

So, the purpose of this bill is simply to authorize the insurance company, incorporated under federal law, to amalgamate with a company incorporated under Quebec provincial law.

I could continue indefinitely to try and justify this bill. To my mind, it is most justified because it would allow a better regrouping of two Canadian insurance companies. I am convinced these explanations are rather useless since the Standing Committee on Banking, Trade and Commerce will be getting all the needed technical information when it meets Thursday afternoon.

I therefore move that this bill be passed on second reading.

Senator Leblanc: I feel that it is more a matter of approving a change from the federal to the provincial status of the company concerned, than that of approving the eventual amalgamation with the Caisses populaires.

Senator Lamontagne: Yes.

Senator Leblanc: Considering that the case seems rather urgent, I will ask my questions immediately so that the authorities or those who will appear before the committee will know what questions to expect.

First, are the shareholders of the present company, General Security Insurance Company of Canada incorporated under a federal charter, aware of the transfer of the federal charter for a provincial charter and have they given their approval?

Second, will the protection granted to the policyholders under the federal charter be also transferred to the provincial charter without any alteration? Will the final balance sheet of the federal company be fully integrated in the opening balance sheet of the provincial company? Has the Department of National Revenue approved that transaction as being a valid one not subject to capital profits tax or any other levy?

Senator Lamontagne: Honourable senators, I am not in a position, of course, to answer those technical questions. I am pleased that you have asked them now so that, as you said, the petitioners will be in a position to answer them.

I am convinced they will have adequate answers when the committee will be sitting. Moreover, I am also authorized to say that the federal Department of Insurance fully endorses that transaction. Mr. Humphreys, the superintendent, or his immediate assistant, will no doubt be available to appear before the committee and vouch for what I have just said.

• (2120)

[*English*]

Senator Riley: Honourable senators, I appreciate the position of Senator Lamontagne with respect to second reading of Bill S-18, but what he has given us is a general outline of the

purpose and intent of the bill. I wonder if he could tell us who the shareholders of the General Security Insurance Company of Canada are?

I am not trying to delay the passage of this bill but, just for the record, I should like to know who the directors and principal shareholders of General Security Insurance Company of Canada are. The bill says that it is governed by another company, but I should like to know who controls that company.

When the Senate is considering a bill such as this, it not only has to consider the implications of the amalgamation, but what effect it will have on the shareholders of the caisses populaires, as Senator Leblanc asked.

I wonder if he could give us any information on this, because not all of us are members of the Standing Senate Committee on Banking, Trade and Commerce—most of us are not. When a bill such as this is introduced, I think there should be more information given to the Senate as a whole regarding the composition of these companies. We know that the caisses populaires are an incorporated group of members, all of whom own the company without any equity being in the hands of any small group or something like that.

I am wondering about this other company, the General Security Insurance Company of Canada. Is the sponsor able to give us any information on that company? Perhaps he does not have it with him. If that is so, I am willing to accept it, but I think he should have been supplied with this information before he moved second reading of the bill.

I appreciate the fact that Senator Langlois is not present this evening, but before the bill goes to committee, could the sponsor give us more information on the composition of the two companies?

[*Translation*]

Senator Lamontagne: Unfortunately, Senator Riley, I cannot give more information. However, I think that your questions are in the same vein as those asked by Senator Leblanc. They are of a technical nature. They concern the relationship between the two companies.

I am convinced that the members of the committee to which this bill will be referred will ask precisely the same questions.

Senator Riley knows as well as I do that even though he does not sit on the committee he can go to the sittings and ask whatever questions he wants. Also, I think we have to have confidence in the efficiency and the technical expertise of the committee members who will be asking the petitioners the same questions. The committee will then report to the Senate, which, on third reading, will be in a much better position to appreciate not only the chief purpose of this bill but also its more detailed and technical aspects.

[*English*]

Senator Riley: Honourable senators, again I pose a question. It is all very well to say—

[*Translation*]

Senator Lamontagne: Need I remind Senator Riley that on second reading we actually support the bill in principle. The

[Senator Riley.]

questions he has just asked do not really concern the principle of the bill but its more detailed implications. It is really only on third reading, after consideration by the standing committee, that we will really be able to answer those questions.

• (2130)

[*English*]

Senator Riley: I would point out to Senator Lamontagne that it is all very well for him to say that the witnesses will be prepared to answer all technical questions in committee. But he forgets the fact that the Senate is being asked this evening to vote this bill into committee, to give this bill second reading and refer it to committee blindly, as far as I am concerned, because we do not know who the directors of General Security Insurance Company of Canada are.

I would also point out to him that on the explanation of a bill, and before we accept it in principle, we usually have more detailed information than he has been able to supply this evening. We are being asked again, or we will be asked again—and I am repeating this—to refer this bill to committee blindly.

Senator Lamontagne: Honourable senators, I am very sorry to disagree with Senator Riley, because what we are being asked to do tonight is accept the principle of the bill. The purpose of the bill is to enable two companies to come together and form one company. That is all. We are being asked to do that because under our federal legislation no company registered under a federal law can do that. That is all we are asking and the principle of the bill at this moment is only to enable the process to develop.

Then, of course, I completely agree with the honourable senator that there are all kinds of technical questions and implications related to that principle, and the proper place to raise those questions and discuss them and perhaps solve any problems that may arise is in committee. If the committee, through its chairman, cannot resolve those technical questions and deal with their implications before the third reading of the bill, then I think Senator Riley would be perfectly justified in raising his objections at that time.

I submit that at this time we are dealing only with a relatively simple principle, and I believe we should wait until we get the report of the committee to discuss the technical details related to the application of that principle.

Senator Riley: Honourable senators, I wish to make only one reservation. I am not against this bill's going to committee, but I think it is only fair to point out that when I have sponsored bills on second reading before the Senate—and I have sponsored a number of them—I have always insisted on providing much more information than was supplied to us tonight, and I think it is only fair to honourable senators before they are asked to vote a bill into committee that they have more information than they have been given tonight. I shall agree to this bill's going to committee, but I think that as a matter of practice the sponsor of a bill on second reading should be prepared to give more information to the Senate before asking the Senate to refer that bill to committee.

Senator Lamontagne: I quite agree with Senator Riley, and as I explained briefly at the beginning of my intervention,

Senator Langlois had consented to sponsor this bill and I learned only at about 2 o'clock this afternoon that I would have to sponsor it, and that was shortly before I had to attend a meeting of the Joint Committee on the Constitution. So I am sorry that I cannot answer those technical questions at this time.

Senator Riley: I understand that. I was making an observation.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Lamontagne moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

SUSPENSION OF RULE 95

Senator Lamontagne: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move, seconded by Honourable Senator Frith, that rule 95 be suspended with respect to Bill S-18, to amend and repeal an act to incorporate General Insurance Company of Canada.

The Hon. the Speaker: Is leave granted?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, just to be sure that we all know, and that the record shows it, rule 95 provides that a private bill originating in the Senate cannot be considered by a committee until after one week from the date of its referral. That is why we are asking for the suspension of that rule in the context described by Senator Lamontagne and the exigencies of getting this bill passed.

Motion agreed to.

ROYAL CANADIAN LEGION—SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, November 19, the debate on second reading of Bill S-15, respecting the Royal Canadian Legion.

Hon. Jack Marshall: Honourable senators, while Bill S-15 as presented by Senator Godfrey should not require extensive debate, because it is certainly non-contentious, its purposes, to me at least, give some food for thought as to the exemplary objectives of the Royal Canadian Legion and their contribution to Canada, which I will deal with a bit later.

And I say exemplary, honourable senators, because the bill in the main is directed towards allowing sons and daughters of members of the Legion not only to become members, but to qualify as voting members and to hold office. In this manner, the Legion is ensuring that those veterans who remain will be cared for in line with the Legion's objectives, even though the long-dedicated veteran who is the leader at present might not be with us.

I feel it is worthwhile to give some background to the bill itself, even though it was adequately addressed, generally, by Senator Godfrey.

In 1978 a bill to amend the act of incorporation of the Legion was submitted to Parliament which was intended to give the Legion, by by-law, the power to enlarge the basis of its membership and specifically to include sons and daughters, and to clear up the status of a number of special groups previously admitted to membership, known as ordinary, associate or honorary members.

The amendment ran into some opposition in the committee stage in this chamber, and because of the impending dissolution of Parliament, "limiting" amendments were accepted which enabled sons and daughters to be admitted, because as some senators stated, there was no evidence that the Dominion Command Convention had approved the amendment in the form requested. I am sure my colleague, Senator Macdonald will remember that because he was the one who questioned it in committee.

But this is now a fact because at the Edmonton Convention in 1978 the broad form of the amendment requested was approved, and at the recent Penticton Convention last year it was felt appropriate to proceed with another application to Parliament to amend the statute and, as the bill dictates, to allow for wider "conditions of eligibility for membership in the Legion, making it possible for persons who support the purposes and objects of the Legion to become members," as referred to in the bill under amendment (a) in clause 1.

• (2140)

In this regard I feel that a few words of elaboration might be appropriate to explain the various classes of Legion membership. The present ordinary membership of the Legion, in broad terms, consists generally of persons who served in Her Majesty's forces—the navy, army and air force—but also includes in addition various categories of those who served in any of the auxilliary forces.

I draw attention also to another category of membership known as associate members. These include members who have not served in a theatre of war but have served, for example, in NATO or NORAD, and members of the Newfoundland Forestry Unit, and, now, the sons and daughters of veterans. But none of those categories has the right to vote.

In 1970 provision was made to allow for inclusion as members other categories of those who support the objectives of the Legion, particularly in smaller communities. Such categories included teachers, policemen, firemen and those willing to assist in the operation of local branches. Again, these associate members have no right to vote; nor can they hold office in any of the 1,700 to 1,800 branches now in existence across the country. They are the honorary members.

Honourable senators, I have just lightly brushed over the entitlement to membership in the Legion, and, if I may, I will address just a few words to the other amendments in the bill. First, I should like to refer to the provision of authority for the making of by-laws regarding the amalgamation of branches

and the disposition of their property, which is found under clause 2, which amends subsection 6(1) to provide for amalgamation.

In that regard, honourable senators, it is obvious that as our veteran population decreases by some 21,000 members per year the effects upon smaller branches in a comparative loss of members requires a provision to allow for such an amalgamation. At present there is no authority in the act for the amalgamation of branches, and, in view of events now taking place, it is clear that this authority is necessary and should carry with it the consequential authority to provide, by by-law, for the disposition of the property of the amalgamating branches.

Clause 3 of the bill would repeal section 8 of the act in order to provide the authority for the making of by-laws regarding the election of officers of the Legion, and, in that respect, while the sons and daughters are classified as associate members, the amendment would provide that those sons and daughters might become associate members with the right to vote. That is a matter that can be clarified when the bill is referred to committee.

Clause 4, the only other clause in the bill, provides for increased protection for the marks, insignia, regalia and other emblems and symbols used by the Legion. Under clause 4 section 15 of the act would be repealed, and an appropriate substitution would be inserted with respect to trademarks.

In the proceedings of the Penticton Convention of the Legion it was noted that certain suppliers had made contracts with Legion branches for the supply of Legion badges, insignia and other regalia in contravention of the section in the act which states that "no person except the Legion or a person authorized in writing by the Legion shall manufacture or sell such material." The Trademark Council have advised Dominion Command that if a Legion branch enters into a contract for the supply of such material, its action may be taken as authorization by the Legion within the terms of the act. Since an amendment is required, request is made to the Trademark Council to amend section 15 with the view of preventing unauthorized use of Legion badges and to protect the Legion.

Honourable senators, I realize that debate on Bill S-15 would normally be restricted to the four amendments that I have described briefly, but surely it would be worthwhile to dwell for a few moments on the history of the Canadian Legion, an organization which has contributed so much to our country over the years since its formation in 1925. Unfortunately, that contribution seems to diminish in importance as the years go by. I say it is unfortunate because, in my opinion,

The bill, honourable senators, shows the foresight of the present leaders of the Royal Canadian Legion in trying to ensure that there is a continuity of the objectives that were set forth in 1925. It is hoped that that continuity will be achieved, if not through the veterans themselves, through their sons and daughters and supporters who have inherited from their parents the responsibility of fulfilling the commitment they set for themselves. That commitment as related in paragraph 12 of their many aims and objectives specifies that they will "pass on to their families and descendants the traditions for which they stand."

But an even more fitting quotation, honourable senators, is to be found in the national publication of the Great War Veterans Association, which was the forerunner to the Legion. In 1924 it made this prophecy:

> Until the last veteran goes to his final resting place in the bosom of mother earth, there will be problems arising from war service. But the major work of the GWVA in future will be nation-building.

Those words, which were uttered some 56 years ago, are still true and significant today as our leaders of government strive to change the makeup of our country through constitutional reform. Perhaps those who profess to know what is best for this country's future, honourable senators, should spend some time in reading the declaration of the principles of the GWVA as they were written in 1923. That declaration stated in part:

> The foundation principle upon which our association rests is national service, and we unreservedly commit ourselves to a standard of service for Canada and the British Empire in the work of national development as full, as self-sacrificing and as free from personal motives as that rendered by our forces overseas. We pledge ourselves to the common service of our country, acknowledging no pre-eminence in our association except devotion in building up our national life.

I think we should also put on record some of their fundamental thoughts on the subject of unity, as our soldier leaders back in those years strove to unite veterans into a national body. "In the eager effort for unity, it should not be forgotten," they said, "that the establishment of a united organization is not the end towards which we are striving, but merely the means to an end."

To be effective in organization, the veterans of Canada must have a clear-cut purpose, which may be defined as "service to the nation through three distinct channels." The first of those channels would be to take care of the war disabled, the dependent and the needy. The second would be to keep constantly alive the public memory of the sacrifice of Canadians in the cause of world peace, thus providing a deterrent for future conflicts. And the third would be to promote unity of thought and of effort among the peoples who make up the nation, with the consequent development of a greater national consciousness.

If that great task can be carried on by a committed organization imbued with the same spirit that carried the Canadian forces to victory on the battlefield, future generations will rise up to acclaim the men who magnified their war service by rendering an infinitely greater service in the days of peace.

I quote now some appropriate final words from the history of the Legion which were given in an Armistice Day message:

In the name of those who have passed on, I appeal to you to forget the petty differences that have divided our ranks, to destroy the viper of suspicion and distrust which has raged unchecked among us, to catch anew the vision which carried you to the heights of heroism and self-effacement on the battlefields, to be true to your comrades and yourselves, to regard the memories of this anniversary as a symbol of a new and greater service—to unite.

I should like once again for the benefit of our constitutional experts to refer to the principles of the Legion:

The Legion shall be democratic, nonsectarian, and shall not be affiliated to or connected directly or indirectly with any political party or organization. It shall stand for loyalty, the reigning sovereign, Canada and the Empire, for maintenance of the foundation principles of the British Constitution, for the development of a national and united spirit and for ordered Government of Canada, and while striving for peace, goodwill and friendship among all nations, . . . it shall stand for strong and united comradeship among all those who served in Her Majesty's forces throughout the Empire, so that neither their rights nor their interests shall be forgotten, and so that their welfare and that of the dependants of the disabled and the fallen may be safeguarded.

● (2150)

Honourable senators, those words of principle, of unity, of objectives were not written by constitutional experts, nor by politicians, nor by automated minds. Those words came out of the hearts of Canadian leaders—leaders who witnessed and experienced the death and disablement of their comrades, with whom they faced fear and suffering, with whom they fought against an enemy that threatened the country they were willing to protect, and those of their families who would live on in grief and sorrow.

They established principles and objectives which were for one and all as Canadians. There were no different principles for classes or races, or religions; there were no different principles for French or English, or various ethnic groups. They were principles and objectives for Canadians—Canadians who fought, died and suffered side by side. Death, suffering and sacrifice created a bond that had no interprovincial boundaries, no denominational differences, but were the same for all, whether white, black, or any other colour.

The Canadian Legion, which might respectfully be called a nation within a nation, has succeeded in its goals and objectives for the hundreds and thousands of Canadians it represents. It has presevered through a unity and a strength of common purpose and has, with the help of various other veterans' organizations, been able to influence our government in establishing what is perhaps the best veterans' legislation in the world for the care of the disabled and the burnt-out veteran, the widow and the orphan, to provide for hospital care, for the establishment of housing for veterans, and to maintain the graves of those who fell.

Unfortunately, Bill S-15 restricts mention of the other veterans' organizations, such as the War Amputees, the National Prisoners of War Association, the Hong Kong Veterans' Association, and the many others which dedicate themselves to serving specific groups of veterans and which have done equal service to Canada's veterans.

After over 62 years since World War I, the Royal Canadian Legion, despite its success, remains dedicated to its responsibility to some 750,000 veterans of Canada still remaining, as well as to their dependants.

It is significant to note, honourable senators, that while we hear so much about the failure of Canada, after 53 years, to agree on an amending formula for the Constitution, the members of the Canadian Legion, after almost the same number of years, gather in Dominion convention, with over 2,000 delegates representing every nook and cranny of our nation, each with the same vote, regardless of the size or population, to ensure that Canada fulfils its commitment to that segment of our nation that answered the call to protect peace in our country. And they do so in a spirit of comradeship, sometimes controversial, sometimes in heated debate, but always with a common goal, always to the same end, as dictated in its principles—to stand for loyalty to the reigning sovereign, Canada, and the empire; for the maintenance of the foundation principles of the British Constitution; for the development of a national and united spirit; for ordered government in Canada; for peace, goodwill and friendship, not only among all nations, but within our nation, Canada; to recognize our duty to the weak, the sick, the disabled and the needy; to defend statutory, acquired and legitimate rights, and the responsibility of administering such rights by the federal or other governments of Canada; to foster loyalty among the public and education in the principles, duty and unstinted public service.

Perhaps the Government of Canada, rather than continuing the petty bickering, which is surely dividing our country, should stop and remember why this country is so valuable, and in doing so take a look at the history of the veteran of Canada through the Canadian Legion to get the answer—that segment of Canada which united us, and continues to unite us, through a common sense of devotion, dedication, and duty to our great nation.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in moving the adjournment of the debate I point out that I am not sure that a senator on this side will wish to speak before the sponsor of the bill again speaks. I understand that Senator Macdonald does wish to speak on the bill before the close of the debate on the motion for second reading. If it turns out tomorrow that no one on this side wishes to speak, it is my intention to yield to Senator Macdonald.

On motion of Senator Frith, debate adjourned.

CANADA ELECTIONS ACT

BILL TO AMEND—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Austin, seconded by the Honourable Senator

Goldenberg, for the second reading of the Bill S-11, intituled: "An Act to amend the Canada Elections Act".—(*Honourable Senator Murray*).

Hon. Lowell Murray: Honourable senators, discussions are now taking place between the chief electoral officer and others regarding the subject matter of Bill S-11 and related matters, and I would like to see those discussions proceed and perhaps result in some consensus before intervening in this debate. For that reason, I would ask that this order stand until January 13, 1981.

Order stands.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have discussed this item with Senator McGrand with a view to having it stand until January 13. I have already spoken to Senator Macdonald about this. We could always bring it forward if necessary, but it is being held on the Order Paper in anticipation of some developments that might give rise to further interventions.

That being the case, I think it would be appropriate that it be put over to January 13.

Order stands.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—INQUIRY STANDS

On the Inquiry of Senator Lamontagne:

That he will call the attention of the Senate to the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution", tabled in the Senate on 26th November, 1980.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it is Senator Lamontagne's intention to proceed with this inquiry on Thursday of this week. It will be recalled from a previous discussion that it is our hope to have Senator Lamontagne speak to this inquiry on an occasion when the Senate members of the Special Joint Committee on the Constitution will be able to be present to hear his speech. With that in mind, we intend to discuss with the whips and house leaders the possibility of having Senator Lamontagne's intervention on this inquiry made before Question Period on Thursday. This will enable those honourable senators who serve on the Special Joint Committee on the Constitution to hear Senator Lamontagne's speech, and still attend that committee's meeting on Thursday.

Inquiry stands.

NORTH ATLANTIC ASSEMBLY

TWENTY-SIXTH ANNUAL SESSION, BRUSSELS, BELGIUM—DEBATE ADJOURNED

On the Inquiry of Senator Bonnell:

That he will call the attention of the Senate to the Twenty-Sixth Annual Session of the North Atlantic Assembly, held in Brussels, Belgium, from 14th to 23rd November, 1980, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.

Hon. Paul Yuzyk: Honourable senators, I am indeed grateful to Senator Bonnell for allowing me to speak ahead of him on this topic.

The Soviet invasion of Afghanistan, the Moscow Olympic Games, Soviet repressive measures against human rights activists, the U.S. hostages in Iran and the Madrid Review Conference of the Helsinki Final Act were the concerns of the 15 parliamentary delegations in attendance at the Twenty-sixth Annual Session of the North Atlantic Assembly, held at Brussels, Belgium, from November 14 to 23 this year.

Canada's delegation of 13 members of the House of Commons and 6 members of the Senate played a prominent role in the deliberations of the Assembly. Our delegation was headed by Mr. Leonard Hopkins, and Mr. Lloyd Francis, the Deputy Speaker of the House of Commons, also participated. The Senate was represented by the following senators: Lorne Bonnell, Earl Hastings, Henry Hicks, Paul Lafond, Lowell Murray and me. There were two rapporteurs of committees: Mr. Ian Watson of the Scientific and Technical Committee, and myself of the Subcommittee on the Free Flow of Information and People. The delegation was served by Mr. Stephen Knowles, as Secretary, and Mr. Roger Hill, from the Parliamentary Centre, as adviser.

● (2200)

The Belgians gave full support to the Assembly and proved to be gracious hosts. King Beaudoin I attended the official opening. Mr. J. Michel, President of the Chamber of Representatives, and Senator E. Leemans, President of the Senate, held a reception for all the delegates and their wives. Welcoming addresses at the official opening were delivered by them and also by Mr. Wilfried Martens, the Prime Minister of Belgium.

The Canadian Ambassador to NATO, Mr. John Halstead, and the Canadian Ambassador to Belgium, Mr. d'Iberville Fortier, gave receptions for the Canadian delegation and their wives. A large closing reception was offered by Mr. Jack

Brooks of the U.S.A., the Acting President of the North Atlantic Assembly, who, on the final day, was unanimously elected President for the following year.

A great historical event, important to the security of NATO, was witnessed at the Twenty-sixth North Atlantic Assembly Meeting. A Japanese delegation of eight men and women, representing the Diet of Japan, sat as observers throughout the two-day plenary sessions. It received a tremendous ovation when the leader expressed warmest greetings from the democracy of Japan and stated that this far eastern country offered its co-operation in the interests of peace.

Leaders of the Western World realize the importance of Japan, which in a relatively short period of time, has become the world's second economic power, now abreast of the United States in most industrial fields and ahead in some. Far surpassing the U.S.S.R. in all but heavy industries, it is almost equal in economic clout to France and Germany together. If Japan were to be allowed to re-arm massively, Japanese technological excellence could easily be translated into a powerful navy, air fleet and missile force, and thus serve as a deterrent to aggressive policies of the Soviet Union as well as China.

The rapprochement of Japan with the NATO countries was brought about by the Atlantic Council of the United States, which played a key liaison role in establishing contact between the two groups. Accordingly, a North Atlantic delegation composed of four European and American parliamentarians, with a supporting staff, headed by Paul Thynes, President of the NAA, travelled to Tokyo, where between May 14 and 17, 1980, meetings were held with Japanese governmental leaders, leading members of the Diet, officials of the Foreign Ministry and the Defence Agency and Japanese industrial leaders.

The discussions that took place at the Tokyo meetings are recorded in a brochure entitled "Common Concerns," which was made available at the Brussels meeting. It was decided that closer consultation and co-operation between members of the Japanese Diet and the North Atlantic Assembly were possible and desirable. The broad areas of mutual interest and concern included a wide range of political, economic and military developments. A continuing exchange of views and information was welcomed by both groups. Members of the Japanese Diet were invited to send a parliamentary delegation to continue the dialogue at the Brussels meeting in November.

In view of the growing Soviet threat to Japan, evident in the increased military activities of Soviet forces in the Far East, the possibility of an alliance with NATO was discussed. The Japanese Constitution of November 3, 1946, during the American occupation, provided for self-defence forces to be used exclusively for defence purposes, since the Japanese people renounced war and the threat of force as a means of settling international disputes. These constitutional restrictions also have implications for Japan's ability to join alliances and collective security with the United States. Hence any change in Japanese foreign policy will come only with the approval of the U.S.A.

There was also a delegation of observers from Spain, consisting of two senators and five members of the Chamber of Deputies. Spain has applied for membership in NATO and is now going through a process of transition to become a Western type of parliamentary democracy. Spain will very soon become the sixteenth member of the Alliance, thus strengthening the defence of the Western democracies.

Honourable senators, the program of the Twenty-sixth North Atlantic Assembly Meeting consisted of sittings of the following committees: Economic Committee; Committee on Education, Cultural Affairs and Information; Military Committee; Political Committee; and the Scientific and Technical Committee, most of which have subcommittees and working groups. Each of these committees presented resolutions and recommendations to the Standing Committee, which prepared the final drafts, and then presented them to the plenary sessions for final approval. The plenary sessions consisted of debates on the resolutions, recommendations and reports of the committees, the approval of the elections of the officers of the committees, subcommittees and working groups, closing with the election of officers of the Assembly for the ensuing year.

I do not intend to deal with all the resolutions and recommendations of this NAA meeting. For the benefit of senators who may be interested, with leave, I move that these resolutions and recommendations be appended to the *Debates of the Senate* for today.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of document see appendix*, p. 1402)

Senator Yuzyk: I received copies of those resolutions and recommendations from Senator Lafond in both official languages, for which I am grateful. Other honourable senators who were delegates at Brussels may wish to refer to them when they participate in the debate.

I should like to report on the work of the Committee on Education, Cultural Affairs and Information, in which I have been active for seven years. The general report, presented by Senator Klaas de Vries, of the Netherlands, comprised six parts: first, Future of the Olympic Games after Moscow; second, Human Rights and the Madrid Conference; third, Political Education and the Atlantic Dimension of Youth Education in the Member Countries; fourth, Evolution of Cultural ties between Europe and North America; fifth, the New World Information Order; and sixth, Terrorism.

After a full discussion of all these topics, several resolutions were formulated in committee and later were adopted by the plenary session. One resolution urges member governments taking part in the Madrid Review Conference to demand the freedom of all those who have been persecuted and imprisoned by the Soviet Union and Soviet bloc countries for adhering to the Helsinki Final Act, and a second resolution condemns Soviet jamming and deliberate interference with international broadcasts as a violation of the Helsinki Agreement.

The resolution on terrorism urges member governments to co-ordinate the fight against subversive terrorist groups by

using the consultative and co-operative mechanisms of the alliance and to sign and ratify the Convention Against the Taking of Hostages (New York, 1979) as well as to condemn and eradicate anti-semitism in all its forms. There was also a recommendation to return the Olympic games to the country of their origin, Greece, which is fully supported by the Greek government.

● (2210)

This committee studied the project of a youth assembly, which was prepared by the Working Group on the Successor Generation, chaired by Baroness Bacon of the United Kingdom. It aims at establishing a means of disseminating information via the North Atlantic Assembly to the young people of our countries, encouraging them to realize what is at stake for the common future of the western democracies in the fields of defence, arms sales and control, disarmament, and security in general. Since some aspects of the organization, structure and financing of such a Youth Parliament were not complete, the Working Group on the Successor Generation was requested to present the full plans at the next North Atlantic Assembly meeting to be held in Bonn, Germany.

I reported to the Committee on Education, Cultural Affairs and Information in my capacity as rapporteur of the Subcommittee on the Free Flow of Information and People, and member of the Working Group on Preparation for the Madrid Review Conference.

Having been assigned by the President of the North Atlantic Assembly to help bring about better co-operation of European members of the alliance and the United States in the preparatory work of the Madrid Review Conference, I travelled with the working group to Washington. There, on June 2 and 3 we met with congressmen and senators of the United States Commission on Security and Co-operation in Europe, and with top officials of the departments of the Secretary of State and Defence. This visit resulted in a better understanding of differences and a general approach to common action at the Madrid Conference.

Subsequently, I was invited to join the Canadian House of Commons Subcommittee on the Conference on Security and Co-operation in Europe in preparation for the Madrid Conference, chaired by Mr. Charles Caccia of Toronto, in accordance with the authority delegated to it by the House of Commons Standing Committee on External Affairs and National Defence on June 26, 1980. Over the summer, more than 115 briefs and letters were received from the Canadian public, and the subcommittee held 47 hearings at which 71 witnesses appeared. The report, which was tabled in the House of Commons on November 5, emphasizes the importance of maintaining the CSCE process and setting the date for a further review conference. Canada is urged to act positively at Madrid in a mediatory role.

Having been chosen a delegate-observer, I attended the opening week of the conference in Madrid, scheduled to take place November 11. I witnessed dramatic events. Eight weeks of intensive negotiations of the ambassadors of 35 countries appeared to be doomed to complete failure. The Soviet bloc of seven countries insisted on a short conference of four weeks to deal only with detente, disarmament policy and trade relations, and refused the inclusion of human rights on the agenda. The western bloc of 28 states, including Yugoslavia, proposed a conference similar to the previous Belgrade Conference, to last 10 weeks, at which all three baskets were to be reviewed fully, and the final document was to include a statement on human rights. The Soviets employed stalling tactics, and on November 10, just before midnight, got the unanimous approval to stop the clock.

Negotiations continued for 23 hours, the Soviets hoping to win over at least one western country. Then the United States Ambassador, Griffin Bell, declared the proceedings illegal and walked out, stating that the opening must take place, as agreed to at Belgrade. The Soviets yielded. The conference was officially opened at 11.30 that night and was to continue that week with statements from 35 governments, but the U.S.S.R. still refused to adopt an agenda and procedures. At the end of the week, on Friday, Austria and four neutral and non-aligned countries presented a document comprising the agenda and procedures with a slight modification of what had been proposed by the western countries. The Soviet Union continued its war of nerves, but at the last hour reluctantly gave consent. With a four-week recess after Christmas, the conference is scheduled to close on March 5, 1981, with a final document reflecting the three baskets of the Helsinki Accords. The success of the democratic countries was a signal victory, which can be attributed to their unity, purpose and determination.

On November 15, I proceeded from Madrid to Brussels. I reported and presented documents of the opening week of the Madrid Conference to Mr. Philippe Deshormes, the Secretary General of the North Atlantic Assembly, as well as to Mr. J. M. A. H. Luns, Secretary General of NATO and President of the North Atlantic Council. I also reported to Mr. John Halstead, Canadian Ambassador to NATO, to the Canadian delegation and to the Committee on Education, Cultural Affairs and Information.

The latter committee expressed its approval of the work of the Subcommittee on the Free Flow of Information and People. There were constructive discussions of the meeting of the subcommittee with Pope John Paul II and with officials of the Italian government and parliamentarians last March 11 and 12 in Rome. Favourable comments were made about the recent issues of *The Bulletin*, a quarterly journal, under the auspices of the subcommittee, reporting on the implementation of the humanitarian provisions of the Helsinki Final Act. Its circulation is steadily expanding, reaching governments and parliamentarians of the NATO allies, universities, radio stations, various organizations and interested persons. It was decided that the next meeting of the subcommittee would be held in Madrid in early March at the closing of the Review Conference in order to assess its results and implications. I was re-elected rapporteur of the subcommittee for the fourth and final term.

Honourable senators, when we reflect on the turbulent situation in the world today, as we watch with alarm the

machinations of the aggressive, imperialist, totalitarian power of the Russian Soviet Union, we can derive some consolation from knowing that the democratic countries are united in NATO. We are protected by this great defensive bulwark, which is being strengthened by the co-operation of Spain and Japan. Let us continue to contribute our fair share to keep NATO strong and the world safe for freedom, democracy and justice through the implementation of human rights.

Senator Frith: Honourable senators, I believe the understanding between Senator Yuzyk and Senator Bonnell was that this inquiry would now be adjourned in Senator Bonnell's name.

Senator Yuzyk: I am willing to adjourn it on behalf of Senator Bonnell, but Senator Bosa can do so because he and Senator Bonnell are close associates.

Senator Bosa: Honourable senators, I will be pleased to do this, since his name sounds almost like mine.

On motion of Senator Bosa, for Senator Bonnell, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1399*)

NORTH ATLANTIC ASSEMBLY

TEXTS ADOPTED AT TWENTY-SIXTH ANNUAL SESSION, BRUSSELS, NOVEMBER 17 TO 21, 1980

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RESOLUTION ON
THE CO-ORDINATION OF NATIONAL
ECONOMIC POLICY AND ENERGY POLICY

The Assembly,

Recognising the present energy situation as being no more than a delicate balance in a continuing crisis;

Concerned about the present conflict in the Gulf region and its implications on the oil supply of member countries of the North Atlantic Alliance;

Considering that the maintenance of energy supplies at reasonable prices is a common concern of all member countries in order to avoid unbearable strains on their economic and social structures;

Realizing that, although the Alliance's own reserves of oil, coal and natural gas are considerable, they are, nevertheless, limited and cannot cover more than a fraction of its energy needs;

Persuaded that a cut-back on energy consumption to a resolved figure and the development of alternative energy sources are needed if the economies of NATO countries are to survive;

URGES member governments of the North Atlantic Alliance:

1. to co-ordinate their national energy policies towards a common Alliance approach along the lines of the International Energy Agency (IEA);
2. to encourage the use of coal by rationalizing coal mining, improving safety and reducing environmental hazards, by developing commercial methods for the liquefaction and gasification of coal, and developing transport facilities;
3. to develop further nuclear energy in an appropriate dimension whilst building up secure nuclear waste disposals and minimizing the risks of proliferation;
4. to implement conservation measures and—where such measures are already in operation—to lessen the wide discrepancy in the scope and comprehensiveness of national conservation programmes;
5. to inform their people of this co-ordinated policy of energy, efficiency of energy use, development of new energy sources and energy conservation;
6. to intensify efforts for co-operation with and economic assistance to the economically less favoured countries of the Alliance;
7. to implement the proposals of the Independent Commission on International Development Issues (Brandt Commission) by increasing assistance to the less developed countries and by enforcing practical measures to solve their most urgent problems.

RESOLUTION ON
ECONOMIC AID FOR PORTUGAL

The Assembly,

Confirming the mandate of the 25th Annual Session in Ottawa to set up a Working Group on Portugal "which should define concrete conclusions and measures in order to help Portugal in its overall economic and social development";

Aware of Portugal's important position and role in the Alliance.

Mindful of the considerable economic gap between Portugal and most other countries of the Alliance;

Knowing that a well-functioning economic system is a basic requirement for political stability and the maintenance of defence capability;

Thanking the Working Group on Portugal for the work it has performed and the results it has achieved so far;

Retaining the area of continuing the working group, the role of which will be to foster closer relations between each member country of the Alliance and Portugal and to help promote new proposals for economic aid and investments;

URGES member governments of the North Atlantic Alliance:

1. to intensify all efforts for co-operation with and economic aid to Portugal;
2. to elaborate in co-operation with the Portuguese government concrete aid programmes orientated towards Portugal's most urgent requirements;
3. to encourage private industry to intensify relationships with Portugal;
4. to set up bilateral commissions for the planning and realisation of concrete projects.

RECOMMENDATION ON
THE OLYMPIC GAMES

The Assembly,

1. *Recalling* the proposals made by the Government of the Republic of Greece in 1976 and 1980 commending the idea of the return of the Olympic Games to their country of origin;

2. *Taking into account* the resolution in sport adopted by the Conference of European Ministers responsible for Sport in London in 1978;

3. *Considering* the necessity of having the Olympic Games organized on a permanent basis;

RECOMMENDS that the North Atlantic Council do everything in its power, in consultation with the International Olympic Committee, so that urgent consideration be given to the Olympic Games returning to their country of origin.

RESOLUTION ON
DELIBERATE INTERFERENCE WITH
INTERNATIONAL BROADCASTS

The Assembly,

Recalling that the participating governments at the Conference on Security and Co-operation in Europe made it their aim "to facilitate the freer and wider dissemination of information

of all kinds," and that the Final Act of that Conference specifically noted "the extension in the dissemination of information broadcast by radio" and expressed "the hope for the continuation of this process, so as to meet the interests of mutual understanding among peoples";

Recalling the protests made by this Assembly and at the Belgrade Review Conference on CSCE implementation against the continued jamming of Radio Free Europe—Radio Liberty and Deutsche Well broadcasts to the Soviet Union and various East European countries; and

Deploring the resumption on 20 August 1980 by the Soviet Union of jamming of certain broadcasts of the Voice of America, the British Broadcasting Corporation (BBC), and Deutsche Welle,

Reaffirms its belief that such jamming continues to violate the spirit and the letter of the Helsinki Final Act and should be terminated, and

URGES member governments of the North Atlantic Alliance now taking part in the Madrid CSCE Review Conference to make a forceful protest against all such jamming and to insist that it must be terminated if the aims of the Helsinki Final Act are to be met.

RESOLUTION ON TERRORISM

The Assembly,

Noting with concern the increase in acts of international terrorism in the member countries;

Noting the challenge to democratic institutions and to both national and international stability which is presented by such crimes;

Aware of the particular threat to international co-operation posed by increasingly frequent attacks upon diplomatic personnel and premises within and outside Alliance countries;

Deeply disturbed by the resurgence of anti-semitic ideology and by the anti-semitic acts committed by terrorist organizations against synagogues, cultural centres and, even worse, against human beings, including children;

Considering that every nation must take effective steps to combat the threat to the fundamental rights of its citizens posed by "regional" as well as international terrorism;

Recognising that such steps must be taken in a manner which of itself respects western common values, rights, freedoms and duties of the citizens of the Alliance countries;

Noting the importance and impact of agreements already signed by member governments, with particular attention to measures against air piracy;

Reaffirming the Alliance's commitment to close co-operation to combat the scourge of terrorism;

URGES member governments and parliaments of the North Atlantic Alliance:

1. To use the consultative and co-operative mechanisms of the Alliance to their full extent to facilitate among member governments the exchange of information on terrorist related groups to enhance co-operation in legislative and judicial matters, and to co-ordinate the fight against terrorist crimes which he recently affected European countries as well as some American States.
2. To seek further co-operative means by which joint steps may be taken against subversive groups which may be behind acts of terrorism or provide financial, material, or training support to terrorists.
3. To become parties to the Convention Against the Taking of Hostages (New York, 1979) and to encourage other nations to sign and ratify this important convention in order that it enter into force at the earliest possible date.
4. To consider joint measures which might be proposed in the Council of Europe or by NATO to enhance Transatlantic reflection and co-operation to combat terrorism.
5. To condemn anti-semitism in all its forms, promulgating where necessary laws enabling this form of intolerance and incitement to hatred to be eradicated.

RECOMMENDATION ON CHEMICAL WARFARE (CW)

The Assembly,

Noting the recent action by the United States Congress in authorising $3.5 million for the commencement of a facility to produce new binary chemical weapons;

Noting that to date there has been no formal consultation among the NATO Allies concerning the development and deployment of new offensive chemical warfare weapons within the Alliance;

Recognising the existence of the Geneva protocol in which the United States and the Soviet Union have agreed not to be the first to use chemical weapons, and the on-going bilateral negotiations to prohibit the development, production and stockpiling of any lethal chemical weapons;

Recognising the thorough preparation of Soviet armed forces in defensive and protective chemical warfare measures;

Stressing the substantial political and military constraints that would inhibit the use of chemical warfare weapons;

Concerned at the prospect of an escalation in offensive chemical warfare weapons;

Convinced that proposals to deploy new offensive chemical weapons in Europe would provoke a strong public reaction among European public opinion;

URGES the North Atlantic Council:

to consult urgently on the role of offensive chemical warfare weapons in NATO strategy.

RESOLUTION ON
RELATIONS BETWEEN THE PARTNERS OF THE ALLIANCE, THE REINFORCEMENT OF WESTERN DEFENCE AND THE CONTINUATION OF ARMS CONTROL POLICY

The Assembly,

Recognising the fact that peace and liberty for the partners of the North Atlantic Alliance have been secured by this defence alliance for more than 30 years;

INVITES the governments of the Member States:

1. to engage in intensive discussions and consultations on the world-wide threat against NATO States by the Soviet policy, their continued rearmament and expansion in the Third World, in order to arrive at a common response safeguarding peace and liberty in the world;
2. to strengthen the Alliance by implementing the LTDP which was agreed upon in 1978 in Washington and make available the funds necessary in this respect (3% annual increase of defence spending in real terms till 1985);
3. To energetically pursue implementation of the NATO decision of December 1979 on TNF and to continue efforts for the limitation of nuclear and conventional arms through SALT and MBFR, and other negotiations.

RESOLUTION ON
THE SITUATION IN THE GULF

The Assembly,

Deploring the loss of life and the suffering on both sides in the war between Iran and Iraq;

Deeply concerned about the war, about its effects on the economies, stability, and well-being of both countries, and about the possibility that the war might spread;

Aware that the impact of that war and of other regional instabilities has already been profound in terms of the economic effects on oil-producing and oil-consuming countries;

Believing that in the interest of the stability of the region and the maintenance of non-alignment for countries which have independently chosen this political course conditions have to be created which will allow a ceasing of hostilities and a settlement of the conflict as soon as possible;

URGES member governments of the North Atlantic Alliance:

1. to express, with due respect for NATO's boundaries, the common interest of all members of the Alliance in the stability of the Gulf region;
2. to agree on a military programme and political strategy within the NATO area which will help to create the necessary flexibility for some member countries to deal effectively with conflicts in other areas where the treaty cannot be applied;
3. to create from among the Allied powers a more effective system of crisis management with a view to their accepting special tasks in different conflict areas.

RESOLUTION ON
ARMS CONTROL

The Assembly,

Noting the strong support of the SALT II Treaty by European governments and parliaments as demonstrated by the repeated declarations of Western leaders and officials;

Emphasising that this support derives not from a perception of American weakness, but from a genuine belief that a further SALT agreement may significantly strengthen the framework for the management of American-Soviet strategic relations and may constitute an important step toward the goal of achieving more strategic stability by substantial reductions and constraints in the nuclear arsenals of both sides through the future SALT III negotiations;

Emphasising that in Europe public opinion continues to place a high premium on arms control as a crucial instrument for ensuring Alliance security and stability;

Concerned about the destabilising effects of any attempt to gain nuclear superiority; and convinced that peace and security for all depend upon the maintenance of the strategic nuclear balance;

Recognising the importance for Western security and for stability in Europe of the December 1979 decision of Allied governments

—to modernize NATO's long-range theatre nuclear forces

—to achieve at the same time a more stable nuclear balance at lower levels of weapons on both sides through arms control negotiations and

—to examine NATO's TNF requirements in the light of concrete results reached through negotiations;

Convinced that any limitations on US and Soviet long-range theatre nuclear systems must be negotiated bilaterally: that progress in these negotiations will depend on progress in the SALT process and that Allied consultation and support for the US negotiating effort is crucial;

Welcoming the preliminary discussions between the United States and the Soviet Union concerning the commencement of negotiations on long-range theatre nuclear forces;

URGES member countries of the North Atlantic Alliance:

to express their support of the SALT process and its importance as a stabilizing element in East-West relations;

to maintain the fullest consultation and co-operation with the United States in pursuing the commencement of negotiations on LRTNF and to work for a successful outcome of the Geneva exchanges.

RESOLUTION ON
CSCE AND EAST-WEST RELATIONS

The Assembly,

Welcoming the consensus at the Madrid CSCE-Follow-up meeting on an agenda for this important East-West dialogue;

Affirming that the CSCE process should be continued on a stable basis and with new incentives for East-West co-operation;

Emphasizing the need for a sober evaluation of the progress in all participating states in applying the principles and objectives of the Final Act of Helsinki as well as the necessity for a further development of these principles and objectives in concrete terms;

Reiterating that the Soviet occupation of Afghanistan is incompatible with the obligations of the Final Act and the basic principles of international law and that normal East-West co-operation cannot be achieved without the withdrawal of the Soviet troops from Afghanistan;

Reaffirming the respect of basic human rights as a vital element of East-West relations

URGES member governments of the North Atlantic Alliance:

1. to co-operate closely during the Madrid Follow-up meeting with a view to advancing human rights in the CSCE context;
2. to support the project of a European Conference on security and disarmament and help to work out a clear mandate for holding such a conference in the CSCE framework as part of a balanced outcome of the Madrid meeting;
3. to consider and prepare for other conference projects in the CSCE framework, especially in the field of energy;
4. to consult and exchange information on economic co-operation with the East;
5. to demand the liberty of all those who suffer persecution because of their fight for the implementation of the Helsinki Final Act.

RESOLUTION ON
THE CRISIS IN TURKEY

The Assembly,

Concerned about the crisis in Turkey, the military intervention, the suspension of the parliamentary democratic system and the ending until further notice of the activities of political parties;

Taking into account the expressed public commitments by the military leadership and the government to restore democracy at the earliest opportunity;

Taking into account the preamble of the North Atlantic Treaty, which commits the signatories "to safeguard the freedom, common heritage, and civilisation of their peoples, founded on the principles of democracy, individual liberty and the rule of law";

Recognising that rapid progress towards the restoration of democracy and the solution of the economic and social crisis is a matter of grave concern for Turkey's citizens and the members of the Alliance;

URGES the member governments of the North Atlantic Alliance:

to *express* the strong interest they have in a rapid return to democratic institutions in Turkey and in Turkey's successful resolution of its crises;

URGES the National Security Council of Turkey and the government:

to implement rapidly their pledge to restore democracy by taking positive steps toward this goal.

RESOLUTION ON
AFGHANISTAN

The Assembly,

Reaffirming its assessment of the Soviet invasion of Afghanistan as an unwarranted and unacceptable violation of Afghanistan's sovereignty, territorial integrity, and non-alignment;

Considering the nearly year-long Soviet occupation and attempt at forcible subjugation of the Afghan people to be a gross breach of the right of all Afghans to self-determination;

Alarmed at the invasion's corrosive effects on regional stability and on the security of individual nations in the immediate region, notably that of Iran and Pakistan;

Concerned that the Soviet Union has pursued its course of aggressive action without taking into account the damage done to détente and to East-West relations generally;

Deploring the invasion and continued occupation of Afghanistan as a damaging violation of the letter and the spirit of the CSCE Final Act;

URGES member governments and parliaments of the North Atlantic Alliance;

1. To continue to express to the Soviet Union, by public and private channels of communication, their condemnation of the Soviet invasion and occupation of Afghanistan;
2. To persevere in their concerted response to this continued aggression;
3. To remain steadfast in their commitment to work for a political settlement that includes the prompt and total withdrawal of the Soviet forces and a guarantee of Afghan self-determination and territorial integrity;
4. To continue to give sympathetic attention to the positions of the neutral and non-aligned countries on Afghanistan;

CALLS on the Soviet Union:

to resolve this problem in accordance with the United Nations General Assembly resolution of 14 January 1980, by " . . . the immediate, unconditional and total withdrawal of foreign troops from Afghanistan in order to enable its people to determine their own form of government and choose their economic, political and social systems free from outside intervention, subversion, coercion or constraint of any kind."

RESOLUTION ON
AMERICAN HOSTAGES IN IRAN

The Assembly,

Noting with grave concern the growing number of violent and criminal acts directed against the premises and personnel of diplomatic missions, particularly the taking of hostages;

Noting with profound regret that 52 Americans have recently completed a full year as hostages in Iran;

Considering that the maintenance of relations among states presupposes respect for the inviolability of the personnel and premises of diplomatic missions;

Affirming its commitment to the principles of international law set out in the Vienna Conventions of 1961 and 1963 on diplomatic and consular relations;

Alarmed at the implications for international peace and security and for orderly diplomatic intercourse of the continued detention of the American hostages in Iran in flagrant violation of those principles;

URGES member governments of the Alliance:

1. To condemn in the strongest terms the continued detention of the American hostages in Iran in violation of the most fundamental rules of international law;
2. To denounce the continuted and flagrant disregard by Iran of these established rules of international law, of resolutions of the United Nations Security Council which require the immediate release of the American hostages, and the judgement of the International Court of Justice on this question;
3. To co-operate to the fullest extent to obtain the earliest possible release of the American hostages.

ORDER ON
NUCLEAR WEAPONS IN EUROPE

The Assembly instructs its President to devise a mode of co-operation between the Political Committee and the Military Committee for joint study of the problems of nuclear weapons in Europe and the future of arms control negotiations between East and West in this field.

RECOMMENDATION ON
SUPPORT FOR THE NATO
"SCIENCE FOR STABILITY" PROGRAMME

The Assembly,

Recalling their recommendation 68 passed at the 24th Annual Session in Lisbon in November 1978 which called on the NATO Science Committee to assist the scientifically and technologically less developed countries of the Alliance;

Appreciating the urgent efforts made since then by the NATO Science Committee in preparing such a programme of assistance;

Noting the endorsement by the NATO Council meeting in Ankara in June 1980 of the establishment of a special five-year programme, "Science for Stability", to strengthen the scientific and technological capabilities of Greece, Portugal and Turkey by means of cooperation with scientific institutions in other countries of the Alliance;

Expressing satisfaction that projects in the programme have entered the planning stage;

RECOMMENDS that the North Atlantic Council ensure that adequate support and funds are earmarked for this urgent programme which will assist in the essential economic development of these three countries.

RECOMMENDATION ON
STRENGTHENING APPLIED SCIENCES AND
ENGINEERING IN THE NATO SCIENCE PROGRAMME

The Assembly,

Acknowledging the major contribution of the NATO Science Programme, over the past 22 years, to interactions between scientists and engineers from all nations but most particularly from Alliance member countries;

Recognising the uniqueness of NATO's international Science Programme which, on a limited budget, has, from the outset, promoted the development of crucial scientific and technological capabilities of significant long-term importance;

Convinced of the current need to be more innovative by developing activities to strengthen, in particular, engineering and applied sciences;

Disturbed by budgetary aspects of the NATO Science Programme which has operated on a decreasing level of financial support, in real terms, over the past 10 years;

RECOMMENDS that the North Atlantic Council:

1. give urgent attention to restoring NATO science expenditure in real terms so as to adequately support the invaluable efforts of the NATO Science Committee;
2. encourage the NATO Science Committee to be more innovative in their Programme so as (a) to significantly expand their activities in applied sciences and engineering and (b) to further enlarge interactions in future projects between industry, governments, universities and research and development institutions.

RESOLUTION ON THE
NEED FOR COOPERATION BETWEEN ALLIANCE
COUNTRIES IN ENERGY CONSERVATION

The Assembly,

Stressing the fact that world energy resources are limited in supply and that the price of the primary energy is increasing rapidly;

Aware of the effects continual energy price rises are having not only on the economies of Alliance countries but more particularly on those of the less developed countries;

Concerned that according to the World Bank the aggregate current account deficit of oil importing developing countries has increased from $7,000 million in 1973 to over $70,000 million in 1980 and that their total outstanding debts have

increased six times during the past decade to reach $376,000 million;

Underlining the fact that these deficits are largely the result of oil price rises from $1.30 per barrel in 1970 to $32 per barrel in 1980;

Emphasising that energy conservation measures, which could reduce world energy consumption by as much as 30 per cent by the end of the century, are an effective way of reducing energy demand and stretching the world's scarce fuel resources;

URGES member governments of the North Atlantic Alliance:

1. to intensify their national efforts to conserve energy;
2. to cooperate with Alliance countries in exchanging information conserning projects and technologies which effect real energy savings in the industrial, transportation and residential/commercial sectors.

THE SENATE

Wednesday, December 10, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE FREDERICK W. ROWE

CONGRATULATIONS ON PUBLICATION OF "A HISTORY OF NEWFOUNDLAND AND LABRADOR"

Hon. David Walker: Honourable senators, may I bring to the attention of this chamber the fact that we have been signally honoured, as was Newfoundland, that great province, by the achievement of one of our fellow senators, the Honourable Frederick W. Rowe, who has just had his fifth and by far his best book published by that well-known publishing firm, McGraw-Hill Ryerson Limited of Toronto. This is a fascinating book entitled: *A History of Newfoundland and Labrador*. It is the first full-scale book on this subject in this century. I read the book for at least four hours last night, and I was fascinated by it.

Three chapters of Senator Rowe's beautifully bound history have been devoted to the period from 1850 to Confederation with Canada, and in particular to the relations between Newfoundland and Ottawa since 1949. This is particularly appropriate at this time, because the history of federal-provincial relations has almost reached fever pitch. The people of Newfoundland and all readers will be delighted with these chapters.

Senator Rowe held eight portfolios—just think of that, eight portfolios—in the Newfoundland government over a period of 22 years. Imagine anyone spending all that time with Joey Smallwood. He has spent nine years in this honourable chamber. He is in a better position than anyone living to write authoritatively on Newfoundland, which has such a splendid history and which distinguished itself magnificently in the two World Wars. Senator Rowe can speak with greater authority than anyone else on federal-provincial matters as they affect his native province.

In conclusion, might I say that Senator Rowe has added his name as one of the most distinguished senators in this chamber, and I predict that long after we are all gone he will be remembered for his exceptional achievement—*A History of Newfoundland and Labrador*.

Hon. Andrew Thompson: Honourable senators, I would like to concur with the eloquent remarks of Senator Walker in saying that Senator Rowe has brought distinction to the Senate with the publication of his fifth book. I think it is a synthesis of all the work he has done in the past which, reaching back over thirty years, goes to learned, erudite articles in the encyclopedias, and so on. It is an important work because that rugged Island has a magnificent history of proud independent people who sailed across the seas and settled in the outports and faced the harsh realities of life there with determination and a sense of independence.

It is an exciting book, a saga of a great people, and in reading it I think not only Canadians will appreciate more deeply the value of the contribution of Newfoundlanders but also the Newfoundlanders themselves. As Senator Walker said, this is the first definitive work on the history of Newfoundland and Labrador since, I think, 1875.

Senator Rowe, as Senator Walker said, is in a unique position; he has been at the vortex of the educational system and the legislative system in Newfoundland. His roots are deep, deep in both the soil and the sea of that proud Island. They go back to the early 1600s, and before that in the motherland. I happen to have had the privilege of living in Devon where we had a home in Teignmouth, where the Rowes were a distinguished family. You can reach back a lot longer than that. There was an Owen Rowe who ended his life imprisoned in the Tower of London, but perhaps I should not mention this because he might not have been related to our distinguished Senator Rowe. But I can also refer to Nicholas Rowe, who wrote the first biography of Shakespeare and was a poet laureate of England.

• (1410)

Senator Rowe is imbued not only with scholastic excellence but with a unique background in the educational and legislative fields. I congratulate him and, with Senator Walker, commend his book not only because it will make a significant contribution to the understanding of Canadians and is a work the Islanders can be proud of, but also because it makes a major contribution to Canadian history.

Hon. Frederick W. Rowe: Honourable senators, I am sure I need not say that I am more than pleased and honoured by the kind remarks that have been made by Senator Walker and Senator Thompson.

Senator Walker and I learned to work together a good many years ago, when he was a distinguished member of the Diefenbaker cabinet and I was in a more humble position in Newfoundland. At that time, in his exalted portfolio he was a good friend of Newfoundlanders. He was always interested in our needs and was sympathetic to those needs. The kind and generous comments he has made here today are, I think, a further indication of his interest in our province.

As for Senator Thompson, he and I have been friends ever since the first few days I came here. I know his interest in cultural matters and I am more than pleased that he has seen fit, too, to say a few words in connection with my recent work, a work which I wrote not only for Newfoundlanders but for all

Canadians, in the hope that it would do something to acquaint Canadians more fully with the unique culture and background history, economic, religious, educational and cultural, of what is at one and the same time the newest part and the oldest part of Canada. Thank you very much.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

NORTHERN PIPELINE

SECOND REPORT OF COMMITTEE PRESENTED

Hon. Earl A. Hastings, Chairman of the Special Committee of the Senate on the Northern Pipeline, presented the following report:

Wednesday, December 10, 1980

The Special Committee of the Senate on the Northern Pipeline presents its second report as follows:

Your committee recommends that it be authorized to examine and report upon all aspects of the transmission and distribution of natural gas in Quebec and the Maritime provinces.

Respectfully submitted,

Earl A. Hastings,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Hastings: I move that the report be taken into consideration on Tuesday next.

Senator Smith: Honourable senators, I should like to direct a purely technical question to the chairman of the committee. Can he give us any information on when the printed proceedings of the committee for the last two or three meetings will be available? I realize the difficulties that are involved and I am not being critical. I would just like to know if the chairman can give us any help in that respect.

● (1415)

Senator Hastings: Honourable senators, the last two issues will be in the mail this afternoon or tomorrow morning.

Motion agreed to.

[Senator Rowe.]

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

Hon. A. Irvine Barrow, Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, December 9, 1980

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill S-10, intituled: "An Act to amend the Corporations and Labour Unions Returns Act", has, in obedience to the Order of Reference of Tuesday, October 7, 1980, examined the said bill and reports the same with the following amendments:

1. *Page 9,* clause 4.2: Add, immediately after line 22, the following:

"(3) For the purposes of this section, information relating to transactions involving transfers of technology shall be deemed not to include any scientific or technical description of any product or process."

2. *Page 16:* Add, immediately after line 10, the following:

"14. This Act shall come into force on a day to be fixed by proclamation."

Respectfully submitted,

A. I. Barrow
Deputy Chairman

He said: Honourable senators, the second amendment is self-explanatory. In connection with the first amendment, there were objections raised by the Canadian Chamber of Commerce, the Canadian Manufacturers' Association and the Canadian Chemical Producers Association to the particular section that this amends, and, after consultation with the minister and those three bodies, this particular amendment was agreed upon, and it was satisfactory to your committee.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this bill was before us on another occasion and has been studied by the committee. Senator Stanbury was the sponsor of the bill, and I see that he is in the chamber, although I had been led to understand that he would not be there this afternoon. I hoped to have had third reading of the bill either later today or tomorrow, since it has already received careful examination here. Members will recall that it relieves a large number of corporations of the need to report, and so its speedy adoption would be welcomed by a large number of Canadians. I therefore suggest that the report be taken into consideration either later today or at the next sitting.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to suggest that we do not proceed with consideration of the report today, because the

report obviously indicates some amendments to the original bill that we had. Those of us who are not members of the committee, or who are members but who were unable to be present at the committee meeting, would like to have a look at the amendments before we proceed with them further. Therefore I suggest that we proceed in the normal course.

Hon. Jacques Flynn (Leader of the Opposition): I suggest that the report be placed on the Orders of the Day for consideration tomorrow, and then third reading can be given.

Senator Frith: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

PATRIATION—GOVERNMENT REACTION TO RESULT OF GALLUP POLL

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. The Prime Minister has always taken the support of the people as his main argument to act unilaterally with his proposed Address to Westminster in order to bring about basic changes in the Canadian Constitution, saying that he need not be concerned with intellectuals or provincial opposition. Therefore, in view of the Gallup poll published yesterday or today indicating that he no longer commands public support, I wondered whether the Prime Minister is going to change his attitude and follow a more conciliatory approach by cutting his proposal down to something which is essential and which is likely to be endorsed by both the people and the provinces?

● (1420)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, in reply may I quote from two distinguished Canadians? The first is the present Leader of the Conservative Party who said, "The only polls that really count are the polls on election day," and, of course, he discovered the essential validity of that theory.

The second is a quotation from the former Leader of the Conservative Party, the Right Honourable John Diefenbaker, sadly deceased, who said, "Polls are primarily of interest and value to the canine species."

Senator Flynn: Surely you are not suggesting that this is the case with the poll on the Prime Minister's resolution?

Senator Perrault: I suggest there is limited value and significance in polls. A great deal depends on the wording of the questions to be surveyed—

Senator Flynn: You should not mention the Prime Minister and dogs in the same breath.

Senator Perrault: —and the method of assessing public opinion. Polls are of interest, but not of lasting and permanent significance.

Senator Flynn: In any event, my question was not for the purpose of eliciting those amusing quotations by the Leader of the Government, who is always irrelevant in his answers. I was asking if the Prime Minister, since he was using the support of the people as his main argument, now that he does not have that support, is going to change his attitude and cease to provoke confrontation?

Senator Perrault: I hope the Honourable Leader of the Opposition is not suggesting that the government's activities, actions and policies should be dictated on the basis of the latest poll. That policy would constitute a complete abdication of leadership, a complete absence of the kind of national government that this country wants and has right now.

Let me suggest to the Leader of the Opposition that Canadians overwhelmingly say that they want entrenched human rights—the right of free speech, the right to vote on election day, the freedom of the press, and all of the other basic freedoms. The so-called unilateral action is necessary because of 53 years of utter deadlock and frustration.

Senator Flynn: The Leader of the Government does not seem impressed that according to that poll, 58 per cent are opposed to the unilateral action of the government. If you say that a government should not act in accordance with the general will of the people, or on the basis of Gallup polls, I fail to see why the Prime Minister was using the argument of popular support to defend his unilateral action.

Senator Perrault: Well, perhaps the Leader of the Opposition—

Senator Flynn: Perhaps, yes.

Senator Perrault: —can let us know whether the brief and unhappy life of the previous government was dictated solely by polls. If polls inspired most of their actions, obviously the wrong method was chosen.

Senator Flynn: If you don't want to answer, why don't you occasionally just say so. Especially would that be well advised when you have nothing to say but that which is irrelevant.

Hon. Andrew Thompson: Honourable senators, I recognize the abhorrence and apprehensions of the Leader of the Government with regard to the use of polls. Do those feelings extend to the use of referenda?

[*Translation*]

Hon. Martial Asselin: I have a supplementary question for the Leader of the Government. It seems that the provinces are about to call on the federal government to meet with them before the debate on the constitutional document comes to an end. For the sake of strengthening Canadian unity on the patriation issue, would the federal government agree to meet with them within the next month or in February to work out

with them a patriation formula which hopefully would meet with the approval of all parties concerned? Would the federal government take a conciliatory stand if such a request were made by the provinces, as they intend to do?

• (1425)

[*English*]

Senator Perrault: Honourable senators, no person cherishes more the idea of federal-provincial meetings to work out agreements than does the Right Honourable the Prime Minister. He has initiated many First Ministers' Conferences and other ministers' conferences since he first assumed his responsibilities in 1968.

The government certainly welcomes initiatives on the part of the provinces. Some premiers have suggested that there be a cooling-off period, and there may be value in further meetings. The government does not reject that idea, but it does, I think with justification, ask what new initiatives may be expected and what are the areas of progress where it may be possible to achieve agreement where we have been unable to achieve agreement in the past. The concept of further consultation is certainly not ruled out. However, I suggest that more information is required from the provinces with respect to proposed agenda items and the areas where progress could be expected.

[*Translation*]

Senator Asselin: If I understand the answer just given by the government leader, the government would be prepared to hear out the provinces or meet with them. That is incongruent with the answer given by the Prime Minister last Friday at his press conference, because when reporters asked him whether he would meet with the provinces to discuss the constitutional proposal before sending it to Westminster, he said no. Has the government changed attitude since the provinces are asking for another meeting to come to some agreement on the amending formula?

[*English*]

Senator Perrault: Honourable senators, I will take that question as notice. The question will be referred to the Office of the Prime Minister. However, may I say I had a very productive and long meeting with Premier Bennett last Friday in Victoria.

Some Hon. Senators: Hear, hear.

Senator Perrault: We discussed at length a number of initiatives relating to the Constitution, the energy situation, and other matters. We would all prefer to have federal-provincial agreement and I believe that it would be far more desirable to have Canada go to London as a united nation rather than as a nation fraught with disagreement.

Senator Flynn: Very good.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to follow up that interesting expression of opinion by the Leader of the Government and respond to his question as to what on earth the provinces and the federal government could meet about. It would be very useful if he would recommend to his leader that he meet with the provinces to deal with the single topic of the amending formula because, as my honourable friend knows, last August and September there was agreement among 10 provinces on the general substance with respect to the Vancouver formula. This was so reported in the leaked document that was for ministers' eyes only—that is one good source of information on that point. Three premiers have appeared before us and we have received information from others indicating that that formula might very well be the basis for an agreement with respect to how we should amend our Constitution.

The advantages of going to London with an agreement on patriation and an amending formula need only be suggested to be obvious to all members of this house. If I may repeat a suggestion I made when we debated this topic some time ago, in the interests of harmony I would urge my honourable friend to persuade the Prime Minister not to reject out of hand, as he appears to have done, the possibility of meeting before any further proceedings take place on this one topic of the amending formula. I believe such a meeting would be productive, and it would deliver this country—

Senator Marshall: Save the nation!

Senator Roblin: —from the agony of the disagreement in which we find ourselves today. My honourable friend suggested that a cooling-off period might be considered by the federal government.

Senator Perrault: Premier Bennettt suggested that.

Senator Roblin: I take it my honourable friend approves of the suggestion. If he does, I think he should transmit the suggestion to the Prime Minister, because if there is anything this country needs today in its constitutional situation it is a cooling-off period. We need to be cooled off until we have time to reflect on some of these matters—if I may express a personal opinion—and to hear the opinion of the courts. If there is any possiblity of calling the premiers together to discuss the amending formula, that could certainly lead to a cooling-off period, which would be good for this country. I recommend that course of action to my friend.

• (1430)

Senator Perrault: Of course the views of honourable senators will be brought to the attention of the Right Honourable Prime Minister. I did mention the phrase "cooling-off period." It was suggested by Premier Bennettt a few weeks ago. Yet if one examines the oratory of recent weeks, it does not appear, I think, to any fair-minded observer that "cooling off" is required on the part of the federal government. Most of the public attacks have been made by certain provincial premiers—

Senator Donahoe: They are pretty cold about it.

Senator Perrault: —and other spokesmen who in some cases have employed very extreme language. As far as the Constitution dialogue is concerned, I think there is great value in avoiding and abandoning all excessive language, whatever the

source, and attempting to achieve essential agreement and accord.

Senator Balfour: Paranoia.

Senator Perrault: But those who hold out great hope for a resumption of meetings involving federal and provincial ministers and governments must certainly be sobered by the statement made by that distinguished Conservative, Premier Hatfield of New Brunswick. The other day in Ottawa he said, in effect, "In my view a resumption of these meetings would lead only to a further delay." Those are not heartening words for anyone concerned about the future possibilities of the consultative process, and this is why I repeat what I said earlier: The government would like to have further details from the premiers who wish to resume talks to determine from them exactly those areas and ways in which they believe that progress can be made and agreement achieved.

We talk about the amending formula. Of concern to the national government is this fact: In June of 1971 all of the provincial governments, without exception, agreed to the Victoria formula. While Quebec changed its view a few days after the meeting had concluded, nevertheless, at one point all of the premiers supported the Victoria formula in 1971. Today that formula is being pilloried by a number of provincial spokesmen who allege that it is a device developed by the national government in order to subjugate provincial interest.

I think federal representatives have a right to ask the Canadian people what happened in that intervening nine years. In 1971 a formula that was totally satisfactory to all of the provinces is inexplicably alleged to be, in 1980, an "evil instrument" of the federal government. Yet this national government does not insist that the Victoria formula be imposed in some fashion. It has talked in terms of a modified Victoria formula. It has talked about the possibility of developing over a two-year period an alternative amending formula that meets the needs of the provinces and the federal government. In my view there is still a great deal of negotiating room, and if there are indications of provincial flexibility, I feel that the national government would look very favourably upon the idea of resuming talks in some form.

Senator Flynn: Perhaps you could add the last phrase only.

Senator Roblin: Honourable senators, I am encouraged by the closing remarks of my honourable friend that there is flexibility and room for negotiation. That is good to hear, and it needs to be stressed. When my friend complains about what some premiers are saying, I suggest to him—although I have no desire to defend what they are saying, because it is none of my business—that what they did was in reaction to what my friend's administration was proposing. How does he expect the government to get away scot-free without a reaction when the very principles on which a federal system is founded—namely, co-operation and mutual endeavour between two parties—are ignored in favour of unilateral action, despite whatever provocation my honourable friend may think he is under to justify unilateralism? How does he expect any other reaction? He complains that the provinces have changed their minds about the Victoria formula since 1971. It is true that they have, but the federal government has changed its mind. The deal that was presented in this summer of 1980 was not the same one that was presented and discussed previously. It was much less favourable from provincial points of view than the one previously announced. I acknowledge the right of the federal government to change their minds, but they should also acknowledge the right of other people to change their minds.

• (1435)

Let us not get deflected from the main point that I think this house should be trying to establish, which is that, regardless of all these problems and regardless of one's view about them, it is not constructive at this moment to continue to drag them up and down this red carpet. What we ought to do is stick to the one simple thing, that there is a proposal by the provinces to meet again on the amending formula. Mr. Hatfield agreed that he preferred the Victoria formula, but he will take the Vancouver one. As I understood what he said—and I was there listening to him and questioning him, and I hope I got it right—he did not say that it would not be useful to meet on the amending formula. His problems with delay had to do with all the other things, and there may be some substance in that.

I suggest that we forget about the point making that we may have here and stick to the one subject, that of getting a meeting of the provinces and the federal government to discuss patriation and the amending formula. I think we can be successful, and that is what we ought to concentrate on.

Senator Molgat: What is the question?

Senator Flynn: Read *Hansard* tomorrow. Possibly you may understand.

Senator Molgat: The honourable senator has just made two speeches with not a single question in either.

Senator Flynn: Following the speech of the Leader of the Government.

Senator Smith: Senator Roblin's were very helpful speeches.

Senator Molgat: Remember, we want the rules followed.

Senator Flynn: I know your stand on the rules. You can keep it.

Senator Molgat: That's fine.

Senator Roblin: I don't like to change the present train of thought, but if we have disposed of the questions on this subject, as I guess we have, we now await the response of the Leader of the Government to the question as to whether or not he will make any proposal to his leader.

THE SENATE

LEGISLATIVE PROGRAM

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to ask the Deputy Leader of the Government a question about our future activities between now and the next little while. Can he tell us when this house will adjourn for the Christmas season and when we will take up our business again

afterwards? Can he also indicate which bills he expects we will be asked to deal with, if any, before the Christmas adjournment so that we can make some sensible arrangements for handling them?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I cannot answer the first question today, but I expect to be able to do so tomorrow. This might not be useful, but I expect that we will be sitting next week, and I suspect that we might be coming back in January. There are discussions taking place now on the subject. I just do not have the answer to that question yet, but I do hope to have it tomorrow.

We have Bill S-10, to amend the Corporation and Labour Unions Returns Act, and Bill C-47, the supply bill, will be coming over.

They are sitting on Bill C-47 in the other place until midnight tonight, and it should be here for our attention tomorrow. As honourable senators will remember, our way of dealing with supply bills in the past has been, and will be on this occasion, to have them studied in advance by the Standing Senate Committee on National Finance. I expect we will have something on that tomorrow. It is hoped that that bill can receive royal assent by next week if the pre-study by the committee is accepted by the Senate.

Those are the only two bills I have been told about so far. Of course, there are also the private bills that are before us. I estimate we will be required to sit until next Thursday, but I hope to have more certain information tomorrow.

FOREIGN AFFAIRS

POLAND—MASSING OF RUSSIAN TROOPS ON BORDERS—PRIME MINISTER'S MESSAGE TO PRESIDENT BREZHNEV

Hon. Martial Asselin: Yesterday I put a question to the Leader of the Government. Yesterday the Prime Minister said in the other place that he has sent a message to President Brezhnev regarding the situation in Poland. I do not know what kind of message he has sent President Brezhnev, but I think the Canadian people are entitled to know what kind of message has been sent, and whether the message contains any protestations against the possible invasion of Poland.

Will the minister be in a position to table a copy of this message in the Senate?

● (1440)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the text of the message sent by the Right Honourable the Prime Minister to Mr. Brezhnev has not as yet been released. However, I inquired about this again today. The essence of the message is similar to the words I quoted to honourable senators last evening.

Honourable senators will recall that the Prime Minister has said that "We would not like to see a repeat of the situation at the time of the Afghanistan invasion by the Soviet Union". The Prime Minister has said that this is a very serious time for the peace of the world. He has expressed the hope that "Western nations will be able to react in a more united way to this very serious threat".

[Senator Roblin.]

Senator Asselin: Do you have a copy of that?

Senator Perrault: My reply to your question is found at page 1383 of Senate *Hansard*. However, the exact text of the message has not yet been released. When and if it is released, it will be made available to the honourable members of the Senate.

Hon. Lowell Murray: Honourable senators, I have a supplementary question. I ask the Leader of the Government to assure the Senate that the Government of Canada takes a more serious view of any Soviet military action with regard to Poland than it did in 1968 when, as Soviet tanks were rolling into Czechoslovakia, a minister of the Trudeau government was heard to say that it was a regrettable event.

Senator Perrault: Honourable senators, again we have an example of a rather deplorable political gamesmanship that goes on from time to time in the opposition benches.

Senator Murray: Look it up.

Senator Perrault: Some unnamed minister is supposed to have said—

Senator Murray: Mitchell Sharp.

Senator Perrault: —on some date not given.

Senator Murray: August 1968.

Senator Perrault: Come on! The honourable senator is not being serious. May I suggest to the honourable senator that he bring to this chamber the complete statements made by the Honourable Mitchell Sharp on the subject of this invasion so that—

Senator Murray: With pleasure.

Senator Perrault: —the entire Senate knows the exact position of the former Minister of State for External Affairs at that particular time.

Canada has never hung back when freedom has been challenged in this world. Indeed, Canada has been in the forefront of nations condemning violations of human rights wherever they have taken place.

THE ECONOMY

FOOD PRICES—STATEMENT BY PRIME MINISTER

Hon. G. I. Smith: Honourable senators, it intrigues me a little to know that the Leader of the Government, to whom I wish to address a question, is still so enamoured of having long dissertations read in the Senate that he repeats today to my colleague the challenge he made to me yesterday, and to which I wish to draw his attention and about which I wish to ask him a question.

The Leader of the Government will recall the words that passed between us during Question Period yesterday, which are found on pages 1384 and 1385 of Senate *Hansard*.

I am almost tempted, so that he will not allege that I am making reference out of context, to read the whole of those two pages to him, but I assume that all his colleagues and mine might not consider that I ought to waste that much time on his irrelevancy.

Senator Frith: Agreed.

Senator Smith: I would, however, refer him to that.

Hon. H. A. Olson (Minister of State for Economic Development): That's a waste of time.

Senator Flynn: You can say that again.

Senator Smith: He says it is a waste of time. I suppose it is always a waste of time for the honourable gentleman to discuss what may be legitimate criticisms of the actions or lack of actions of his government, and I can understand his impatience. He has demonstrated day after day that he resents being asked questions on government policies, and from time to time stands there and tells us, "You do not need to ask me about this kind of question." If the honourable gentleman wants me to look that up, I can, and I can quote him saying that on at least a dozen occasions.

Senator Olson: You always get answers.

Senator Smith: So, it does not disturb me that he thinks I am wasting time. I am quite prepared to waste quite a bit of it on him, if he really wants me to.

Senator Olson: On a point of order.

Senator Flynn: There is no point of order.

Senator Olson: The allegation is that I do not give answers. One of the first rules of a Question Period is that one is to seek information and not give it. That is in the Rules of the Senate.

An Hon. Senator: Are you the Speaker?

Senator Olson: No, I am not the Speaker, but I am one of the members of this house who has agreed to abide by all its rules. Whenever honourable gentlemen opposite ask a question for which there is information available, that information has been either forthcoming immediately or, in most cases, the next day. Most of the time what they do is ask me to speculate on some rumours they have heard to which there is no answer. That is the kind of thing on which he is wasting our time again.

Senator Flynn: You are out of order. Order!

Senator Smith: I am glad to see that the honourable gentleman has demonstrated that I alone do not have a corner on wasting time. Perhaps now I might return to the question I had intended to ask, and by this time, perhaps the Leader of the Government has had an opportunity to read the two pages of yesterday's *Hansard* to which I referred him.

Senator Perrault: Scintillating reading.

Senator Smith: I thought that which I said was well worth reading, but on page 1385, if I do not risk raising the ire of the honourable gentleman by not starting at page 1384, I notice these words—

Senator Perrault: Keep it in context.

Senator Flynn: That is very difficult to do, if not impossible.

Senator Smith: —of the honourable gentleman:

> SENATOR PERRAULT: Honourable senators, if there is any concern about what the Prime Minister said during his press conference, I challenge the honourable senator to place in the written record of today's proceedings every word of the Prime Minister at that press conference so that the Canadian people, starting with senators, can determine exactly what he said.

I am interested to see that he still has that thought in his mind, and that he addressed it to my colleague.

I have a document which is entitled: "Transcript of the Prime Minister's News Conference . . . December 5, 1980." I understand this was issued by the Prime Minister's Office. As I said yesterday, I therefore take it to be an accurate transcript of what the Prime Minister said at that time and place. It consists of 18 numbered pages.

An Hon. Senator: Read them all.

Senator Smith: I am quite willing to do so, but before I embark on that lengthy project I should like to say that in reading them I find that the first 17 pages deal with such things as matters related to the Constitution, Poland, questions relating to the views of Mr. Ryan, the Leader of the Liberal Party in Quebec, about the Constitution, and so forth. Nowhere do I find anything relating to economic matters until I turn to page 18. Perhaps the Leader of the Government might wish me to start before page 18, but I assert, of course, that I have no reluctance to start at the beginning. I am perfectly capable of reading 18 pages. However, at page 18 it states:

> TERRY WILLS (Montreal *Gazette*):—

I take that to be the name of the reporter who asked the following question:

> —Mr. Prime Minister, a question on the economy and inflation. A study prepared by the Department of finance on the prospects for the Canadian economy was released at the same time as the budget. It predicted that food prices next year would rise more sharply than food prices did this year. In the October Consumer Price Index, food for home consumption was going up at 13.8 per cent. So, that would put it at 14, 15 per cent plus the rate of rise next year. When you and Mr. MacEachen say that Canadians have to tighten their belts, do you mean that literally—that they will have to accept less on their table?

The answer follows, and I assume this purports to be the answer given by the Prime Minister:

> A. No, they don't have to accept less on their table. They may switch their priorities and spend a bit more on food than on other things.

If the honourable gentleman would relate those remarks to the words I used in my question found at the bottom of page 1384 of *Hansard*, I am sure he will find a very close relationship. However, to go on and finish page 18:

• (1450)

Mr. MacEachen has said in his budget, and we have said repeatedly, that inflation is a very severe threat. That is why you are assisting the monetary policy which exists in the United States with very high interest rates and a monetary policy set in Canada freely, as you know, each month by comparing the rates in commercial transactions, which is very high, too, because unfortunately inflation remains a very great danger. Visibly, the monetary authorities in the United States are clamping down on monetary expansion because they want to fight that danger and prevent the type of inflation which you are talking about.

That is the end of page 18, and the end of the transcript.

I refer again to the words of the Prime Minister:

No, they don't have to accept less on their table. They may switch their priorities and spend a bit more on food than on other things.

Then I refer to the question I asked:

—I wish to draw the attention of the Leader of the Government to what appear to be remarks of the Prime Minister of this country very recently in a press conference to the general effect that if Canadians find it difficult to set enough on their tables to suit themselves and to give them adequate nourishment—

Now, listen to this.

—they might very well re-order their priorities as to how to spend their money.

Listen to the Prime Minister's words:

They may switch their priorities and spend a bit more on food than on other things.

Now, does the honourable gentleman maintain this is a remark that was taken out of context and is not properly related to the remarks of the Prime Minister, or does he wish me to read the other 17 pages of the transcript.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the technical accuracy of the words quoted in this chamber has never been disputed. The honourable senator is held in high respect in this chamber. But to take a brief sentence out of an 18-page transcript, which talked about many, many things—

Some Hon. Senators: Oh, no.

Senator Perrault: —which talked about many things, does, I feel, appear to many people who serve in Parliament to be rather unfair to the Prime Minister.

Some Hon. Senators: Oh, no.

Senator Smith: Well, I cannot do any more than read what I have read, and if the honourable gentleman still wishes to maintain that my remarks were taken out of context, then I shall be glad to discuss it further with him. At the moment, however, I take his failure to answer as an admission that he cannot dispute the allegations that the question was in proper context and deserved a proper answer.

[Senator Smith.]

Senator Perrault: Yes, indeed, and the Prime Minister amplified those remarks later on in the other place and I am sure that in the weeks to come he will speak about this matter many times, and I hope the honourable senator will follow with avid interest all of those forthcoming speeches.

Senator Smith: I am sure he will speak about it many times, because he will be driven to try to explain it away. If he cannot do so any more efficiently than the Leader of the Government attempted to do today, then he will surely suffer for it.

POST OFFICE

CONTRACTS FOR TRUCKING SERVICES

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development concerning small firms, and paying particular attention to small trucking firms that have mail contracts with the Post Office. In view of the continuing increases in fuel and gasoline prices generally during the period of the contract between the federal government and these mail contractors, which affect the costs, indeed, to the point of creating a loss because of the fact that the continuing increases in fuel prices has caused them to operate at a loss, I wonder if the Leader of the Government or the Minister of Economic Development could make representations to the Postmaster General to review these contracts.

These contracts were entered into in good faith but because of the increase in fuel prices hardship is now being created. So I am wondering if the minister would make representations to see if it is possible to give these people a subsidy, or find some other way to relieve the extra burden which is going to put them in the same list as the many thousands of small businesses that are going into bankruptcy.

Hon. H. A. Olson (Minister of State for Economic Development): I will refer the representations made by the honourable senator to the Postmaster General.

THE ECONOMY

ECONOMIC COUNCIL OF CANADA ANNUAL REVIEW—RATE OF INCREASE IN PRICE OF DOMESTIC OIL—NATIONAL ENERGY POLICY

Hon. Guy Charbonneau: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. The Economic Council of Canada issued its Seventeenth Annual Review this morning. In it they concur with the government that Canadian oil prices should be 85 per cent of the Chicago price, but in order that the target should be achieved, the Council expressed its view that prices will have to be increased far more rapidly than the government proposes. However, the increases proposed by the government are barely half of those which the Economic Council says will be necessary in order for the government's own target to be reached.

With the compelling weight of this and virtually all other expert advice against its calculations, will the government now

reconsider its policy, an action which would simultaneously reduce tensions with the producing provinces?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, as the honourable senator has pointed out in his question, the report was only released today, and obviously we would have to have a look at it to find the basis upon which the arguments about the differences in the speed of escalating oil prices are based. When we have had a chance to look at it for a few days, perhaps there will be a response to those arguments.

Senator Charbonneau: On the same subject, Mr. Ian Smyth, Executive Director of the Canadian Petroleum Association, pronounced last week on three objectives of the national energy policy saying that it has failed on each count. He also predicted that as a result of the budget only 5,800 wells will be drilled in 1981, as compared to 8,400 this year, and the 9,000 for 1981 which had been projected before the budget. That last figure is a direct contradiction of the one offered by Senator Olson on page 937 of *Debates of the Senate* of October 23. At that time he said that a slack market was forecast for 1981.

Would the minister undertake to explain the serious discrepancy? Is he able to confirm that current estimates of the number of wells to be drilled next year indicate that there will be approximately 4,200 fewer than in pre-budget predictions?

Senator Olson: Well, honourable senators, I will take that question under advisement and look into it. But I should point out that a number of small and medium-size Canadian oil companies are not as yet fully aware of all the details of the legislation and, indeed, the regulations. And certainly no final budgets for exploratory commitment for 1981 would have been made until they know what they are. Indeed, we are trying to work this out now, and there is a technical committee of some of the senior officers from many of the oil companies assisting me in Calgary. They try to make suggestions, not in attacking the main thrust of the budget, but as to how it will be applied in a practical way. There are some very good suggestions coming out of that, but I cannot say exactly when all of this will be worked out. Finally, I would like to suggest that it is probably not useful to enter into a debate here as to whether or not Mr. Smyth and I would agree to what the activity may be.

ENERGY

ENERGY SUPPLIES ALLOCATION BOARD—ABILITY TO ACT QUICKLY IN EMERGENCY

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. Last Friday in response to a question in the other place the Minister of Energy cited the active and effective work of the Energy Supplies Allocation Board, and accordingly suggested that if there were to be an international energy emergency Canada would be able to face it. While the prospect of rationing is an unsettling one, I would draw to the minister's attention remarks made yesterday by the chairman of the Energy Supplies Allocation Board to the effect that after an emergency has been proclaimed, it would take six months to institute a rationing program. Would the minister elaborate on what sense of security Canadians should derive from the assurances of the Minister of Energy, given the admitted inability of this board to respond quickly to a crisis situation?

• (1500)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it has been announced a number of times that the government is giving consideration not only to a regional industrial policy but an industrial adjustment policy that is required in some parts of Canada. When the minister responsible for that is ready to make an announcement, he will make it, and I will bring it to the attention of the Senate as soon thereafter as possible.

OIL SELF-SUFFICIENCY—OIL SANDS PRODUCTION

Hon. Richard A. Donahoe: Honourable senators, my question is directed to the Minister of State for Economic Development. It is perfectly evident to me, as I am sure it must be perfectly evident to the minister, if he would admit it, that oil self-sufficiency cannot be achieved without the inclusion of the oil sands plants or without the production from them.

Will the minister concede that changes to the budget, including a true base price, rather than one reduced through the imposition of a wellhead tax, and an escalator more reflective of inflation in the industry than the cost-of-living index, would serve to create the kind of climate which would permit construction of these plants, thus contributing to self-sufficiency in the process?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have listened to the representation made by the honourable senator and I take the view he has expressed as his suggestion for effecting Canadian self-sufficiency in oil. I do not agree entirely with what he has said. I do not believe it is impossible to have self-sufficiency without the oil sands, but I do agree with him to the extent that a greater effort in that area is the best prospect for self-sufficiency and, therefore, that that is a potential on which the emphasis ought to be placed.

There has, however, been some encouraging news in the last few days from some other oil deposits that are now being expanded rather rapidly off the east coast. At least, the potential supply is there.

I am afraid I cannot take anything more from the honourable senator's question than that he wanted to express his views, and I guess we can take them as that.

Senator Donahoe: I have a supplementary question. I thank the minister for the extent to which he has agreed with my statement of what the situation is with respect to the oil sands, but my supplementary question is related to a particular project. It was reported last week that with respect to Suncorp there appears to be some movement by the federal government toward making the kind of changes in its budget about which I spoke in my first question.

I hasten to tell the minister that we on this side endorse that kind of accommodation, but we are asking for an assurance that, should the government, indeed, be intending to show flexibility toward Suncorp, it will be equally forthcoming in respect of the other oil sands plants.

Senator Olson: Honourable senators, there are discussions under way. I guess the best thing I can say without repeating myself is that when there are firm announcements to be made on that I will bring the information to the house. In other words, I will supply this house with solid information saying, "There appears to be this" or, "There appears to be that."

CANADA OIL AND GAS LEGISLATION—CONSULTATION WITH PROVINCES

Hon. C. William Doody: Honourable senators, my questions are also directed to the Minister of State for Economic Development. It is my understanding that legislation will be introduced this week in the other place to deal with the oil and gas exploration rules. Can the minister tell me if the provinces have been consulted with respect to the impact of those regulations, rules or guidelines, or whatever they might be, in terms of the offshore areas? If so, what was the reaction of the provinces?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is not a matter of rules and regulations. A bill called, I believe, the Canada Gas and Oil Act has been introduced. I do not wish to go over all of the details of that, because I am sure my honourable friend can read it as easily as I can.

Senator Doody: There appears to be some misunderstanding. There is no question about my ability to read. There may be a question about the minister's responsibility in reporting to the house. The question I asked was whether the Government of Canada has discussed with the provinces the contents of that bill, and I wanted to know what the reaction of the provinces has been, particularly those provinces that feel their offshore claims might be jeopardized.

Senator Olson: Honourable senators, I will have to refer that to the minister responsible for introducing the bill, but I can say that for many months there has been a rather lively discussion about that with some of the provinces. I am sure my honourable friend is well aware of those discussions.

Senator Doody: I am aware of many discussions, honourable minister, relative to the offshore jurisdiction claims of the provinces vis-à-vis the Government of Canada. I am not aware of discussions that might have taken place regarding the contents of this bill, which I understand entitles the Government of Canada or its agencies to participate, and demands that the companies involved in offshore production must be at least 50 per cent owned by Canadians.

It seems to me that that is a rather important factor in terms of offshore or under-water exploration, because of the huge amounts of money involved in just sinking the basic exploration holes. Surely this sort of legislation will have a large effect on offshore activity.

That is the sort of information I was asking for in terms of discussion with the provinces that will be most immediately affected.

Senator Olson: I will inquire of the Minister of Energy, Mines and Resources and provide the honourable senator with as much information as I can about any discussions.

Senator Doody: Supplementary to that, will the minister inform me if the industry has been consulted, or if the advice of the industry has been requested, with respect to the impact of this legislation on the industry or its investment and other plans for the Arctic, the north, or the Atlantic area?

Senator Olson: Honourable senators, one of the procedures in the other house, and in this one as well, is to refer bills to committees where interested parties may appear, make submissions and, indeed, answer questions of the members of the committees. It is also a practice to amend bills in committee, when the members are impressed with the representations they hear. I am sure that the bill in question will follow the same route.

Senator Doody: I thank the honourable minister for his information, but it is really information that most of us already have. I do not pretend to have as much experience in this house or in the other place as the honourable minister, but I am aware of the committee system. What I was asking was whether the industry or the provinces had been advised of these steps and whether their advice had been asked for prior to the introduction of the bill.

Senator Olson: I am sure there was some discussion. Since it has been common knowledge, not only between governments but among the public, since the budget and energy package were introduced in the latter part of October, I am sure the provinces were aware that such a bill would be introduced in this session of Parliament.

• (1510)

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—PRICE NEGOTIATIONS WITH IMPERIAL OIL LIMITED

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on December 3 by Senator Guay concerning the Imperial Oil project at Cold Lake, Alberta.

The government feels that its offer of the international price, namely, $38 a barrel, plus escalation, to Imperial Oil will be adequate to cover the additional expenses of developing the tar sands. It is difficult to determine and I am unable to say how much of a profit the company will make. I am sure the honourable senator understands that there are a number of other factors at play that determine profit. I might also add that the company has not indicated to me what profit it would consider attractive. We all look forward, however, to the development and future benefits of the Cold Lake project.

CANADA DEVELOPMENT CORPORATION

REDUCTION OF GOVERNMENT'S SHAREHOLDING

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question asked by Senator Roblin yesterday about government shares in the Canada Development Corporation.

I am unable to respond specifically to the honourable senator's question, the reason being that the government is presently reviewing a broad area of its instruments to enhance efficient industrial development in the country. The CDC is included as part of this review. However, the house will be informed of any announcements made in this area.

ENERGY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—FEDERAL LOAN TO IMPERIAL OIL LIMITED

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on December 3, concerning the agreement with Imperial Oil and its Cold Lake, Alberta, project.

I must inform the honourable senator that I am unable at this time to provide him with a copy of the agreement. Negotiations have not yet been undertaken between representatives of Petro-Canada and Imperial Oil. I would, however, like to refer the honourable senator to Order in Council PC 1980-3142 of November 21, 1980. This is the authority instructing Petro-Canada to undertake to negotiate the terms and conditions of a loan up to $40 million with Imperial Oil. I will endeavour to keep honourable senators informed of the progress of these negotiations.

REGIONAL ECONOMIC EXPANSION

FEDERAL-PROVINCIAL AGREEMENTS—GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked by Senator Murray on November 25 concerning DREE, GDA and subsidiary agreements.

I have reviewed the comments made by my colleague, the Minister of Regional Economic Expansion, before the Standing Senate Committee on National Finance. First, I would like to state, as did my colleague at committee, that no decision has been taken regarding possible changes to the DREE, GDA and subsidiary agreement approach to regional economic development. Cabinet decides collectively major changes in such policies and programs in the economic sector. Ministers have not been asked to consider possible alternatives to the GDA system. Furthermore, I believe that my colleague also stated that it is elementary that no unilateral program should be administered in isolation or in conflict with areas of provincial jurisdiction.

If honourable senators have additional questions, they may want to invite the Minister of Regional Economic Expansion to return to the Standing Senate Committee on National Finance. I understand that my colleague has indicated that he would make himself available if such an invitation were forthcoming.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some delayed answers. First, I have an update on the Garrison Dam situation. The Deputy Leader of the Opposition is not in his place, so perhaps I should leave this until he returns.

Hon. Jacques Flynn (Leader of the Opposition): He is attending a meeting of the Constitution Committee.

Senator Perrault: Then perhaps the information should be placed in today's *Hansard*.

(*The answer follows:*)

> Contrary to press reports, the U.S. administration has not given general endorsement to the Garrison project. A green light has been given to construction in the West Oakes test area only, south of the continental divide, an area which can be irrigated without interbasin transfers using water from the James River.
>
> Funds for those parts of the Garrison project which would affect Canada are to be placed in a "reserve fund" to be expended only after the conclusion of consultations with Canada, if at all. This is a welcome development which demonstrates that the U.S. is prepared to honour its commitments to Canada.

TRANSPORT

CANADIAN NATIONAL EXPRESS—CLOSING OF TERMINALS IN ATLANTIC REGION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Muir on November 18, concerning the question of pre-retirement with regard to those CN workers who would be laid off because of the closing of facilities. He asked me to spell out precisely what the pre-retirement arrangement is and what would be received in the form of pension benefits by those workers.

The entitlements of employees eligible for early retirement are detailed at the Job Security Agreement signed June 29, 1976, and at the Special Agreement signed November 14, 1980. As the content of these documents is detailed and complex, I would ask that excerpts containing the pertinent sections of each be printed as an appendix to today's *Hansard*.

Hon. Senators: Agreed.

(*For excerpts, see Appendix "A"*)

Senator Perrault: Honourable senators, the special agreement of November 14, 1980, shall remain in effect until December 31, 1981, unless extended by mutual agreement of

CN and the union for a period not to exceed six months. During the term of this agreement, the benefit levels and provisions of the Job Security Agreement are suspended for employees adversely affected by technological, operational, and organizational changes of a permanent nature.

Honourable senators, Senator Phillips asked a question on November 18 concerning the areas to which the laid-off employees of Canadian National would be transferred.

It is, as yet, not possible to determine where the employees will choose to relocate. Following receipt of notice from CN that their positions have been terminated for reasons of operational, organizational or technological change, employees may choose to exercise their seniority rights in order to obtain alternative employment within CN. Relocation is a possibility; however, the decision to change an employee's home location is left up to the individual. Hence, at this time it is not possible to predict to which areas laid-off employees are likely to choose to move.

Honourable senators, on November 18, Senator Muir asked the following question concerning employees of Canadian National Railways:

> In the event of relocations, I would ask the government leader to inquire as to what arrangements may be made in respect of the expenses that will be incurred in relocating these workers and their families to other parts of the country. I have particular reference to the homes that these people have in the Atlantic region which they now cannot sell. Will some arrangement be made by Dr. Bandeen and his assistants, who are stacked up in Montreal and Moncton and other centres in Canada, to come up with a brilliant idea that will be of benefit to these workers who have devoted their lives to the Canadian National Railway?

In reply, CN employees required to change home location as a result of technological, operational and organizational changes undertaken by the Express Division are entitled to benefits as detailed at the Job Security Agreement signed June 29, 1976, and at the Special Agreement signed November 14, 1980. As the content of these documents is both detailed and complex, I would ask that further excerpts from these documents be printed as an appendix to today's *Hansard*.

Hon. Senators: Agreed.

(*For excerpts see Appendix "B"*)

PRIVATE BILL

ROYAL CANADIAN LEGION—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Davey, for the second reading of the Bill S-15, intituled: "An Act respecting The Royal Canadian Legion".—(*Honourable Senator Frith*).

[Senator Perrault.]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I indicated yesterday, I now yield to Senator Macdonald.

Hon. John M. Macdonald: Honourable senators, it is not my intention to speak at any length on the history of the Royal Canadian Legion, because Senator Marshall mentioned it last night and went into considerable detail about its illustrious history.

As honourable senators know, the Royal Canadian Legion as it is today, arose out of various veteran's organizations which existed following World War I. There was the Great War Veterans Association, the Tubercular Veterans Association, the Disabled Canadian Veterans Association and others. Also, as Senator Marshall mentioned, in 1926 the name first used was the Canadian Legion of the British Empire Service League. That was incorporated under letters patent and not by an act of Parliament.

I should perhaps mention at this point that one association that did not join the others in forming the Legion was the Army, Navy and Air Force Veterans, which exists today, as it has for many years, as a separate body.

It was in 1948 that the Legion was incorporated by the federal Parliament under the name of the Canadian Legion of the British Empire Service League, and the various organizations that I have mentioned were involved in the establishment of the new organization. I believe it came about as a result of the efforts of Sir Douglas Haig, who was Commander in Chief of the British Forces in World War I. He was deeply involved in the activities of the British Empire Service League and visited Canada in this connection. So by chapter 84 of the Statutes of 1948, the Canadian Legion of the British Empire Service League came into being.

● (1520)

In 1959, for obvious reasons, the name was changed to the Canadian Legion, and in 1961 it received its present name of the Royal Canadian Legion.

Now, honourable senators, over the years there have been a good many amendments to the 1948 act, but its essential character, its essential principle, has not been changed. I think it is fair to say that only the amendments concerning the qualifications for membership have been of general interest to the members. Indeed, some of these have been quite controversial. This is understandable, and to understand it one should look at the qualifications set out in the 1948 statute, the present qualifications, and the qualifications proposed in Bill S-15, which we are now considering.

Paragraph (a) of section 4 of the 1948 act sets out the qualifications at that time. That paragraph stated that the purposes and objects of the Legion were:

> (a) to constitute an association of those who have served in His Majesty's navy, army, air force or any auxiliary force, which association shall be democratic—

Over the years membership was opened to various classes of associate membership, and ladies' auxiliaries were organized. The present qualifications for membership read as follows:

(a) to constitute an association of

(i) those persons who have served or are serving in Her Majesty's navy, army or air force or any auxiliary force thereof,

(ii) those persons who have served or are serving in the Royal Canadian Mounted Police, and

(iii) the sons and daughters of any of those persons referred to in subparagraphs (i) and (ii),

which association shall be democratic—

You may recall that it was in the 1978 amendment, which we dealt with here, that sons and daughters were enabled to become members of the Legion. The bill at that time—I believe it was S-10—had practically the same wording as Bill S-15, and it was changed very substantially in committee. This was done, as was stated by the Dominion Command of the Legion, because it was felt that some provision must be made to attract new members to compensate for the loss of membership due to deaths and other causes.

Now we have Bill S-15, which, if passed, will make a further change in eligibility for membership. Let me quote it in full, as I feel it is a very important amendment. Clause 1 of Bill S-15 is as follows:

1. Paragraph 4(a) of chapter 84 of the Statutes of Canada, 1948, is repealed and the following substituted therefor:

"(a) to constitute an association of those persons who have served or are serving in Her Majesty's armed forces or any auxiliary force thereof—

Up to that point I have no quarrel with it. But then it adds these words:

—and of other persons who support the purposes and objects of the Legion, which association shall be democratic—

Honourable senators, this is not a minor amendment; rather it is a major amendment. It is one which changes, or has the potential to change, the whole concept, the whole character and the whole principle on which the Legion has been built. Certainly the words "other persons who support the purposes and objects of the Legion" do away with the idea of service in the armed forces, and do away with the common bond which united the members and which made the Legion a unique organization. I do not know what is meant by the words "persons who support the purposes and objects of the Legion", but on the face of it I think such words make the rest of the paragraph unnecessary.

It is a major change that is being proposed, one which would make the membership open to anyone who wants to join. I think this is so, because there is no limitation set out in the amendment. It does not state, for example, that only persons who are Canadian citizens, or persons residing in Canada, may join. Again, the reason given for the proposed amendment, which is in fact, as I mentioned, about the same as that proposed in 1978, is the need to keep up the membership, which has or will decline as veterans die or are no longer able to serve due to age or other reasons.

Just how valid a reason this is I do not know. I do believe that if Bill S-15 becomes law in its present form it will cause a lot of ill feeling, a lot of resentment, and I expect it will also cause a decline in membership.

Since this major change is being proposed, I believe it would be a good thing to look back over the years and try to understand the motives that influenced veterans to join the Legion, especially after World War II. I expect that there were various motives, and all were worthy ones. However, I believe it must be acknowledged that there was one particular motive, one common motive, which influenced men of different educational standards, of different social and economic backgrounds, of different standards of living, to come together in the Legion. I believe that strong motive was the sense of obligation that those who came through the war unharmed had towards those who were not so fortunate. They had a sense of obligation towards those who had died and to those who had suffered physical or mental wounds as a result of war service. This, I think, was and is the powerful motivating force which leads veterans today to accept office in their local branches and to give freely of their time, their ability and their knowledge to carry on the day-to-day business of the branch.

I am sure that anyone familiar with the business of any local Legion branch must be impressed by the work it does on behalf of veterans, and also by its involvement in community activities as a secondary activity. Personally, I have long admired, for example, the work of the service officers of branches in connection with pension claims. These members are really dedicated, and there is many a veteran today who owes a debt of gratitude to the service officer. It makes no difference if the veteran is a member or not. The service officer looks after all veterans and their dependants.

Honourable senators, if this bill is passed in its present form, I believe there is a real danger that many members will resent it. Indeed, such resentment may well show itself by loss of membership, or by the loss of that sense of obligation which, as I have mentioned, motivated many Legion members. If older members are lost by this bill's becoming law, and their places are filled by persons who "support the purposes of the Legion," then, honourable senators, I believe the Legion will be weakened and its first and main purpose reduced in value.

If this bill is passed in its present form I believe it will have an adverse effect on the Legion. If the membership is wide open, then I am concerned that the first and primary purpose of the Legion will be downgraded and perhaps lost. I do not know just what the Dominion Command have in mind about the future of the Legion, but it looks to me as if they plan to turn it into a service club, or some kind of a social club, or a combination of the two. Before this bill receives second reading and is referred to a committee, I believe there should be some explanation of what is meant by "any person" in paragraph 4(a). Is there to be no restriction whatever on membership? You will notice nothing is said about members being Canadian citizens or being residents of Canada. And I think

we should know, too, what is meant by the words "who support the purposes of the Legion". What kind of support is contemplated? Do they pay their dues, or give a donation, or say a kind word about the Legion? I repeat: What is meant by "support"?

Honourable senators, I was surprised, when looking over the general by-laws of the Royal Canadian Legion as amended in July 1980, to see that the proposed amendment is already inserted in that booklet as one of the objects of the Legion. It is to be found in the introduction.

Honourable senators, I am opposed to the bill in its present form, but I will not oppose second reading or referring it to committee, in the hope that a better bill will emerge from the committee for third reading. While in committee, I think we should have some figures to show the decline in membership since the 1978 amendment, and also figures to show the number of sons and daughters of members who have joined as a result of the 1978 bill.

Honourable senators, I have spoken only on the amendment concerning membership. I have no objection to the other proposed amendments, as they are probably necessary or, at least, desirable, but I do object, and object strenuously, to the principal amendment, which will permit membership in the Royal Canadian Legion to non-Canadians, living in any part of the world, which I believe could happen if this bill is passed in its present form.

I would also like to know when the Dominion Command anticipates that the Legion will no longer have a sufficient number of veterans to carry out its work. I would also like to know if the Dominion Command anticipates the Legion's becoming a social club or service club as soon as the membership is opened to any other person. Not only this, but we do not know if they have it in mind to change the purposes and objects of the Legion. I should also like to have some information on that aspect.

● (1530)

Honourable senators, once the Legion no longer has as its principal purpose the welfare of veterans and their dependants and the preservation of the memory of those who died as a result of war, then it should no longer carry the proud name of the Royal Canadian Legion.

On motion of Senator Frith, for Senator Godfrey, debate adjourned.

NORTH ATLANTIC ASSEMBLY

TWENTY-SIXTH ANNUAL SESSION, BRUSSELS, BELGIUM—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to the Twenty-sixth Annual Session of the North Atlantic Assembly, held at Brussels, Belgium, from 14th to 23rd November, 1980, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.—(*Honourable Senator Bonnell*).

[Senator Macdonald.]

Hon. M. Lorne Bonnell: Honourable senators, from November 16 to 21 of this year I had the privilege of representing the Parliament of Canada at the Twenty-sixth Annual Session of the North Atlantic Assembly held at Brussels, Belgium. The Canadian delegation, headed by Mr. Leonard Hopkins, M.P., was well representative of by both houses of Parliament. At this meeting of the Assembly, six committees were established—the Standing Committee; the Economic Committee; the Committee on Education, Cultural Affairs and Information; the Military Committee; the Political Committee; and the Scientific and Technical Committee.

I had the privilege, along with my colleague, Senator Hicks, to represent Canada's interest in the Scientific and Technical Committee. It is my intention today to report mostly on the scientific and technical aspects of the North Atlantic Assembly.

Before I do that, however, I should like to thank Mr. Leonard Hopkins, the member of the House of Commons for Renfrew-Nipissing-Pembroke, for his excellent leadership during the meeting of the Assembly. I should also like to thank Mr. Stephen Knowles, who acted as secretary, for his assistance in organizing the work of the Assembly, and Mr. Roger Hill who acted as adviser to the whole Canadian group. Without their leadership and assistance the work of the Canadian delegation could not have been carried out nearly as efficiently.

Honourable senators, as I stated earlier, I was assigned to the Scientific and Technical Committee and spent most of my time participating in its work. This committee was chaired by Mr. Charlie Rose, a Democrat Congressman from North Carolina. The general rapporteur, Mr. Ian Watson, M.P., from Canada, gave a general discussion on oil and gas resources in the Arctic, and presented a paper on trans-frontier air pollution as well as a paper on nuclear-waste management. These papers were well received by the full committee.

Another paper was presented by Dr. John Davison of the International Institute of Cellular and Molecular Pathology of Brussels. He gave an excellent paper on biological evolution which was followed by a report by Mr. Robert McGrindle of the United Kingdom on genetic manipulation. This was followed by a paper on energy sources and uses within the United Kingdom which was presented by Lord Wynne-Jones.

I could spend half an hour on each of these topics, and I am sure that honourable senators would benefit from the expert knowledge contained in these papers. Since other members of the Senate attended the Assembly meetings, I will leave most of the major topics such as armament and the politics and economics of NATO for their reports. However, I should like to spend some time talking about one particular topic, namely, genetic manipulation.

There have been dramatic developments in recent years in the field of genetic manipulation respecting recombinant deoxyribonucleic acid or DNA research. Among the most note-

worthy of these developments has been the success in the bacterial cloning of the anti-viral and anti-cancer protein, interferon; the announcement by Eli Lilly Pharmaceutical Company that it expects to be able to market commercial quantities of human insulin produced by recombinant DNA technology by the end of 1981; the decision of the Supreme Court of the United States that new forms of life created by genetic manipulation can be patented; and the decision by the National Institute of Health that 80 per cent of all recombinant DNA work is safe and only requires a very minimum biological and physical containment.

The pace of developments and the application of the recombinant DNA technology is likely to quicken even further in coming years with the advent of new knowledge and technical capabilities. Apart from small venture-capital companies and research departments of large pharmaceutical companies, which are already engaged in recombinant DNA work, it has been announced that commercial companies are being formed in France, Canada and the United States with governmental encouragement. It is impossible to escape the increased commercial and industrial impetus resulting from the application of genetic manipulation techniques.

The jump from laboratory bench to commercial production has happened in a very short time frame and against a background which has become increasingly favourable to recombinant DNA research. Scientists and the informed public have been aware not only that the risks involved appear to be much less than originally thought, but also that applications of the techniques promise vastly-improved knowledge of human cellular functions and increased supplies of essential pharmaceutical and agricultural products.

It was only six years ago that the controversy surrounding recombinant DNA research started with the publication in the July 1974 issue of *Science* magazine of a letter by Dr. Paul Berg, on behalf of a committee of the National Academy of Science, calling for a moratorium on certain recombinant DNA experiments due to uncertainties of the hazards involved. Since that time, recombinant DNA research has become a widely-argued and discussed subject by scientists and the general public in many countries throughout the world, and it is only recently that a consensus has developed that the dangers may have been exaggerated.

Nuclear energy is the only other subject of scientific interest to arouse so much emotion and to have isolated and formed opinions into pro and con camps. There is no doubt that the cause of DNA research suffered considerably from exaggerated press reports, sensationalist claims and scientific miscalculations. In many people's minds the research conjured up visions of stereotyped human beings produced in batches, Frankenstein-type monsters or new bacteria causing uncontrolled world-wide epidemics.

On the other hand, there are those who point out that each year tens of thousands of people die of starvation and disease, and that recombinant DNA research and the broader field of bio-technology may well be able to save many of those lives through its contribution to the production of hormones, proteins, antibiotics and vaccines. To vastly improve our agricultural production, they tell us that they can now replace some of the chromosomes in corn so that corn will now be able to take the nitrogen from the air rather than have to depend on fertilizers in the ground.

● (1540)

During the past two years there has been remarkable progress in understanding the structure and function of cells of mammals and bacteria. The nucleus of these cells is composed of protein and nucleic acid, mainly DNA, which directs the cellular activity. DNA itself is divided into genes which transmit hereditary information. In 1972 an all-important step forward was made when it was demonstrated that segments of DNA from certain organisms can be inserted into a host bacterium and reproduced. It expresses copies of the original transferred DNA segment.

This increase in genetic knowledge has led to a growth in DNA research, and has allowed scientists to combine genetic material from different and completely unrelated species in order to study how DNA transmits genetic information in living organisms. This interchange of genes between unrelated species does not necessarily occur in nature and it is, therefore, both novel and artificial.

An example was quoted at the 1978 annual meeting of the American College of Surgeons, when it was claimed that Dr. Paul Berg and fellow scientists at Stanford University had successfully transplanted functioning genes from the cell of a rabbit into those of an African green monkey.

Progress with DNA research has been plagued by arguments relating to the risk involved, but, strange to relate, it was the scientists themselves who drew public attention to the potential dangers of DNA research. Recently, however, there has been a growing feeling that earlier concerns of the risk have been exaggerated. Many scientists who called for a moratorium on research in this field have changed their assessment.

Scientists should not, however, be too surprised if the public reacts rather variedly to their current mood of optimism coming so soon after their warnings of just six years ago.

So far, however, there is no indication that hazardous organisms have resulted from any of the experiments that have been conducted, and certain risk assessment exercises should have reassured public confidence. A debate has been taking place in many countries throughout the world as to how DNA research should be regulated, and guidelines have emerged based mainly upon experiences of the United States and United Kingdom. The subject of DNA research is a complicated one for the layman to follow, but unless we, ultimately, as parliamentarians, are prepared to delegate decision-making to scientists and technicians, we must realize the significance of this new research, and make our voices heard on the issues related thereto.

As also with nuclear energy, it will be the politicians who, ultimately, have to decide what limitations, if any, are placed on DNA research to ensure that the public both benefits from

the great possibilities it offers and are protected against any dangers that may arise in its implementation. It was continually impressed upon the committee that despite the success of bacteria producing trial quantities of medically useful proteins and hormones, the greatest benefit of DNA research has been, and will continue to be, in fundamental genetic research to enable scientists to understand the structure and function of genes in human, animal and plant cells. DNA research is progressively increasing our stores of genetic knowledge. In the long term it is anticipated that scientists will be able to identity each one of the 50,000 or more genes in every human cell. Each of these genes carries the information to determine, on expression, the structure of a specific protein.

As many human hereditary diseases are caused by the malfunction of a single gene, it is hoped that eventually it will be possible to replace defective genes with healthy ones to overcome diseases, such as sickle-cell anemia and hemophilia.

The possibility of gene replacement therapy was brought one step nearer in April 1980, when a team of researchers from the University of California at Los Angeles introduced genes from the bone marrow cells of mice into cells that subsequently populated the bone marrow of other mice.

One of the Yale scientists, Dr. John Jordan, claimed that this kind of experiment will help in understanding the nature of the human chromosome, and in mapping the genes along the entire length of the 46 human chromosomes—the build-up of a library of human genes.

Although the application of gene replacement therapy remains a long way off, it has been claimed by Dr. Philip Leder of the Nelson Institute of Child Health and Development that a number of inherited diseases will be understood at their basic genetic level within the next two years.

A further application of DNA research technique is to diagnose genetic defects in unborn babies. By prenatal amniotic fluid analysis or amniocentesis, first demonstrated in 1978 and now in widespread use, the mother has the option of abortion if a fetus is, in fact, found to have an inherited genetic defect.

Dr. David Baltimore of the Massachusetts Institute of Technology has predicted that anything that is basically a protein will be makeable by recombinant DNA technology in unlimited quantities in the next 15 years. Already there has been considerable success in bacterial cloning of protein products.

It was announced in September 1978 that human insulin had been produced for the first time using recombinant DNA technology. Insulin is used in the treatment of diabetes, which occurs when a diseased pancreas does not produce enough of the natural hormone insulin to properly metabolize the sugar in the blood. At the present time, the insulin used to treat diabetes is isolated from the pancreas of cows and pigs.

Successful trials were held in the summer of 1980 at Guy's Hospital in London on healthy people using genetically-engineered human insulin produced by Eli Lilly Pharmaceutical Company from techniques discovered by Gennetec Incorporated of California.

[Senator Bonnell.]

Two production facilities for insulin will be built by Eli Lilly at Indianopolis and Liverpool, England, but human insulin produced by the recombinant DNA technique is not likely to be available in commercial quantities for at least a year.

● (1550)

It has recently been announced that Gennetic Incorporated have produced human pro-insulin by bacterial methods. Pro-insulin is the natural precursor of insulin and is converted to insulin in the pancreas gland.

A hormone that stimulates the human immune system was produce by recombinant DNA technique, and this hormone has proved successful in clinical trials for the treatment of brain and lung cancers. It helps restore the body's immunity system, and may therefore also be of value in fighting the serious infections which often occur in immune-surpressed cancer patients.

Another important result of cancer research, called T-Antigen, has been cloned by researchers from Harvard University. Considerable interest and publicity followed the announcement in January 1980 that a research team, led by Professor Charles Weissmann of the University of Zurich, had discovered biologically active leukocyte interferon by genetic engineering techniques from bacteria containing human interferon DNA. Interferons are naturally occuring proteins which can kill viruses and tend to slow down the growth of certain types of cancers.

Research on the effectiveness of interferon has been complicated because, up to the present time, only very small quantities have been available, with a purity of less than 1 per cent. Professor Weissmann has claimed that interferon can be produced on an industrial scale using recombinant DNA techniques within two or three years.

The clotting factor, a protein which protects people from excessive blood loss, which is missing from hemophiliacs, also seems possible of eventual production using recombinant DNA technology.

In April 1980, Abbot Laboratories in Chicago announced a successful bacterial production of human enzyme called Urokinase which dissolves blood clots in the lungs resulting from pulmonary embolisms. Urokinase is the first human enzyme and the largest protein yet to be produced by recombinant DNA techniques which are considered to be more efficient for producing Urokinase than the current method of extracting it from the kidney cells growing in culture. Urokinase could well be used as well to treat arterial and heart disease.

Recombinant DNA techniques provide new opportunities for producing significant quantities of pure viral compounds and also for redesigned viruses for use in live vaccines against infectious disease.

At a meeting in October 1979 on molecular approaches to vaccines at the United States National Institute of Allergy and Infectious Diseases several developments were announced in the production, by recombinant DNA techniques, of bacterial components implicated in diarrheal diseases, and also of genes from influenza and hepatitis viruses.

In September 1980, Professor Kenneth Murray, head of the Molecular Biology Department of Edinburgh University, said that genetic manipulation techniques "could soon produce an effective and safe vaccine against hepatitis B virus," a severe fever disease which attacks the liver and kills many people, particularly in Africa and Asia, and is associated with liver cancer in later life. Professor Murray also claims that rabbits can be made to produce effective anti-bodies against human hepatitis.

Honourable senators, it is my belief, after attending the meeting of the Science and Technical Committee at the North Atlantic Assembly conference in Brussels, that the world is advancing very quickly in molecular engineering and in the manipulation of genes, or genetic manipulation. We, as parliamentarians, should be taking note of what is taking place in the world in the field of science, and our Health, Welfare and Science Committee should be sending a member to all NATO conferences to follow up on the latest scientific knowledge available to us from the Alliance.

The Health, Welfare and Science Committee should also be hearing experts on these subjects in order to learn the hazards of this new technology, and to assess the risk involved in the manipulation of genes in viruses and bacteria, in mammals, and in humans. Perhaps we should be hearing evidence concerning the social political and ethical aspects of this advanced science of genetic manipulation, so that we can inform the general public of the importance of this research for the betterment of all mankind. I believe there is a fine line to be drawn between the scientific freedom and public accountability.

The ability to effect cellular formation has enormous long-term implications for mankind. The very tampering with living organisms, of which DNA research is but one example, will, in the near future, call for public participation in deciding what restrictions, if any, should be placed on this research.

No scientific achievement since the development of nuclear energy has so excited public opinion. The importance and long-term implications of genetic manipulation makes it a field of research which to many does not lend itself to self-regulation by scientists alone.

I hope this brief report on what is taking place in the scientific field will cause honourable senators to understand the urgency of the need to have Canadian parliamentarians participate in these rapid developments, not only within the NATO countries but within the Warsaw Pact countries as well.

On motion of Senator Hicks, debate adjourned.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on the estimates laid before Parliament for the fiscal year ending March 31, 1981, which was presented on December 4.

Hon. Douglas D. Everett moved that the report be adopted.

● (1600)

He said: Honourable senators, I rise with some trepidation at this late hour, but more in respect of having to follow on the brilliant dissertation given by Senator Bonnell, which was a great pleasure to listen to.

Honourable senators, I shall deal with the main estimates for the year ending March 31, 1981, which, after being referred on April 29, 1980, were examined by the Standing Senate Committee on National Finance, and which I understand are the subject of Bill C-47, to be introduced in the Senate tomorrow.

As you know, it is the practice of the Senate to refer the estimates to the Standing Senate Committee on National Finance for examination and to report back prior to the arrival of the supply bill, which is then dealt with in the chamber and not once again referred to the committee. So, much like the Hayden formula, this speeds up the work of the Senate in its consideration of the supply bill.

With respect to the estimates for the year ending March 31, 1981, the committee held 15 hearings involving 28 witnesses, including the Minister of Finance. These hearings did in fact fit in with the committee's major examination on the subject of Government Policy and Regional Disparities. On that subject we will have held 30 meetings by tomorrow. We hope to hold a total of some 50 hearings on that subject and to publish our report this coming summer.

Honourable senators, the main estimates total $59.13 billion, and if you take out of that loans, investments and advances of $1.52 billion, the budgetary estimates are $57.861 billion. This is an increase of 11.5 per cent over the previous year, but I might say that the estimates that were tabled were based on economic assumptions laid out by the previous government. Honourable senators are aware that the present government brought down its budget on October 28, and this budget will, of course, cause changes to the estimates, and those changes will be dealt with in supplementary estimates for the balance of this fiscal year.

At this point, based on supplementary estimates (B), the committee's report on which was adopted by this house last week, the total spending for the government in the year ending March 31, 1981, is some $60.440 billion.

The Finance Committee's report on the main estimates was printed in *Hansard* of December 4. I should like now to deal with three salient items that I think might be of interest.

The first area of concern is the inflationary environment in which we find ourselves in Canada. A number of years ago the Bank of Canada embarked upon a gradualist policy to reduce the rate of inflation in Canada. It did this by adopting ever-lowering bands containing the rate of growth of the monetary aggregates. Its band target at the present time is to permit a growth in M-1, the basic aggregate, of from 5 to 9 per cent per year. The object of that exercise is to reduce the supply of funds so that there is a reduction in the demand for goods and services, and it is hoped that by virtue of that

reduction in demand, there will be a reduction in the rate of increase of wages and prices.

It does not seem to have worked too well. At the present time, the annual rate of increase of the Consumer Price Index is 10.9 per cent. We are all aware of the egregious increases in wages and in prices. Honourable senators may have seen the demands of the Air Canada flight attendants this morning. I did not calculate the percentage, but it looks to be well in excess of 12 per cent per year. More than that, we are aware of a very dangerous speculation that is afoot in this country. If one looks at the art market today, one will see that it bears no relation whatsoever to reality. If one looks at the residential property market in Toronto, and worse in Vancouver and on Vancouver Island, one will see that it has lost all sense. People are taking their money out of productive investments and putting it into speculative investments in the hope that they can beat inflation.

So what do we do with a policy that has not worked? It seems to me that the only thing that can be done is have the Bank of Canada lower the target once again, or perhaps change the aggregate on which it bases its target. But, either way, if it has to do that—and I believe it will have to do that in order to reduce inflationary influences and inflationary expectations that are afoot—we could be facing in Canada a major down-turn. We are already committed to certain price increases that cannot be avoided. We must increase the price of energy. The decrease in the value of the Canadian dollar is going to increase our import prices. There are wage settlements already locked in. If the Bank of Canada holds down the increase in the aggregates on even a lower level than at present, then there will be a transfer of income away from one part of the economy to those parts of the economy where the price increases are inevitable. The result most likely will be a very large loss of output which could result in a down-turn of fairly major proportions.

The second area of concern to your committee is the size of the federal budgetary deficit. It is projected, for the year 1980-81, at $14,150 million. To put that in some kind of context, that would be comparable to a budgetary deficit in the United States of $150 billion. I am not sure what the U.S. deficit is today, but I think it is estimated to be in the range of $30 to $40 billion.

Such a deficit can create economic difficulties for us in three ways, the first is the cost of servicing the public debt. That cost can crowd out other worthwhile expenditures of government. To give you some idea of that cost in this budget, the expenditures for servicing the public debt is $10.275 billion, or 17.7 per cent of the total budgetary expenditures of the government. That is not the entire story. Obviously, as deficits continue the public debt will increase. Also, we are confronted with interest rates that are much higher than they were 5 or 10 years ago. So, as the debt matures, debt that was incurred at 8 or 9 per cent is rolled over at 12 or 13 per cent, and maybe even more.

The second difficulty with budgetary deficits of this size is the possibility of crowding out private investment. The government has to raise money to cover its deficit of $14 billion, and it has to go into the market like anybody else and pay high interest rates. That makes it more difficult and more expensive for the private sector to raise money.

• (1610)

The third area of concern is, of course, that such deficits can make it very difficult for the Bank of Canada to exercise monetary restraint. That has not happened up to now, but if the deficits continue to grow, then there will come a time when it will likely happen.

The question then arises: Obviously we should reduce the deficit but how do we do it? There are two ways of doing it. One is to cut spending, but it is interesting to note that 51.4 per cent of federal government spending is in the form of subsidies and transfer payments to persons and governments. As I said, 17.7 per cent is in the form of public debt charges and 8.7 per cent is spent on national defence. That is a total of 77.8 per cent of the budget over which the government has limited control. I am not saying they cannot cut their expenditures in these areas, but it is difficult. I am not sure what programs or transfer payments or subsidies to the provinces or to persons any member of this chamber would like to cut. I am not sure how much of our defence effort any member of this chamber would like to cut. Certainly the amount that goes to public debt charges will in normal circumstances go up and not down. So I am not very optimistic about being able to cut spending.

The other side of the equation, of course, is that we could raise taxes. Well, I suppose one thing we could do is end the indexing of personal income tax, and we could also end the indexing of the transfer payments to the provinces. That, I admit, is a possibility. It is a tough political decision to make, but it is a decision that could be made. If you talk about increasing other taxes in Canada, when you look at the tax rates we are paying now, I question seriously whether it is politically feasible and, indeed, whether it makes good economic sense.

It seems to me that we have to find some other area to cover that deficit. And there is one area that presents itself now that I do not think we can afford to overlook, and that is the area of petroleum. World petroleum prices have gone to what can only be described as fantastic levels. But those levels are not related to supply and demand; they are related to the actions of a cartel that finds itself in a very preferred position at this time. In addition, there is no country in the world where all of the money that is being spent on petroleum is being returned to those who would explore for new petroleum. What you find is that the bulk of the price paid for petroleum products is going to governments in the form of taxes. So we have a particular situation at this time where it is possible to discuss in a rational way the division of revenue from petroleum and where they should accrue.

At the present time in Canada they accrue very largely—and I am talking now of prior to the October 28 budget—to the provinces. The Province of Alberta prior to the budget got 45 per cent of the revenues, the oil companies got 45 per cent

and the federal government got 10 per cent. I believe that we in Canada ought to have a price that encourages conservation, but also encourages the development of Canadian industry. I believe that the oil companies and those who invest in the petroleum industry should have a return that encourages them to discover new sources of petroleum and which will bring us to self-sufficiency in Canada. Those two points are your limits on either side, but there is an area in between.

In the latest budget the federal government moved to take a greater part of that area, but because they could not take it from Alberta, they took it from the oil companies. I think that is a mistake. But the federal government really could not do anything else, because they could not get any more revenues from the Province of Alberta. The federal government was only getting 10 per cent of the revenues, and that 10 per cent was reduced by the very large amount of incentives they were paying to the oil companies to encourage development. So it seems to me that one matter that must be settled is that there must be a fairer division between the provinces and the federal government of petroleum revenues. And to buttress my point, I think I am correct in saying that in almost every other country in the world, the United States included, the federal authority has a much greater share of the petroleum resources than does Canada.

I know the argument that has been postulated by the Government of Alberta has been that "We have a non-renewable resource that one day will be exhausted and therefore we have to get our money out of it now." It is pretty hard to buy that, when you start listening to the estimates of the amount of petroleum reserves that there are to be found in the tar sands, I think we can look at a time-frame that is much longer, and there has to be a fairer distribution between the revenues that flow to Alberta and those that flow to the federal government.

There is one last area of concern that attracted the attention of your committee, and that is the reduction predicted in the growth potential of the Canadian economy over the next few years. That potential is based on the growth of the labour force, investment in productive machinery and the improvement in our productivity. We are particularly concerned with the question of the growth of the labour force. Due to lower increases in our population, it is predicted that we will have lower growth in our labour force. That, of course, will have a major effect on our growth potential.

• (1620)

It is true that we could cure that by immigration. We have done that in the past. But we are running into a difficulty. At the present time our unemployment rate is 7.3 per cent on a seasonally adjusted basis. The problem we have is that, politically, we think of full employment in terms of 3 to 4 per cent unemployment, and when we get to 7 per cent we come to the conclusion that something must be done to lower that rate.

The difficulty we have is that we have arrived at a situation in Canada where unemployment rates of 6 per cent to 7 per cent are normal, but politically we have failed to accept that.

That natural rate of 6 to 7 per cent unemployment is due to the fact that we have failed to train our people for the jobs that are available; we have not had sufficient development in certain regions, with the consequence that we have high regional unemployment rates; and, perhaps most important of all, our eligibility rules under unemployment insurance are just too generous.

That generosity may be something we as a nation are prepared to pay for, but the fact of the matter is that, when we take those three elements, it is incorrect for us to say that the natural rate of unemployment can be 3 to 4 per cent. We must admit that it is probably much closer to 6 to 7 per cent.

The danger of that is that, if we will not admit it, we are put under political pressure, and when we are put under political pressure we attempt through demand policies to lower that rate down to the mythical and politically acceptable 3 per cent or 4 per cent, and the result is that we heat up the economy and we have greater inflation. The other problem with the idea that we can have a 3 to 4 per cent unemployment rate is that we refuse to have any immigration so long as we have 6 to 7 per cent of the people out of work. That is a problem that really has not had much discussion, but it is one we will have to grapple with because it is not so much an economic problem as it is a political problem. It is a problem that says one of two things: either we must accept that the natural rate of unemployment is about 6 to 7 per cent and that we cannot attack it with demand policies, or we must conclude that we will have to look at our training, at our regional development and, most especially, at our eligibility rules under unemployment insurance in order to bring that rate down to a more reasonable level.

Honourable senators, I will not deal with the whole report, and I am sure you will be delighted with that. As I said at the beginning, I gather that tomorrow we will have before us Bill C-47, the supply bill on these estimates. I understand that Senator Doody will now follow me and I hope we can wrap this up this afternoon.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have just one question to put to Senator Everett. Perhaps I misunderstood the way he was using the words "a more reasonable level."

Senator Everett, I believe you were saying at the end that we would have to deal with demand policies in such a way as to bring unemployment down to a more reasonable level, whereas, if I understood correctly what you were saying, "reasonable" would mean "politically acceptable" in the context that you had used that expression earlier.

Senator Everett: Honourable senators, if I used "demand policies" in that context, I should have used "supply policies." What I was saying was that we either have to accept politically that the natural rate of employment is 6 to 7 per cent or if we are not prepared to do that but want to bring it down to the 3 to 4 per cent level that politicians can in their minds accept, them we must not try to do that by demand policies, because all we do is create an inflationary environment. We must do it

by supply policies, and the supply policies that I was suggesting were: better training to fit people for the jobs that will be available in the future; better regional development so that we do not have these egregious rates of unemployment in certain areas of the country; and, most especially, an overhaul of the eligibility rules in the Unemployment Insurance Act.

Senator Frith: Thank you.

Hon. George van Roggen: Honourable senators, I have just one question for Senator Everett. I regret not having heard all of the senator's remarks, but just as I entered the chamber he was speaking on the point maintained by the producing provinces with respect to oil, namely, that they are dealing with a limited resource that will be gone in a few years. He expressed the view that his committee had found it difficult to accept that, because the tar sands production could go on indefinitely into the future.

Was the distinction ever made before the committee, Senator Everett, between conventional oil and tar sands oil? Conventional oil, the supply of which is diminishing, has a large surplus in it because it costs less to raise out of the ground than the price it brings in the marketplace, so that there is money there to put aside to develop a different form of industrialization for future generations in the province once the oil is gone. The production of tar sands oil is more like a manufacturing process in which the cost of the process is equivalent to what you get for the oil, so that there is not that bulge that you have in the normal wasting resource. Was that distinction made before the committee?

Senator Everett: I cannot recall whether it was made, but it is an excellent point. I am not certain, however, that the division of revenues that I spoke of does not apply both to conventional oil and to residual oil and also to tar sands.

Senator van Roggen: I was not arguing the point of the division of revenues, but only the point with respect to the price being paid for conventional oil.

Senator Everett: Well, it seems to me that you can deal with two elements: one is the profitability, which is the difference between the cost and the eventual sale price, and that is very much in favour of conventional oil; the other is the division of revenues, which is more on the price itself and does not relate to the original cost. Nonetheless, your point is well taken.

Hon. C. William Doody: Honourable senators, I hesitate to rise at this late hour, but I assure you that I will not take long. I feel that I should comment for just five or six minutes on the subject before us and on the work of the Standing Senate Committee on National Finance. It is a committee in which I have taken great interest since coming to the Senate, and I wish to congratulate Senator Everett and his staff on their conduct of its affairs. It has done remarkable work. I should also like to comment on one or two of the items Senator Everett mentioned this afternoon.

With respect to the budget, or the estimates themselves, it would appear that the most striking part of that imposing document, quite apart from the huge amount of money involved—it is approximately $60 billion now, including the supplementaries—is the amount of money that must be allocated to servicing the national debt. It must certainly cause all of us to pause, to think that something close to 18 per cent of the budgetary allocations is dedicated to servicing the debt. As Senator Everett pointed out, it will probably be closer to 20 per cent if the inflationary aspect of the economy keeps climbing. The impact of this amount of money and the servicing of the needs of the citizenry must be a huge one by now, and it certainly must hamper the manoeuvrability of government to a very large extent.

● (1630)

It would seem to me that the most immediate and pressing task before any government—the previous one and this one—is to find a way of reducing the amount of borrowings and subsequently the amount of money that has to be dedicated to servicing that debt. We simply cannot let it climb forever and ever. I suppose the ultimate and logical extension of that 20 per cent figure would be an increasingly larger amount until there is literally no money left to service the needs of the public.

Right now we are spending something like 32 per cent of the budgetary outlay on the health and welfare of our citizens. That seems to be an inordinately large amount of our wealth for government to distribute for the health and welfare of the people. One would think that perhaps the time has now come, in our majority, for part of that burden to be assumed directly by the public itself; but, as has been suggested, this is perhaps a political decision that we are not prepared to make at this time. But we shall have to make it some time, because the end is rapidly approaching.

We look at the inflationary factor, and consider it to be the major problem that we are facing. The Minister of Finance has said so, and I believe he is absolutely right. Unless we can come to terms with inflation, we are going to be a victim of that cycle. Round and round it goes, and we never catch up.

We have to chase the United States interest rates to a certain degree—perhaps to the full degree—but it does seem unfortunate that the Governor of the Bank of Canada has to take full responsibility for the fight against inflation. Surely there must be some other weapons that the economic advisers to government can bring to bear that could somehow ease that inflationary burden. The automatic adjustment of Canadian interest rates to those of the United States does not really cope with the problem. A few years ago we tried the so-called stimulatory deficit, and that resulted in—excuse the expression—a short-term gain. But we very rapidly paid for it. In a matter of years inflation was completely out of control.

So that deficit is far too large and it has to be dealt with. It cannot be dealt with by the methods being used now. There has been almost literally no attack on the debt of the Government of Canada in its current budget, except to apply part of the responsibility for the reduction of that debt to the resource-rich provinces of our Confederation. It has been suggested by Senator Everett, and indeed by many people, that the time has come for the petroleum producing provinces to allocate a larger proportion of their revenue to, in effect,

reduce the deficit of the Government of Canada. That may be oversimplistic, but it is, in effect, what is happening right now, and it does not seem to me to be a particularly fair way of approaching a national problem.

The fact that the Hibernia oil field off the east coast looms larger and larger in the immediate future has coloured my thoughts on resource ownership and management to a certain degree, but nevertheless I feel that there is a legitimate argument that could be made on behalf of the Government of Alberta, their defence of their natural resources and the revenue therefrom, and I feel that we should give them a fair hearing. There is, indeed, as has been pointed out, a large difference in the price of that old oil and the revenue to be derived from the manufacture of new oil.

I have one other point to make before I conclude. It concerns the unemployment factor that Senator Everett mentioned. Although I find myself in agreement with many of the things that the honourable senator has said in the past, I cannot, in all conscience, share his willingness to accept a 6 or 7 per cent rate of unemployment as being a natural phenomenon and one that we in Canada should learn to live with. That figure is really not what it appears to be. When one talks of a 6 or 7 per cent rate of unemployment in Canada, one is talking of perhaps a 70 per cent rate of unemployment in some of the northern and native areas, and a 60 per cent rate of unemployment now in the St. Alban's and Hermitage Bay areas in Newfoundland. By the time that 6 or 7 per cent rate gets stretched to the extremes of the country, the social impact is a huge one. It is not a political problem at all. The acceptance of a 6 or 7 per cent rate of unemployment in Canada is not a political problem; it is a real economic problem, and one only has to spend a short time in some of those areas to feel the frustration, despair and lack of hope on the part of those people who are anxious to participate in the growth of this country.

I do not mean to infer that Senator Everett is not sympathetic but it worries me to feel that people in this country can justify and feel reasonable about those unemployment figures. Job training is certainly part of the answer, but it is not the only answer. If one goes to the various regions of Canada, the needs, experiences, background and future are very different and have to be approached differently.

That brings me to my final comment. Once again it is a note of commendation of the National Finance Committee and its chairman for taking us down this new avenue of examining regional disparities in Canada. Hopefully we can come up with something positive in terms of the unemployment figures, rather than just an acceptance of them as a natural phenomenon.

Hon. Douglas D. Everett: Honourable senators, I should like to say a few words in reply to the honourable senator.

The Hon. the Speaker: Is the honourable senator closing the debate?

Senator Everett: I assume that no one else wishes to enter the debate so I will be closing the debate. I should like to say to Senator Doody that I hope that I did not convey any feeling on my part that I was unmindful of the ravages of unemployment. What I am trying to say—and it is due to my lack of articulation—is that it is impossible, in my judgment, to bring the unemployment rate much below 6 per cent by demand policies without exacerbating inflation.

It has been the policy of successive governments and central banks to try to lower those rates to politically, and perhaps socially, acceptable rates by demand policies. I am arguing that you cannot do it. I am not arguing that we should accept the 6 or 7 per cent rate. What I am saying is that we should use the right policies to correct the problem. Those policies are: better training for the jobs that will become available; regional development so that we do not have the kind of unemployment rates that exist in the outports of Newfoundland; and better eligibility rules for unemployment insurance, so that we use unemployment insurance in the way it was meant to be used, namely, as insurance for people who suffer unavoidable unemployment.

● (1640)

With unemployment insurance in this country, however, we permit people to work part of the year, then draw unemployment insurance for another part of the year, and then go back to work and do the same thing all over again. My contention was that unemployment insurance was never designed to do that.

I do not think there is much of an argument between us, Senator Doody, but I did want to make the point that I am not quite as callous as my rhetoric might have made me seem.

Motion agreed to and report adopted.

ENERGY

GOVERNMENT POLICY—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Argue, P.C., calling the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular

1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;

2. the advantage of Canadianizing the industry;

3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;

4. the advantage to Canada of the provisions concerning conservation; and

5. the advantage of other aspects of the policy.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I intended to go on with my comments on this inquiry, but since two committees are waiting for the Senate to rise in order to get to work on some fairly pressing business, and since it is ten minutes to five and those commit-

tees will want to work for at least an hour, I think I would be better advised to stand this inquiry.

Order stands.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—INQUIRY STANDS

On the Inquiry of Senator Lamontagne:

> That he will call the attention of the Senate to the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution", tabled in the Senate on 26th November, 1980.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as mentioned yesterday, we hope to have Senator Lamontagne proceed with his speech on this inquiry tomorrow, possibly before the Question Period so that the members of the Special Joint Committee on the Constitution can hear his speech—if the Senate decides tomorrow that that is the course of action that should be adopted.

Hon. Lowell Murray: On that point, honourable senators, we have come to this kind of accommodation in the past, and, as the Deputy Leader of the Government will recall, certain problems arose at those times.

I would just like to make the point that if we are going to postpone Question Period until later in order to hear Senator Lamontagne, arrangements should be made for the ministers to be present during the Question Period.

Senator Frith: I agree.

Inquiry stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 1419*)

JOB SECURITY AGREEMENT OF JUNE 29, 1976

Early Retirement Allowance

8.10 An employee whose position is abolished due to a technological, operational or organizational change or who is displaced by a senior employee, such displacement being brought about directly by and at the time of the implementation of a technological, operational or organizational change will, if he is eligible and elects to receive an early retirement pension with an actuarial cutback, be entitled to receive:

(a) an allowance of $60. per month commencing in the month immediately following the last month in which the employee received wages and continuing each month until the date at which he would have been eligible for the pension without a cutback. The maximum period for which the employee will be eligible for the allowance is five years; or

(b) a lump sum payment calculated as follows:

Age At Retirement	Lump Sum Equivalent of the Total Value of Monthly Allowances he could have Received under this Provision
55	75% up to 60 months entitlement
56	80% up to 48 months entitlement
57	85% up to 36 months entitlement
58	90% up to 24 months entitlement
59	95% up to 12 months entitlement

An employee who elects benefits under Article 8.10 will not be entitled to any other benefits provided elsewhere in this Agreement.

The early retirement allowance will cease upon the death of the employee.

SPECIAL AGREEMENT OF NOVEMBER 14, 1980
ARTICLE E—SEPARATION PLAN

E.1 An adversely affected employee who is eligible for early retirement under the CN pension plans and;

(a) is sixty years of age or over;

(b) is fifty-five years of age or over, and

(i) would be laid-off at his home location; or

(ii) would be required to relocate in order to hold employment; or

(iii) by electing for a separation allowance, would allow another employee in his seniority group at that location with two or more years of service to hold a regular permanent assignment;

(c) is one year or less away from eligibility for early retirement under the CN Pension Rules, and who meets one of the conditions set out in sub-paragraph (i) or (ii) of sub-paragraph (b) above,

shall be entitled subject to the conditions specified in Appendix A to elect to take early retirement and receive a separation allowance as hereinafter provided.

NOTE: The total number of employees entitled to elect early retirement with the benefits of this agreement are limited to the number of positions being reduced.

E.2 Subject to the provisions of E.8 herein, an employee defined in Article E.1 (a) and (b) above shall receive a monthly separation allowance until the age of 65 which, when added to his company pension, will give him an amount equal to a percentage of his average annual earnings over his best five-year period, as defined under the 1959 pension rules, in accordance with the following formula:

Years of Service at Time Employee Elects Retirement	Percentage Amount as Defined Above
35 & over	80
34	78
33	76
32	74
31	72
30	70
29	68
28	66
27	64
26	62
25 or less	60

E.3 An employee defined in Article E.1 (c) above:

(a) shall receive the lay-off benefits provided in Article "F" of this Special Agreement until he becomes eligible for early retirement; and

(b) thereafter shall receive a monthly separation allowance in accordance with Article E.2 above.

E.4 A separation allowance shall cease upon the death of the employee who dies before reaching the age of 65.

E.5 An employee entitled to the separation allowance hereinabove set out may elect to receive in its stead a lump sum payment equal to the present value of his monthly separation payments calculated on the basis of a discount rate of ten (10) per centum per annum.

E.6 An employee who received the separation allowance under this Article and is between the ages of 55 and 59 shall be

entitled to have his group life insurance coverage continued until age 60 and paid for by the company.

E.7 An employee aged 60 or over who receives a separation allowance in accordance with this Article, shall be entitled to a life insurance policy, fully paid up by the Company, in an amount equal to that in effect in existing collective agreements.

E.8 In the application of Article E.2 above, an eligible employee, who is not a member of the 1959 Pension Plan or who became a member of the 1959 Plan as a result of the re-opening of that Plan in 1978, will receive the monthly separation allowance or the lump sum payment calculated on the assumption that such employee did belong to the 1959 Pension Plan, throughout the employee's career. Such employee will receive the payments due in accordance with Article E.2 or E.5 minus any pension payments which would have been due had the employee been a member of the 1959 Pension Plan.

Appendix "A" to Special Agreement Displacement Rights

In the application of Article E.1 of this Special Agreement, when the Brotherhood receives notice that positions are abolished within a function, e.g. Express, Marine, Transportation, Engineering, Equipment, Intermodal, Purchases and Material Management, Accounting, etc., it is agreed that a potential retirement opportunity will be created for each such position abolished. It is also understood that:

(a) for each potential retirement opportunity, an employee aged 60 and over and eligible to retire, may in seniority order within the function at the affected location elect for a separation allowance;

(b) if after the application of Clause (a) above, potential retirement opportunities are still available, employees who qualify under Article E.1(b) or (c), may in seniority order within the function at the affected location, elect for a separation allowance; and

(c) if after the application of Clause (b) above, potential retirement opportunities are still available, the employees displaced from the function may exercise their seniority and carry with them to the function and location to which they are exercising, a potential retirement opportunity (separation allowance) which can be exercised by an employee qualified under Article E.1.

Example of the Above Intent

—11 positions reduced in Express in Halifax

—There are 3 employees working in Express in Halifax with less than 2 years service

—4 senior Express employees elect retirement as outlined in clause (a) above

—3 employees with less than 2 years service are laid-off

—2 Express employees elect retirement as outlined in clause (b) above

—Two potential retirement opportunities remain. The two junior Express employees displaced exercise into Transportation where one employee has less than 2 years of service

—One Transportation employee with less than 2 years of service is laid-off

—One Transportation employee elects retirement as outlined in clause (c) above.

APPENDIX "B"

(*See p. 1420*)

JOB SECURITY AGREEMENT OF JUNE 29, 1976
ARTICLE 7—RELOCATION EXPENSES

Eligibility

7.1 To be eligible for relocation expenses an employee:

(a) must have been laid-off or displaced, under conditions where such lay-off or displacement is likely to be of a permanent nature, with the result that no work is available at his home location and, in order to hold other work on the Railway, such employee is required to relocate; or

(b) must be engaged in work which has been transferred to a new location and the employee moves at the instance of the Company; or

(c) must be affected by a notice which has been issued under Article 8 of this Agreement and he chooses to relocate as a result of receiving an appointment on a bulletined permanent vacancy which at the time is not subject to notice of abolishment under Article 8 of this Agreement and such relocation takes place in advance of the date of the change, provided this will not result in additional moves being made.

7.2 In addition to fulfilling at least one of the conditions set forth above, the employee:

(a) must have three years' cumulative compensated service as defined in Clause 9 of Appendix "C"; and

(b) must be a householder, i.e. one who owns or occupies unfurnished living accommodation. This requirement does not apply to Article 7.5, 7.6, 7.7 and 7.10; and

(c) must establish that it is impractical for him to commute to the new location by means other than privately-owned automobile.

Relocation Benefits

7.3 Payment of door-to-door moving expenses for the eligible employee's household goods and his automobile including packing and unpacking, insurance and up to one month's storage; the mode of transportation to be determined by the Company.

7.4 An allowance of up to $300 for incidental expenses actually incurred as a result of relocation.

7.5 Reasonable transportation expenses from his former location to his new location by rail, or if authorized, by bus or employee-owned automobile, and up to $75 for a single employee, up to $125 for an employee and spouse or dependent, and up to $175 for an employee and two dependents, one of whom may be his spouse and that an additional amount up to $35 will be paid for each additional dependent for meals and temporary living accommodation. Receipts will be required for rail or bus transportation.

7.6 Upon authorization, an employee may drive his automobile to his new location at an allowance of fifteen cents per mile.

7.7 Up to three working days' leave without loss of basic pay.

7.8 (a) Except as otherwise provided in Article 7.8 (c), reimbursement of up to $3,000 for loss sustained on the sale of a relocating employee's private home which he occupied as year-round residence. Loss sustained is determined at the outset plus any real estate agent and legal fees, and the amount established as the selling price in the deed of sale.

(b) The procedure to be followed in respect of determining the loss, if any, on the sale of a home shall be as described in Appendix "D" to this Agreement.

(c) Notwithstanding the provisions of Article 7.8 (a):

(i) Should a change take place involving relocation of Railway employees whereby the number of homes being listed for sale by such Railway employees represent 15 per cent or more of the residential homes in the municipality, the employees required to relocate shall be reimbursed for the full loss on such homes, which loss shall be determined by the procedures described in Appendix "D" to this Agreement. The number of Railway employees' homes referred to above shall, for the purpose of establishing the 15 per cent, include the homes of all Railway employees that are being offered for sale as a result of and at the time of the change; or

(ii) should a change occur involving relocation of Railway employees covered by this Agreement as well as Railway employees covered by other collective agreements, the maximum amount of $3,000 specified in Article 7.8(a) shall be adjusted upward to equal the maximum amount paid account loss on sale of home to any employee covered by such other collective agreement.

(d) An eligible employee who desires to sell his house and receive any benefit to which he may be entitled under Article 7.8 must advise the Company's officer concerned accordingly within twelve months of the date the initial change takes place. No employee shall be entitled to any claim under Article 7.8 if the house is not listed for sale within sixty days of the date of the final determination of value and thereafter the house continues to be listed for sale. Any claim for reimbursement under Article 7.8 must be made within twelve months of the final determination of value.

Note: Notwithstanding other provisions of Article 7.8 special cases of loss on sale of homes may be submitted to the Administrative Committee for adjudication, but such special cases shall not be subject to arbitration.

7.9 If an employee who is eligible for moving expenses does not wish to move his household to his new location he may opt for a monthly allowance of $50 which will be payable for a maximum of twelve months from the date of transfer to his new location. Should an employee elect to transfer to other locations during such twelve-month period following the date of transfer, he shall continue to receive the $50 monthly

allowance referred to above but subject to the aforesaid twelve-month limitation. An employee who elects to move his household effects to a new location during the twelve-month period following the date of his initial transfer will only be eligible for relocation expenses under the Article for one such move and payment of the $50, monthly allowance referred to above shall terminate as of the date of his relocation.

7.10 Alternatively to Article 7.8, the cost of terminating unexpired lease and legal costs connected therewith up to a value of three months' rent where the relocating employee was renting a dwelling, except that where such lease was entered into following the notice of the change without prior approval of Company, no benefit will be provided. Such prior approval will not be unreasonably withheld. Should the law require payment of more than three months' rent in order to terminate a lease, such additional amount will be paid out of the Fund providing the employee first secures the Company approval to pay in excess of three months' rent.

SPECIAL AGREEMENT OF NOVEMBER 14, 1980
ARTICLE C—RELOCATION

Eligibility

An affected employee who is a householder, i.e. one who owns or occupies unfurnished living accommodation and who is required to relocate in order to hold work with the Railway due to:

(i) the filling of a position that is likely to be of a permanent nature; or

(ii) his work being transferred to a new location, will be eligible for relocation expenses provided that he establishes that it is impractical for him to commute daily to the new location by means other than privately owned automobile.

NOTE: An affected employee who is not a householder (one who does not own or rent unfurnished living accommodation) will be entitled to the relocation benefits contained in Article C.3, C.4, C.5 and C.6 only.

Benefits

C.1 Payment of door-to-door moving expenses for the eligible employee's household goods and his automobile including packing and unpacking, insurance and up to one month's storage; the mode of transportation to be determined by the Company.

C.2 An allowance of up to $400 for incidental expenses actually incurred as a result of relocation.

C.3 Reasonable transportation expenses from his former location to his new location by rail, or if authorized, by bus or employee-owned automobile, and up to $100 for an employee without dependents, up to $150 for an employee and one dependent, and up to $200 for an employee and two dependents and that an additional amount of $35 will be paid for each additional dependent for meals and temporary living accommodation. Receipts will be required for rail or bus transportation.

C.4 Upon authorization, an employee may drive his automobile to his new location at an allowance of 24 cents per mile. (14.9¢ per km)

C.5 In order to seek accommodation in his new location and/or to move to his new location, an employee will be allowed a continuous period of leave up to one week (seven consecutive calendar days). Payment for such leave shall not exceed one week's pay at his regular weekly rate. For other than weekly rated employees, 5 basic days' or 40 hours' straight-time pay shall constitute one week's pay.

C.6 If an employee who is eligible for moving expenses does not wish to move his household to his new location he may opt for a monthly travel expenses of $85 which will be payable for a maximum of twelve months from the date of transfer to his new location. Should an employee elect to transfer to other locations during such twelve-month period following the date of transfer, he shall continue to receive the $85 monthly travel expenses referred to above but subject to the aforesaid 12-month limitation. An employee who elects to move his household effects to a new location during the twelve-month period following the date of his initial transfer will only be eligible for relocation expenses under the Article for one such move and payment of the $85 monthly travel expenses referred to above shall terminate as of the date of this relocation.

C.7 If an employee who is required to relocate to hold employment does not wish to move his household to his new work location, he may, at the time of the change, opt for a lump sum payment. Such lump sum payment shall be mutually agreed upon by the parties and will be no less than the value of all contractual parties and will be no less than the value of all contractual relocation benefits other than those provided for in Articles C.6, C.8 and C.9. The lump sum payment shall be paid to the employee, so long as he remains at the new location, in equal quarterly installments over the 12-month period following the lump sum payment being agreed upon. If the employee returns to his former location during such 12-month period and remains, payment(s) shall be discontinued.

C.8 (i) Reimbursement for full loss sustained on the sale of a relocating employee's private home which he occupied as a year-round residence. Loss sustained is determined as the difference between the value determined at the outset plus any real estate agent and legal fees, including those legal fees and, if applicable, the land transfer tax established by the city or municipality on purchase of a home at the new location, and the amount established as the selling price in the deed of sale.

(ii) The procedure to be followed in respect of determining the loss, if any, on the sale of a home shall be as described in Appendix "B" to this Agreement.

(iii) An eligible employee who desires to sell his house and receive any benefit to which he may be entitled under Article C.8 must advise the Company officer concerned accordingly within twelve months of the date the initial change takes place. No employee shall be entitled to any claim under Article C.8 if the house is not listed for sale within sixty days of the date of the final determination of value and thereafter the house continues to be listed for sale. Any claim for reimbursement under Article C.8 must be made within twelve months of the final determination of value.

C.9 Alternatively to Article C.8, the cost of terminating an unexpired lease and legal costs connected therewith up to a value of three months' rent where the relocating employee was renting a dwelling, will be paid. Should the law require payment of more than three months' rent in order to terminate a lease, such additional amount will be paid providing the employee first secures the Company's approval to pay in excess of three months' rent.

Appendix "B"
Appraisal Procedure

When an affected employee desires to sell his home, under the provisions of Article C.8(b) of this Agreement, of which this Appendix "B" forms part, the following procedure will apply:

(a) In advising the Company officer concerned of this desire to sell his house, the employee shall include pertinent particulars as outlined in sample form attached, including his opinion as to the fair market value of his house.

(b) This fair market price of the house shall be the price determined as of a date sufficiently prior to the date of the change in order that the fair value will be unaffected thereby.

(c) Within 15 working days for date of receipt of employee's advice of his desire to make a claim, the Company officer shall advise the employee concerned whether the suggested fair market value is satisfactory and, if so, such price shall be the fair market value as contemplated by Article C.8(a) of this Agreement.

(d) If, however, the officer concerned is not satisfied that the price requested by the employee is the fair market value, then an effort shall be made to resolve the matter through joint conference of the officer and employee concerned and the appropriate Union representative if so desired by the employee; such joint conference to be held within 5 working days from date of advice to employee concerned as referred to in Clause (c) of this Appendix "B".

(e) If such joint conference does not resolve the matter, then within 5 days from the date of the final joint conference arrangements shall be made for an impartial appraisal to be undertaken as soon as possible by an independent real estate appraiser. The fair market price established by such appraiser shall become the fair market value for the purpose of this Agreement, and such price shall be binding on both parties.

(f) The employee will pick the independent appraiser referred to in Clause (e) from the following national companies: Canada Permanent Trust; Montreal Trust; Royal Trust; Trust Général du Canada; A.E. Lepage.

(g) The residence shall not have been listed for sale with any appraiser appointed pursuant to the provision of this Appendix "B", nor with such appraiser's employee, fellow employee or partner.

(h) The fees and expenses of any appraiser appointed in accordance with Clause (e) or (f) shall be paid by the Company.

Note: In the event an employee desires to sell his home at a price which is less than the fair market value as determined by the provisions of this Appendix "B", the Company will be given the right in priority to everyone else to purchase the home.

Particulars of House to be Sold:

Name of Owner: .....

Address: .....
No. Street City/Town

Type of House: i.e. Cottage
Bungalow
Split Level

Year Built: .....

No. of Rooms: ..... Bathrooms: .....

Type of Construction:
(i.e. brick veneer,
stucco, clapboard) .....

Finished Basement: Yes ..... No .....

Type of Heating:
(i.e. oil, coal
gas, electricity) .....

Garage: Yes ..... No .....

Size of Lot: .....

Fair Market Value: $ .....

Other Comments: .....

.....

Date: .....

Signature: .....

THE SENATE

Thursday, December 11, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

December 11, 1980

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 11th day of December, at 5.00 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

The Honourable

The Speaker of the Senate,

Ottawa.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

APPROPRIATION BILL NO. 2, 1980-81

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-47, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1981.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

APPROPRIATION BILL NO. 3, 1980-81

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-49, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1981.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I may not object, but I will draw to the attention of the Leader of the Government the fact that we have not received copies of these bills yet. I quite understand that it is required on his side to take such matters on faith, but such is not the case on this side.

Senator Frith: Honourable senators, that is correct. Bill C-49 was just given that number when it was dealt with in the House of Commons last evening. I have a copy with "Bill

C-49" written in. I will try to get copies for honourable senators.

I can say that the bill is in what is called the "regular form." In the case of supply bills, as you know, the estimates have been referred to committee, the report has been made, and then they are put into the standard form of a bill. Subject to that assurance, I shall try to get copies in time for consideration.

Senator Flynn: Then let us say we will grant leave when copies of the bill have been distributed. The deputy leader can request leave then.

● (1405)

Senator Frith: I think that is reasonable.

Senator Walker: I would hope so.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise on a question of privilege. We have been informed that His Excellency the Governor General will be here at 5 o'clock for the purpose of giving royal assent to certain bills. What bills will receive royal assent? I am unaware of any that have been passed and are ready to receive royal assent.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the hope is that we will—

Senator Flynn: The hope?

Senator Frith: Hope, yes.

Senator Perrault: Hope springs eternal.

Senator Frith: I always try to take nothing for granted.

Senator Flynn: You should try not to take us for granted.

Senator Frith: I thought I had notified my honourable friends that we would be asking for leave to deal with Bill C-47 and Bill C-49 in the hope that supply could receive royal assent. Those are the only bills I am aware of that we will be dealing with this afternoon in order that they may be given third reading.

Senator Flynn: On previous occasions I have congratulated the government on the expedition with which they arranged for royal assent, because right after a bill was read the third time and passed the Speaker would rise and read the communication from Government House. But now we have the communication being read even before third reading is given.

Senator Benidickson: It has always been a matter of curiosity to me as to why we have royal assent almost always on a Thursday afternoon, and at a time after many senators have departed.

Senator Frith: Honourable senators, I also expect that we will have Bill S-13 and Bill S-14. If I can be excused I will go and try to get copies of Bill C-49.

Senator Roblin: You are excused.

[Senator Frith.]

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Director of Investigation and Research, *Combines Investigation Act,* for the fiscal year ended March 31, 1980, pursuant to section 49 of the said Act, Chapter C-23, R.S.C., 1970.

PRIVATE BILLS

GENERAL SECURITY INSURANCE COMPANY OF CANADA—BILL TO AMEND AND REPEAL AN ACT TO INCORPORATE—REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Deputy Chairman of the Standing Senate Comittee on Banking, Trade and Commerce, presented the following report:

Thursday, December 11, 1980

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-18, intituled: "An Act to amend and repeal An Act to incorporate General Security Insurance Company of Canada", has, in obedience to the order of reference of Tuesday, December 9, 1980, examined the said bill and now reports the same without amendment.

Respectfully submitted,

A. I. Barrow
Deputy Chairman

Hon. Jacques Flynn (Leader of the Opposition): I rise on a question of privilege. We are not yet on reports of committees. I suppose it is a trend indicated by the deputy leader. We are doing things ahead of time today.

Senator Hicks: Nova Scotians are always ahead of time.

THIRD READING

Hon. Maurice Lamontagne, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

● (1410)

PRESIDENT OF THE LETHBRIDGE STAKE OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS—REPORT OF COMMITTEE

Hon. Richard A. Donahoe, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, December 11, 1980

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill S-16, intituled: "An Act respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints", has, in obedience to its Order of Reference of Tuesday,

December 2, 1980, examined the said bill and now reports the same without amendment.

Respectfully submitted,

Richard A. Donahoe
Deputy Chairman

THIRD READING

Hon. Richard A. Donahoe, with leave of the Senate and notwithstanding rule 45(1)(b), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, the 16th of December, 1980, at 8 o'clock in the evening.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): I think, honourable senators, that now would be as good a time as any for the Leader of the Government to tell us about the business for next week.

[*English*]

• (1415)

Senator Frith: Yes, I agree, honourable senators. I regret to say that I probably will not have the firm information I hoped to have until sometime later this afternoon.

Motion agreed to.

RULES AND ORDERS

ADDITION TO COMMITTEE MEMBERSHIP

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator McElman be added to the list of senators serving on the Standing Senate Committee on Standing Rules and Orders.

Hon. Jacques Flynn (Leader of the Opposition): He was there last week.

The Hon. the Speaker: Honourable senators, is leave granted?

Senator Flynn: Before the question is put, I would like to say that I was at the meeting of the Standing Senate Committee on Standing Rules and Orders this week and Senator McElman was present and voted. I don't know why he did so if he was not a member. Is my honourable friend trying to correct, retroactively, what was done?

Senator Frith: No, honourable senators. He certainly was present and participated, but I do not believe he voted. He was sitting next to me, and the whip and I pointed out to him that he was entitled to participate fully but not to vote because he was not a member. I believe that is correct.

Senator Perrault: We are meticulous about that type of thing.

Senator McElman: If the question is: Did I vote on a committee of which I was not a member, the answer is, no, I did not.

Senator Flynn: The question related to whether you voted at the last committee meeting. I know you participated in the debate and expressed your views, and it seems to me that you raised your hand.

Senator Cook: No.

Senator Flynn: Senator Cook says "No", so I accept that to be the case.

Senator Cook: I was hoping he was going to vote with me, but he did not.

Senator McElman: Senator Flynn, I have never yet had to have my word corroborated by anybody. I would suggest that your hands were flying so much you saw hands in front of you everywhere you looked.

Senator Flynn: There is no doubt that I always see many hands on the other side.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ECONOMY

ECONOMIC COUNCIL OF CANADA ANNUAL REVIEW—RATE OF INCREASE IN PRICE OF DOMESTIC OIL—NATIONAL ENERGY POLICY

Hon. Richard A. Donahoe: Honourable senators, my question is to the Minister of State for Economic Development. Yesterday when a question was addressed to him respecting the Seventeenth Annual Review of the Economic Council of Canada, he begged off from commenting or replying to the question on the ground that the review was so freshly released he had not had a chance to peruse it.

It is now 24 hours later, and it is inconceivable to me that he has not been occupying himself during the intervening hours by perusing a document of that import and significance. Today I ask him if he agrees with the assertion of the Annual Review that the current energy policy is a barrier to effective conservation, expanded supplies, diminished reliance on foreign sources and efficient use of labour, capital, materials and energy.

Hon. H. A. Olson (Minister of State for Economic Development): No.

Senator Donahoe: It is a perfectly proper answer. It is a much better answer than we are accustomed to receiving. It tells us nothing but it does not pretend to tell us anything.

I have a supplementary question which, perhaps, will meet a better fate. In proposing oil price increases almost twice as high as those proposed by this government, even higher than the ones introduced by the previous government, the Economic Council of Canada has said:

● (1420)

> The price to consumers must rise in the interests of conservation and efficient use. The price to producers must rise if Canada is to expand its energy supplies and become less dependent on risky foreign sources—

In other words, the Economic Council of Canada—and this is only my opinion—has vindicated the position being taken by the producing provinces. Is the government intending to adjust upwards its offer on price to the producing provinces in order to reflect more accurately world realities, as described by the Economic Council?

Senator Olson: Honourable senators, it must be taken into account that the government has offered a significantly higher price for several classes of additional supplies that can be brought on. That fact, however, was not addressed or even referred to in the question as it was put.

The other part of the answer is that the budget proposals came forward in the absence of an agreement with the producing provinces, but they carried with them the undertaking that we were prepared to negotiate a total package with the provinces and that it was highly desirable for that agreement to come into being.

Senator Donahoe: I have a further supplementary question. In the same report the Economic Council drew a direct correlation between employment and economic growth and substantially higher energy prices, implying that, should current energy policies remain unchanged, hundreds of thousands of jobs, most of them in central Canada, would be jeopardized.

Does the minister acknowledge this direct connection between the government's economic goals and the success of energy development projects? If so, is action contemplated which would put these projects back on the tracks to the benefit of all Canadians?

Before you answer that, I might just say that that question is, in essence, quite similar to a question I asked the other day but to which, in answering it, the minister went off at a tangent, speaking about something I thought was not at all responsive to my question. This time I hope he will direct his mind to the question.

Senator Olson: Honourable senators, in many respects the concerns expressed by the Economic Council in its review, which by the by was largely prepared prior to the budget, were in fact addressed in the budget itself and in the National Energy Program. However, to become more specific with regard to the unemployment levels my honourable friend has referred to, in the year 1981, for example, the council's pre-budget base case with respect to unemployment levels was 8.0, while in the council's post-budget base case it changes from 8.0 to 8.2.

I suggest that when my honourable friend asked his question the other day he was not aware of the close similarity of those two positions.

Senator Donahoe: Can the honourable minister tell us whether the total working force was at the same level, when those two calculations to which he has referred were made?

Senator Olson: I can only repeat what I have already said: with respect to the unemployment rate—the percentage level, that is—the council's pre-budget base case was 8.0, and that has now moved to 8.2. I assume they used the same basis on which to make those calculations.

ENERGY

THE BUDGET—IMPERIAL OIL LIMITED—CANCELLATION OF JUDY CREEK PROJECT

Hon. C. William Doody: Honourable senators, I wish to direct a question to the Minister of State for Economic Development. I notice that Imperial Oil has announced its cancellation of the $400 million Judy Creek Project. Along the same lines of thought as the questions dealing with the Economic Council of Canada, I would suggest that if the council's report was prepared prior to the budget, certainly this decision was made subsequent to the budget and it all amounts to the same thing: fewer jobs for Canada and Canadians during the coming year. This just adds to the deferment and cancellation of various other projects.

Has the government given any thought to reassuring the business community with respect to the economic climate? Is the government contemplating changes in the budget or in the energy policy which would permit job opportunities for Canadians to develop during the coming year?

● (1425)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, at the present time the government is not considering any amendments to the budget and energy proposals other than those that were given at the time and have been repeated since.

Senator Doody: I thank the minister for the honesty of his reply. It is not very encouraging to the many people who are out of work.

ECONOMIC DEVELOPMENT

THE BUDGET—WESTERN DEVELOPMENT FUND

Hon. C. William Doody: Honourable senators, on Tuesday I asked the Minister of State for Economic Development a question regarding the Western Development Fund and its relevance to the Economic Development Committee's envelope. I was told that it was in addition to that envelope.

Subsequently I have had a chance to look at the budget document, and at page 32 it says, with regard to the Economic Development envelope:

> The envelope also includes spending from the Western Development Fund, which was established to cover initiatives in such areas as the western grain handling and transportation . . . Prairie water developments.

It goes on to give a breakdown. This document, which was tabled at the time of the budget speech, would seem to indicate that the Western Development Fund was part of the Economic Development envelope, and now I understand it is in addition to the Economic Development envelope. Which of the two statements is accurate?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I did not hear anything in that quotation from the budget that is inconsistent with the reply I gave yesterday.

TRANSPORT

TASK FORCE TO REVIEW TRANSPORTATION OF GRAIN IN WESTERN CANADA—TERMS OF REFERENCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address a few questions to the Minister of State for the Canadian Wheat Board with respect to the Crow rate? He and I share an abiding interest in the future of that particular policy. I refer him to a statement made by the Minister of Transport with respect to the task force that is going to be set up to once again review the state of affairs with respect to the transportation of grain in western Canada.

I suppose my question could invite the minister to tell me how many studies have been made on this subject within the last 10 years, and what good came of them all; but I will not put him to that trouble. I will ask him, however, what will be the terms of reference of this task force, whether there will be public hearings in respect of them, and whether this will have anything to do with the proposal that he and his seatmate have been advocating so enthusiastically with respect to a study of the Canadian Pacific Railway situation and its relevance to the Crow rate.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I do not think that I have anything further to report to the honourable senator beyond the statements I have made previously in reply to his questions. Discussions continue to proceed about the method by which the government at some time may look at the Crow rate. I read the text of Mr. Pepin's speech that he made to the Saskatchewan Wheat Board a couple of weeks ago, in which I believe he referred to a task force. So far as I know, although discussions are continuing, no decision has yet been made on whether there will be a task force; and since that decision has not been made, it would be impossible to say when such a task force, if it is put in place, would begin functioning.

I am not saying that there will not be a task force, or that there will be. I am just saying that the decision has not yet been made.

Senator Roblin: I could remind my honourable friend that at the same meeting in which the task force was discussed by Mr. Pepin, the Honourable Eugene Whelan, the Minister of Agriculture, said that the policy on the Crow would be ready before the beginning of the next fiscal year. Can my honourable friend reconcile or clarify those two positions by the two different ministers?

Senator Argue: Honourable senators, I read in the Regina *Leader Post* the report of the statement that Mr. Whelan was alleged to have made. Since that time, in a private conversation with him—I will not try to be specific because I am not certain that I remember his specific relationship to that story—he too felt that it was not fully accurate. Therefore I have to remain with the statement that I made about the task force. I believe that what I have said is accurate. There may be other ministers who would interpret differently what is going on, but I feel that the statement that I made a few moments ago is correct.

● (1430)

Senator Roblin: Well, I gather from that that the government does not really know what it is going to do yet with respect to the Crow, and I presumed that the minister, if pressed, would promise that they will at some stage get their act together and let us know which course they are going to follow.

WESTERN DEVELOPMENT FUND—COMPENSATION TO RAILWAYS FOR LOSSES ON GRAIN SHIPMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): While the honourable minister is giving some thought to what I have just asked, may I ask him to clarify for us a statement made by the Minister of Transport with regard to Mr. Pepin's plan to use money from the $4 billion Western Development Fund to help pay the railway for losses on grain shipments? Is that statement a correct reflection of government policy? Is it a misreporting of his statement? Or is he just launching another one of those trial balloons that seem to be so much in vogue in this matter?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am not able to say whether it is a misstatement or not, and I am not able to say whether Mr. Pepin's statement has been misrepresented or not. Certainly I am not going to talk about launching a trial balloon. I really have to say, however, that no definitive decisions have been made about how that Western Development Fund will be spent, nor as to what portion may be paid towards transportation costs. Therefore, I am not able to say, because I do not know, how it might relate to any action that could be forthcoming with regard to the Crow rate.

The general principle that I believe we are trying to follow with regard to the expenditure of that money is that in whatever way it is spent it should provide for western Canada benefits that are in addition to what one might normally have expected to be provided had no such fund been talked about.

Senator Roblin: Would my honourable friend care to speculate on the source of the money for that $4 billion fund? Who is putting it up?

Senator Argue: Well, I suppose it will come out of the consolidated general revenue, though I am not able to say that; but I believe it is a very important initiative. I believe the results will be of major importance to western Canada. I believe that announcements will be made in due course of measures that will be specific additions to anything that has been contemplated to date, so I feel that it is a very real thing. I am not going to speculate, however, about particular matters. All I can say is that these things are still being discussed. I believe substantial progress is being made in those discussions, and there will be some definite and welcome statements before very long.

ECONOMIC DEVELOPMENT

WESTERN DEVELOPMENT FUND—PROJECTS

Hon. Lowell Murray: Honourable senators, with regard to the Western Development Fund, I wonder if I could have an undertaking from the Honourable Leader of the Government that he will provide the Senate very shortly with a list of all the projects that have been mentioned for possible inclusion under that Western Development Fund. In particular I would like to ask him again whether the $30 million to $50 million—I think that is now the figure—that he has committed on behalf of the government to the Province of British Columbia in connection with the rapid transit project is going to come from the Western Development Fund.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as far as the rapid transit showpiece project on the west coast is concerned, the final decisions have not been made. Negotiations are only in the initial stages, and so it is impossible to provide a definitive statement on that subject at the present time.

As far as other western initiatives are concerned, in due time public information will be provided about the program. I think it will excite the imagination even of the opposition.

BRITISH COLUMBIA—PURCHASE OF URBAN TRANSIT SYSTEM

Hon. Lowell Murray: Honourable senators, on the matter of the rapid transit system, the minister is quoted as saying that the money would come either from the Western Development Fund or from the $550 million energy allocation fund for British Columbia. I referred to that statement by the minister the other day.

Will the minister say what the $550 million energy allocation fund for British Columbia is? Because I would like to know where I could find that in the National Energy Program as outlined in the budget.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, much has been said about the $550 million energy fund for British Columbia. In fact, all Canadian provinces are going to benefit from this vigorous new initiative, the object of which is to make ourselves energy self-sufficient over a period of time. I would be glad to send the information to the honourable senator.

[Senator Argue.]

The program is designed to enable Canadians in British Columbia and elsewhere in this country to more adequately cope with the rising costs of energy. Funds will be provided for such programs as the conversion of heating units from oil to other fuel forms. In certain areas where there is no alternative to natural gas, aid will be provided for the conversion to other types of fuel, and in some areas a special program will be available to assist people to make their homes more heat efficient. There are many other aspects to this program.

There is also a program to facilitate the conversion of automotive fleets to liquid propane. The program is designed to, in effect, enable Canadians to use fuel and energy sources as efficiently as possible, in view of the fact that inevitably the price of energy is going to escalate throughout the years.

That is not, of course, a partisan view. The previous government also recognized the challenge which exists in the energy area.

Senator Murray: The $550 million is not, therefore, $550 million that is intended exclusively for British Columbia.

Senator Perrault: No. The $550 million amount is designated for British Columbia, with hundreds of millions for the other provinces as well. A significant portion of this national energy fund will be channelled into projects which are going to help conserve fossil fuels. No final decisions have been taken yet as far as British Columbia's rapid transit project is concerned, but rapid transit projects in other parts of the country are on the drawing board or in the planning stage, including one in Ontario, I think in the Hamilton area. Projects of this kind, insofar as they are energy efficient, could come under the heading of energy saving projects, and therefore there could be some claim on the national energy fund.

FINANCE

INTEREST—INCREASE IN BANK RATE

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State responsible for Economic Development. Within the past hour the Bank of Canada lending rate has been announced. It has increased by 1.38 per cent to, I take it, a near record 16.14 per cent.

Is the government proposing any action at all to insulate those who are most affected and, frankly, most hurt by these escalating rates, namely, small businesses?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the answer is that of course the government is extremely concerned. The exact amount that the Bank of Canada would increase its rates, of course, was not known until an hour or so ago, but it was fairly evident yesterday, when the rate in the United States went up to a point, I think, equal to its all-time high, that for the defence—if that is the right word—of the Canadian dollar, and of course, with the object of removing the temptation to have an

exodus of capital, the rates in Canada would go up significantly following what happened yesterday and the day before.

This is not only of concern to Canada, although Canada is probably more immediately and more profoundly affected, because of the volume of our trade and financial transactions with the United States, but it is also a matter of concern to a number of other countries around the world. While there has not been any specific action taken up to now to alleviate the situation to some degree, the Minister of Finance is concerned about it, and is at present considering what action he could take.

• (1440)

Senator Nurgitz: I have a supplementary question. I think the prime lending rate in the United States is 20 per cent. With an indication by some authorities that that is not the end of that spiral, I wonder whether the minister could share with us any projections the government has as to what the end of that spiral might be—that is, what the anticipated highest rate might be.

Senator Olson: Honourable senators, the direct answer is that I cannot. We have no projection within the government departments. I agree with Senator Nurgitz when he says that some knowledgeable people have indicated that this rate, even though it is equal to an all-time record, may increase even more, because I also heard that.

FOREIGN AFFAIRS

JAMAICA—INVITATION TO FORMER PRIME MINISTER TO APPLY FOR CANADIAN FOREIGN AID FELLOWSHIP

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government which is of concern, I suppose, to the Secretary of State for External Affairs, or to the Prime Minister himself.

This question stems from a report in the Montreal *Gazette* of today, which states:

> Michael Manley, recently defeated Prime Minister of Jamaica and long time friend of Prime Minister Pierre Trudeau, has been "invited" to apply for a Canadian foreign aid fellowship worth up to $60,000—

It also indicates that the invitation was made by Ivan Head, President of the IDRC.

My question is: Does the Secretary of State for External Affairs or the Prime Minister not think that this, assuming it is true, could be interpreted as Canada's taking sides against the new administration in Jamaica, and wouldn't it render more difficult our relations with them, and possibly also create problems for Canadians going there?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can say that the interest which has been demonstrated in that fellowship was at the initiative of Mr. Manley.

Senator Flynn: They say it was Ivan Head.

Senator Perrault: I can only report the information which is known to the government. Mr. Manley on his own initiative, contacted the IDRC, the body of which Mr. Head is president, concerning the fellowship program. Mr. Manley has not yet formally applied for an award, and until he does, no recommendations can be made to the Board of Governors of the IDRC concerning the application.

Should Mr. Manley pursue his application and be granted an award, he has indicated his interest in studying and writing about the new international economic order, of which he has already written and published.

Mr. Manley visited the IDRC centre in Ottawa on November 24 to discuss his lively interest in the program. As is normal in these circumstances, IDRC was responsible for his air fare. On a point of information, $60,000 represents the maximum amount of an award, and includes such items as travel and research expenses, secretarial help, and so forth.

I want to emphasize that he has not formally applied for an award and until he does, no recommendation can be made to the Board of Governors of the IDRC.

Senator Flynn: I have a supplementary question. With regard to the new economic order Mr. Manley is interested in looking at, is it the same new economic order that the Prime Minister was speaking of some years ago, which he has forgotten about now?

Senator Perrault: If the Leader of the Opposition is interested in Mr. Manley's views on what the new economic order should be—

Senator Flynn: No, no.

Senator Perrault: Let me complete my reply. I know that courtesy can be extended. The honourable senator should enter into correspondence with Mr. Manley and obtain from Mr. Manley a list of his works and essays. I think they would provide far more edification for him than directing a question to the Leader of the Government does.

Senator Flynn: In any event, would the Leader of the Government convey to the Prime Minister and the Secretary of State for External Affairs the problems that may arise with such a decision by the IDRC?

Senator Perrault: Honourable senators, I know the statement made by the Leader of the Opposition today will be given careful attention by the Secretary of State for External Affairs.

POLAND—MASSING OF RUSSIAN TROOPS ON BORDERS—PRIME MINISTER'S MESSAGE TO PRESIDENT BREZHNEV

Hon. Lowell Murray: Honourable senators, yesterday the Leader of the Government and I had a brief exchange concerning the position of the Government of Canada with regard to any possible Soviet military action in Poland. I had asked for assurances from the minister that the government would view any such action more seriously than it had in 1968 when Soviet troops invaded Czechoslovakia and when, as I said

yesterday, the Honourable Mitchell Sharp had stated that the invasion was regrettable.

The Leader of the Government challenged my recollection of those events and invited me to document my assertion, which I wish now to do.

I have looked up the record, and indeed, if I made a mistake yesterday it was in stating that Mr. Sharp had described the invasion of Czechoslovakia by the Soviet Union as "regrettable." "Regrettable" was not the word he used. The word he used was "disappointing." To give him credit, he said "very disappointing."

My source is the publication *Canadian Annual Review, 1968*, which I believe is published under the authority of one or other of the government departments. The quotation attributed to Mr. Sharp is as follows:

> "There's little that we can do or little that we need fear concerning any outbreak of hostilities," the Minister said on the evening of 20 August.

That was the date of the Soviet invasion of Czechoslovakia. The paragraph continues:

> The movement of Soviet troops was "very disappointing and there's bound to be a great setback to the growing confidence in Europe and progress toward an East-West détente."

So, I think the statement I have just quoted does, indeed, document the assertion that I made yesterday.

To make the record complete, I will admit that the next day, after the cabinet had met formally, they redeemed that rather equivocal reaction by the Secretary of State for External Affairs and, after a telephone conversation between Mr. Sharp and the Prime Minister, who was holidaying in Spain, approved a statement that they later communicated to the Soviet Ambassador which described the Soviet action as a flagrant breach of the principle of non-intervention, and so forth.

I was certainly correct in my recollection of the rather soft and equivocal action by the government spokesman, the Honourable Mitchell Sharp, on the day of the Soviet invasion of Czechoslovakia.

This is the third time in recent weeks that the minister has had occasion to challenge the accuracy of assertions made by members of this side of the house in putting questions. He did so with regard to some newspaper reports I quoted which reported statements made by several of his colleagues on constitutional matters. The other day he did the same thing when Senator Smith referred to statements made by the Prime Minister in his weekly press conference.

Having now documented the assertion I made yesterday, I simply wish to make the point that I hope that, with the Christmas season approaching, the minister will take a firm resolution to reform and to agree that when we on this side of the house make assertions they are always made in good faith, and almost invariably made with some documentation to back them up.

[Senator Murray.]

• (1450)

Hon. H. A. Olson (Minister of State for Economic Development): And completely against the rules in question.

Hon. Jacques Flynn (Leader of the Opposition): You don't know what you are talking about.

Senator Olson: Yes, I do.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we listen with interest day after day as Senator Murray takes uncommon delight in ferreting through the murky and tattered files of the past—

Senator Murray: Tattered is right.

Senator Flynn: How do you call it?

Senator Perrault: —and attempts to locate some obscure phrase which somehow is supposed to suggest this government was less than forthcoming when freedom was under challenge in some past affair. I wonder if Senator Murray would like to be reminded of the fact that in one of the great speeches of all time, made many years ago in Parliament, one of the more Neanderthal members of his party stated that the introduction of the old age pension was the first manifestation of Red Bolshevism in Canada—which is not at all consistent with the present day views of the Progressive Conservative Party on social policy. In quoting phrases of that kind, which are irrelevant to today's priorities and needs, do we really avail ourselves of very much?

Senator Olson: We just waste our time.

Senator Perrault: It is time-wasting and time-consuming. Mr. Sharp is not in Parliament today and, therefore, he is not in a position to defend himself. Anyone who is aware of his record as Secretary of State for External Affairs knows he was an uncompromising opponent of tyranny in all of its forms. I think it is unfair to attack him when he is not here to defend himself. I can only tell you the position of the government with respect to the Polish situation—the latest information that we have—which I think is relevant.

Senator Flynn: For once try to be relevant.

Senator Perrault: The Leader of the Opposition again is writhing in his place terrified of the facts.

Senator Flynn: No! Bored by your words.

Senator Perrault: The information available to us does not indicate that there has been any dramatic deterioration in the military situation on Poland's borders. Although Soviet forces in the adjacent districts have been brought up to full strength, there is no evidence that they have been redeployed to the border or that a decision to intervene has been taken. I know that Senator Murray will rejoice at that news.

The Warsaw Pact's summit meeting, while reflecting high level concern among Poland's allies, does not provide a clear indication of the nature of the so-called "fraternal support" they are prepared to extend to Poland, nor their intentions vis-à-vis the Polish situation. We are pleased to note the participants committed themselves to renouncing the use or threat of force in relations between states, and to resolving all

conflicts through negotiations. In other words, the Warsaw Pact states have pledged to follow the same precepts in their external relations that the Polish government has committed itself to follow domestically.

Canada has consistently expressed itself in favour of a peaceful political solution to the Polish situation. The Secretary of State for External Affairs made this point in his conversation with the Polish Foreign Minister in September. We remain of the view that the situation in Poland is an internal conflict for the Poles themselves to resolve, and that it is incumbent on all CSCE signatory states to fully respect the principle of non-interference in the affairs of other states, as embodied in the Helsinki Final Act.

Furthermore, honourable senators, when the question was asked in the other place the other day by the leader of the Progressive Conservative Party, "Well, is not the Prime Minister going to make some representation to the Soviet Ambassador in Ottawa?" the Prime Minister replied, "No, I have already contacted Mr. Brezhnev."

Senator Murray: Did you table that document?

Senator Perrault: That is another example of this government's forthright support of initiatives to keep the peace and maintain freedom around the world.

Senator Murray: What did he say?

Senator Perrault: I think it is rather unparliamentary for the senator to pursue this—

Senator Flynn: Unparliamentary?

Senator Perrault: It is rather unparliamentary for the honourable senator do drag such—

Senator Flynn: Come on!

Senator Perrault: —a shoddy collection of red herrings across the trail.

Senator Murray: I am going to end the debate right away and not take up the time of the Senate unduly with this matter. I have been told in an interjection from the Minister of State for Economic Development that what we have been doing is against the rules. There is no other course open to an honourable senator whose word is challenged but to bring in the documentation that proves his assertion, and that is what I did today. As I reminded honourable senators earlier, this is the third time in recent weeks that the Leader of the Government in the Senate has, without any justification whatsoever, challenged an assertion that was made by an honourable senator on this side in posing a question. I am here to tell him that every time he does it we are going to have to take up the time of the Senate to present the documentation that proves our assertion. It would not be necessary if the Leader of the Government in the Senate and his colleagues would show some elementary good faith and accept that assertions made on this side are made in good faith, and, as we have abundantly proved in the last few days, with plenty of documentation to back them up.

Senator Perrault: There are two short points to be made: First of all, the reference to the invasion of Czechoslovakia was made by the Honourable Senator Murray the other day. Secondly, the challenge, which was issued on this side, was that if we are going to be treated to this continuing recitation of phrases which, allegedly, were made in the past by certain members—

Senator Murray: What do you mean by "allegedly"?

Senator Perrault: —of Liberal governments, then the full statement should perhaps be tabled here so that honourable senators can make their own judgment about the position of those people at the time.

Senator Flynn: That is what we are doing.

Senator Perrault: That was not a full statement at all by any stretch of the imagination.

Hon. Duff Roblin (Deputy Leader of the Opposition): You are asking for more.

Senator Flynn: That is what we are doing. I might remind the Senate that Senator Murray mentioned "a minister," and the Leader of the Government said, "Name that unknown minister," and Senator Murray said it was Mr. Sharp. The Leader of the Government then complained that the statement was made on an unknown date, so Senator Murray gave the date. The Leader of the Government then said, "Well, bring in the documents." After all, the leader got what he deserved.

Senator Perrault: You have not produced a document at all.

Senator Murray: I have cited pages 240 and 241 of the *Canadian Annual Review*, *1968*, and I can bring in other documentation if the minister wishes.

Senator Perrault: The *Canadian Annual Review* does not constitute a definitive statement of the position that Mr. Sharp took—

Senator Flynn: He will never be able to say anything in this place.

Senator Perrault: —or of all the words he employed at the time of the Czechoslovakian crisis. The senator is not suggesting that seriously. In any case, is there much value in debating an event that took place so many years ago?

Senator Flynn: That's right, but why did you ask all those questions?

Senator Olson: This is not the period of debate but the Question Period.

Hon. G. I. Smith: Yes, it is the Question Period and the debate.

Senator Flynn: You never understood anything about the debate.

Senator Smith: If the honourable gentleman opposite would also treat it as an answer period, we would avoid these kinds of discussion. What the honourable gentleman opposite is trying to do—and very frequently tries to do—is to avoid answering the question and obscure the allegation. I am not now talking

about the Minister of State for Economic Development. I will deal with him separately. I am talking about the Leader of the Government. What he continuously, unashamedly and blatantly does is to try to obscure the purport of the question with a foggy sort of answer or some sort of challenge which bears no relation to the question itself. He tried the same thing with me the day before yesterday. He tries it every day.

Now, to turn to the Minister of State for Economic Development for a moment—

Senator Perrault: Watch out.

Senator Smith: After all, I repeat, that while we recognize this as the Question Period and endeavour to treat it as such, the honourable gentleman opposite does not recognize it as an answer period and does not treat it as such, and we have no recourse, therefore, but to do whatever we can to point this out, and that is exactly what we have been doing.

CANADA DEVELOPMENT CORPORATION

REDUCTION OF GOVERNMENT'S SHAREHOLDING

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address a question to the Minister of State for Economic Development in relation to his answer yesterday concerning the Canada Development Corporation. He has left a problem there that I solicit his help in solving. I asked him whether the original conditions under which the development fund was set up were still in force, namely, that the government was intending to reduce its stockholding from 49 per cent to 10 per cent, and that the Prime Minister had given an assurance that the government would not interfere with the operations of that organization. On that basis, I suggest, a good many people bought stock in that company. It is quoted on the stock market and it goes up and down, and the public have an interest in it.

When the minister replies to me—and I am sure this is not done with any intention of creating an uncertainty—he does so by saying he cannot tell me whether the government policy is changed or not because the whole matter is under review. A minute's reflection might indicate this might have implications for the value of the stock on the stock market until the atmosphere clears and the investing public can decide what they are going to do.

● (1500)

I do not know what the stock market authorities would do in this case, but I am saying to the minister that it might be helpful if he could clarify his statement in some way to indicate to holders of that stock that they have nothing to fear and that the government will make sure that their investment is not depreciated on account of its actions.

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator is asking me to give an assurance that there will never ever be any change in the government's investment, which is still rather significant—I think it is nearly 50 per cent—in the CDC. I gave him what I consider to be a straightforward answer. If he is going to be concerned about this kind of thing, I think perhaps it is an indication of how we should answer some of the other questions that are put to us, and most of them in the last few days have been in the category of: "What is under consideration . . . ?"

I said, quite frankly, that the CDC is included as part of this review, and if he wants me to refrain from giving any indication of what the government is considering, then I can do that, but that would eliminate about 90 per cent of the questions that come from the opposition.

Senator Roblin: I hope I am not being quite so unreasonable as the minister suggests. I am not suggesting to him that the government should never change its policies, and I am not suggesting to him that we are dealing with speculation, because these questions arise from statements made by the ministers themselves. We did not invent the idea of fiddling with the CDC. That is a government statement.

This company's stock is traded in the market, and I only suggested to the minister that he ought to take cognizance of that fact in his statement, and that he ought to come forward with some formulation of the government's position that would make it clear to the stockholders that they are not hanging in there in a position of limbo, because this company can be manipulated by the government any way it sees fit, and that has an effect on the value of the stock. I am simply saying that the people who have invested in the Canada Development Corporation in good faith deserve some consideration. I do not want him to take any position that is frozen for all time. That is unreasonable. I am not making up rumours myself; I am drawing to his attention what his colleagues have said, and I think it is reasonable that he should take those facts into consideration.

Senator Olson: We will take those facts into consideration, but it seems to me that what my honourable friend is asking is, in fact, counter-productive to his objective, which is to leave some stability as to the value of the investment that private citizens and others have in this corporation. He really ought not to ask now for further speculation as to what might happen because it seems to me that the best thing that could happen in the interest of those other investors is for the government to say absolutely nothing until it has made a decision, and then announce it.

Senator Roblin: The point is that these things arise because of statements that members of the government have made. It is up to them to clarify the position. If they do not want situations to become difficult, then they should be careful about what they say. But my honourable friend is simply refusing to clarify the position or accept the responsibility that it is he and his colleagues who created the uncertainty in the first place.

Senator Olson: I think that the honourable senator is trying to create a lot of uncertainty simply because the government owns that portion of the stock, and they acknowledge that they are considering some more effective use of it. Surely, when a decision has been made, then an announcement should be made, and if I were to take my honourable friend's advice in

the meantime we should make no comment at all to that kind of a question.

GRAIN

RAIL TRANSPORTATION IN WESTERN CANADA

Hon. Gildas L. Molgat: Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board. I think all Canadians have been very pleased with some of the announcements regarding major wheat sales, but a continuing problem is the delivery. Westerners in particular are concerned about some of these aspects. I wonder if the minister could tell us if there is any change in the situation, particularly with regard to the labour problems in the Revelstoke area which have been of concern to western farmers.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I think there are indications that there will be a very major improvement in the performance of the railroads, particularly the CPR, in moving grain from southern Alberta and southern Saskatchewan. The situation to which the honourable senator referred really began back in March of this year. A labour dispute arose and there was a slow-down of rail deliveries through Revelstoke, and this situation resulted in unloads at Vancouver in some weeks going down to as low as 700 cars. The effect on the farmers in those areas was that at the end of the crop year they had a very large surplus of wheat on hand and they were unable to deliver it.

The Canadian Wheat Board provided supplementary and extra permits going into the new crop year, and I think that in the main these have been filled and deliveries have been made. However, in this area a very low quota still remains. The A quota is still in effect—a quota of just some three bushels per acre. But, as I have said, there is an indication of a definite improvement. The labour situation was referred to the Labour Relations Board in late October, and the ruling was that the slowdown was, in fact, a strike and was therefore illegal.

The improvements that have taken place since that time show that from November 17 to November 22, unloads at Vancouver amounted to 1,065 cars. For the next week, November 24 to November 29, unloads increased to 1,120 cars. However, there was a reduction because of bad weather in the mountains and heavy snowfalls in the week of December 1 to December 6, and the number of unloads went down to 865 cars. The encouraging fact is that in the first two weeks the number of unloads had gone up to approximately 1,100 cars per week, and the CPR is now sufficiently optimistic that they are targeting unloads beginning in January at the rate of 1,500 per week. I can only express the hope that the labour situation and the railroad performance, will, in fact, make the achievement of this important target possible.

I am now hopeful that the differences that have resulted in this slowdown may be discussed and settled, and settled in such a manner that the 1,500 target for car unloads at Vancouver will be met. If this target can be achieved, it will mean that there will be about 1,500 CPR unloads per week at Vancouver, and for the west coast an equivalent amount of CNR car unloads. We have an opportunity this year for maximum sales of grain. The sales are there. In spite of a disastrous early start this year, the crop yield exceeds that of last year by some considerable amount, so that the grain is available, and if the railways can perform, then the producers of grain will be able to meet our sales objectives. This railway dispute has been most difficult. Improvements have been made and I hope the target, the optimistic target, will in fact be reached.

Senator Flynn: A very good speech.

Senator Argue: You can't win in this place.

• (1510)

Senator Frith: Could I ask the minister if the word "unload" has the same meaning as the word "delivery"?

Senator Argue: It may not have been clear from what I said, but when the farmer brings a load of grain into the elevator and unloads it, that is called a "delivery". An "unload" is the emptying of the hopper car or the box car at the terminal.

APPROPRIATION BILL NO. 2, 1980-81

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-47, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1981.

He said: Honourable senators, I should start by explaining why my comments concerning this bill will be brief. The bill represents an authorization by Parliament—which, of course, cannot take place without our approval—of the expenditure of very large sums of money. For the introduction to be brief, and for the debate itself to be brief, an explanation is required.

The bill before us today, Appropriation Act No. 2, 1980-81, provides for the release of the balance of the main estimates for 1980-81 totalling $20.3 billion.

These estimates were tabled in the Senate on April 23, 1980, and referred to the Standing Senate Committee on National Finance on April 29.

Appropriation Act No. 1, 1980-81, which was approved last May, provided interim supply to cover expenditures to the end of December.

Honourable senators will remember that these estimates received very careful and detailed consideration by the Standing Senate Committee on National Finance, and the main estimates were discussed with the President of the Treasury Board and his officials by that committee on November 18, and were reported back by the committee on December 4 of this year.

Honourable senators will recall that last evening Senator Everett spoke to that report and discussed some of the policy questions raised. Senator Doody made an intervention with some observations on the same subject.

What that means, honourable senators, if I understand the position, is that the estimates themselves were presented to the Senate, referred to committee, studied by the committee, reported back and some of the policy issues raised were discussed and debated. To that extent the bill before us is a formality. I do not say a "mere" formality, but it does finally formalize the work the Senate has already done on the estimates which are the subject of the bill.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have had the opportunity of discussing with the Deputy Leader of the Government passage of this bill on second and third readings. He explained why there is no need for the Senate to extend proceedings. Naturally, our Standing Committee on National Finance examined the budget, and its report was debated in the Senate. Senator Doody expressed our views. In any event, the main estimates, the object of Bill C-47, is the budget that had been prepared by the former administration.

We did, I feel, what the Senate should have done under the circumstances. The bill itself, as its sponsor pointed out, is a bill in its usual form. There is nothing else in that bill other than the granting of public funds and the balance expected for the financial year ending on March 31, 1981. We, therefore, have no objection to the bill being given third reading immediately after it has been read and passed a second time.

As for Bill C-49, which we had the good fortune of receiving just a few minutes ago, I have had a chance to look at it, and I believe we can proceed with it in much the same way.

Motion agreed to and bill read second time.

[*English*]

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith: With leave, honourable senators, I move that this bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 3, 1980-81

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-49, for granting to Her Majesty certain sums of money for the Government of Canada for the fiscal year ending March 31, 1981.

[*Translation*]

He said: Honourable senators, as the Leader of the Opposition had anticipated, Bill C-49 is also in the usual form. However, I would like to provide a few details. The bill introduced today contains all the votes included in supplementary estimates B. It is essentially in the same form as the estimates which were tabled in the Senate a month ago on November 6, and which were immediately referred to the Standing Senate Committee on National Finance. The committee examined the estimates with Treasury Board representatives on November 19, 1980. These supplementary estimates represent $2,001,096,000, of which $1,027 million represent expenditures to be voted and $1,069 million represent statutory votes.

The major items are as follows: $400 million representing additional oil compensation payments to refiners and to other importers of crude oil and oil products. This comes about because of the announcement early during the fiscal year of a major increase in OPEC prices.

Senator Flynn: The first one.

Senator Frith: The first item is for $400 million. There are also amounts of $113 million to CHMC for the extension of the Canadian Home Insulation Program from September to the end of the fiscal year, and $206 million for the Guaranteed Income Supplement Program, mostly because of the increase of benefits to $35 a month per household beginning on July 1, 1980.

These estimates include 27 $1 items which have already been examined by the Senate Committee on National Finance when it considered the supplementary estimates.

I hope that I have given the major points contained in this bill. If honourable senators would like further clarification, I shall do my best to provide it.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I believe we should thank Senator Frith for his explanations. What concerned me when I saw that passage of this bill was to be moved this afternoon, was that the report of the Committee on National Finance, which is given in *Hansard* for December 4 on page 1377, does not refer specifically to the supplementary estimates.

We have already considered the main estimates, which amount to $59,013 million, and with this figure of $1,027 million, we reach a figure of over $60 billion for the general estimates. I note especially that the supplementary estimates include oil price compensation payments amounting to $400 million to refiners. Obviously, this is closely related to the energy and pricing policies of the governmernt. I recognize that this may not be the best time to discuss this consequence of the policy implemented by the government as the order paper calls for a debate on this issue. There is also a motion in the name of Senator Murray to refer this whole matter to a committee.

In any event, we are faced with a fait accompli, an irreversible situation. For that reason, I do not think it would serve any purpose to discuss this item, albeit very important, especially in view of the subsidy for the current year.

The bill is therefore similar to the other, in the standard form. It appropriates funds. It therefore poses no problem of interpretation. For that reason and in view of the explanation

given by the sponsor of the bill, I see no objection to passing the bill now on second reading, with third reading to follow shortly.

Senator Frith: Honourable senators, simply to emphasize the comments made by the Leader of the Opposition, it seems to me that political issues, if I may say so, and the question of opportunity that I spoke of are not dealt with separately in the report. That is especially so with respect to the $400 million, and I intend to deal with that directly during the next debate on the issue. In other words, even if we pass this bill, we can still continue to deal with the political aspects of the energy policy.

Senator Denis: Fine.

Motion agreed to, and bill read second time

● (1520)

[*English*]

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

[*Translation*]

Senator Frith: With leave, now.

[*English*]

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

ROYAL CANADIAN LEGION—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator Davey, for the second reading of the Bill S-15, intituled: "An Act respecting The Royal Canadian Legion".—(*Honourable Senator Godfrey*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Godfrey had to leave in order to attend a meeting of a committee of which he is the joint chairman. He asked me to request that this order be allowed to stand.

Order stands.

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-10, to amend the Corporations and Labour Unions Returns Act, which was presented yesterday.

Hon. Royce Frith (Deputy Leader of the Government) moved that the report be adopted.

He said: Honourable senators, I would just point out that, according to the understanding the Leader of the Opposition and I reached yesterday, depending upon what might arise from the motion for the adoption of the report we could proceed directly to third reading of the bill.

Senator Barrow, the Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, has had to leave the chamber. He said that any questions concerning the committee's report would be answered by our colleague, Senator McIlraith. The sponsor of the bill, Senator Stanbury, is also present to answer questions.

Motion agreed to and report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Richard J. Stanbury: Honourable senators, with leave, I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

● (1530)

ENERGY

GOVERNMENT POLICY—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Argue, P.C., calling the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular

1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;

2. the advantage of Canadianizing the industry;

3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;

4. the advantage to Canada of the provisions concerning conservation; and

5. the advantage of other aspects of the policy.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I had not expected that we would reach this inquiry so early. I am ready to proceed, but I have left my notes in my office. Therefore, I could be persuaded to ask that this order stand.

Senator Flynn: We agree.

Order stands.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE ADJOURNED

Hon. Lowell Murray, pursuant to notice of Wednesday, December 10, 1980, moved:

> That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., presently on the Orders of the Day, be referred to the Standing Senate Committee on Banking, Trade and Commerce.

He said: Honourable senators, during the debate on Senator Argue's inquiry last week, I believe I spoke for one hour and five minutes. I assure you that my remarks today will be much more brief. I hope also to be a good deal less controversial than I was in the debate on Senator Argue's inquiry.

Basically, the subject-matter of that inquiry is the National Energy Program introduced by the Minister of Energy, Mines and Resources. Honourable senators are aware, of course, that that program is being challenged by the producing provinces. Indeed, if I am not mistaken, there is a court challenge relating to part of it. It certainly is being contested by the industry, in terms of whether the program will achieve the objective of self-sufficiency, and it is also being contested by the official opposition both here and in the other place in what we believe to be the national interest. We have disputed, and continue to dispute, some of the assumptions on which that program is based. However, where there is no dispute is on the vital importance of the energy issue now and in the months and years just ahead.

I had occasion the other day to cite some of the statistics that have been produced by the International Energy Agency and others concerning world shortages that are bound to occur. I had occasion also to discuss some of the assertions made in Mr. Lalonde's program concerning possible supply and demand scenarios in the energy field, particularly in respect of oil, in Canada in the next decade. There is no disputing also the vital importance of energy as an engine of economic growth for Canada in the years ahead. Finally, there is no disputing the political and economic importance of this issue.

The program put forward by Mr. Lalonde, and, therefore, the subject matter of Senator Argue's inquiry, deals with the question of Canadian self-sufficiency and Canadian ownership. Those are sufficiently important matters for us to consider in some detail. While we are having a debate on Senator Argue's inquiry, it seemed to us, on this side, that it would be an excellent idea to have a committee of the Senate examine the policy as a whole. We also thought, and continue to think, that such a committee would provide a forum for some of the people from the industry, the producing provinces, and others interested in energy policy, to make their points at this stage and to be examined by honourable senators on the validity of their assumptions and assertions.

The committee could, in addition to examining the policy as put forward by Mr. Lalonde, also have a continuing watch on the policy as it develops and is implemented by this government, and on our progress as a nation toward the attainment of the objectives that I think all of us share, in particular the objective of self-sufficiency for Canada.

I mentioned the Standing Senate Committee on Banking, Trade and Commerce in particular in my motion because the rules of the Senate provide that that committee concern itself, among other things, with natural resources and mines. However, if it is the desire of honourable senators to have another committee or, indeed, a subcommittee of the Banking, Trade and Commerce Committee deal with energy policy, that would be perfectly acceptable so far as we are concerned.

With those few remarks on the desirability of having a committee undertake an examination of the National Energy Program, and keeping a continuing watch on the policy and its implementation, I commend this motion to my colleagues for their support.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I propose to move adjournment of the debate on this motion. I do not wish to predict what I shall say later, but I believe I can safely commit myself to the statement that I think this is a good idea. We may want to look into the question raised by Senator Murray as to what is the most suitable committee and what are the modalities; but the concept of giving the Senate an opportunity, through a committee, to examine this policy, and to bring before it people who might have views to express by way of criticism, defence or just general observation, is, I believe, a good one. Perhaps I may be permitted to comment on the motion during my intervention on the inquiry dealing with the same subject.

On motion of Senator Frith, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving adjournment of the house during pleasure, to reassemble at the call of the bell, there are two points that I should like to make. The first is that Senator Flynn asked me what bills we were going to deal with. Having elicited from me the answer that we were going to deal with supply, he stated his surprise—which I consider quite justified—when we announced we were expecting the attendance of the Deputy of His Excellency the Governor General on bills that had not yet even received third reading.

I should explain that the reason why we arranged that in advance was because we hoped, in any event, to have two private bills assented to. The point raised by Senator Flynn was well taken, and I do not believe it is a good practice to announce that royal assent is to be given to a bill before we have agreed to the third reading of that bill.

My second point is that I am sorry to say that I do not yet have information respecting the Christmas recess. I expect, however, that the House of Commons will adjourn next week. Whether it does or not, I have some tentative assurances that we will receive, at the most, two bills from them before

Christmas. For that reason, I have moved that we adjourn until Tuesday evening.

• (1540)

I hope that we can complete our work by Wednesday, I say that for a couple of reasons. First of all, I do not know whether those two bills are so uncontroversial that we shall be able to pass them quickly, and perhaps arrange royal assent for something else, although I cannot imagine what that would be. If they are controversial, they will require referral to committee, in any event.

Secondly, I understand that there is a threat of an Air Canada strike next Thursday. I think we—and I take the liberty of including the Leader of the Opposition—should make every effort to finish our business by Wednesday of next week, so that honourable senators will escape not only the general difficulty that exists with respect to reservations at this time of year, but also the exacerbation thereof as, of course, will be the case if there is a strike. I am sorry my information is not firmer, but my intentions are—

Senator Flynn: Pure?

Senator Frith: —are pure, and also very firm. Perhaps, again, "hopes" would be a better word.

Senator Flynn: My information is that it is more likely that we will not receive any legislation from the other place. In any event, I agree with the outlook that the deputy leader has just described.

I understand that we are going to adjourn during pleasure, to reassemble at the call of the bell at 5 o'clock; but it seems to me that senators should be warned that if the other place passes the two private bills it may be later than 5 o'clock.

Senator Frith: I thought they had done so already.

Senator Flynn: They cannot deal with them before 5 o'clock.

Senator Frith: I think they have passed those two bills, though.

Senator Flynn: Unless they have followed a very extraordinary procedure, they would consider them only at 5 o'clock.

Senator Frith: It depends on which two bills we are speaking of.

Senator Flynn: I am speaking of Bills S-16 and S-18.

Senator Frith: I was speaking of Bills S-13 and S-14. I am sorry; I should have made that clear. As I understand it, the two private bills that we are anticipating will receive royal assent are Bills S-13 and S-14.

Hon. Fernand-E. Leblanc: Honourable senators, it is important to have those bills passed, because the deadline is December 15.

Senator Flynn: Are you speaking of your own bills?

Senator Leblanc: I am referring to Bills S-13 and S-14.

Senator Flynn: The fact is that the sponsors hope that the other two private bills that we passed this afternoon and sent to the House of Commons, can be dealt with. In any event, I do not think the House of Commons can deal with those four bills before 5 o'clock.

Senator Frith: I think that is right, honourable senators, but there may be royal assent to those other two bills next week. The deadline for the two later bills was next week, but we hope to deal with Bills S-13 and S-14 together with Bills C-47 and C-49 today, and then have royal assent for the other two private bills next week.

Senator Flynn: Very good.

The Senate adjourned during pleasure.

• (1700)

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to revive Montilac Ltd. and Socam Ltd.

An Act to revive Tremus Industries Limited.

The Honourable Jeanne Sauvé, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1981.

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1981.

To which bills I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, December 16, at 8 p.m.

THE SENATE

Tuesday, December 16, 1980

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE LATE HON. JEAN LESAGE, P.C.

TRIBUTES TO FORMER PREMIER OF QUEBEC

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I rise to pay tribute to a great Canadian, the late Honourable Jean Lesage. Known as the "Father of the Quiet Revolution" in the Province of Quebec, he was a member of the House of Commons from 1945 to 1958. His talents were soon recognized, for in 1953 he became Canada's youngest cabinet minister.

In 1958 Mr. Lesage became leader of the Liberal Party in the Province of Quebec. He served with distinction as premier of that province between 1960 and 1966. During that period of time, Jean Lesage effected major reforms—social, cultural, economic, educational, and agricultural. He was responsible for a great deal of constructive work in Quebec.

Throughout his career he was an outspoken proponent of the maintenance of the linguistic and cultural heritage of Quebec within a united Canada. He did much to reform and improve the educational system in his province. He greatly improved the educational standards.

While Jean Lesage defended Quebec's interests within the Canadian context, wherever he served, federally or provincially, he worked effectively to bring about profound but orderly change. The Honourable Jean Lesage wrote some very important pages in Canadian history.

I recall that when I was Liberal leader in British Columbia he came to western Canada to learn more about the west—its hopes, its aspirations and its problems. I toured British Columbia with him. He showed a truly profound and sympathetic interest in the development of my native province, and he showed great interest in our people. Throughout, he demonstrated his outspoken support for the concept of a united Canada.

One of his last public activities was to head the pro-Canada committee during the Quebec referendum.

[*Translation*]

To various degrees, we all benefit from his thoughts, deeds and accomplishments. I know that all honourable senators will want to join me in expressing to Madame Lesage and her family our most sincere sympathy in their affliction.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, for a great many Canadians and probably most of honourable members of the Senate, Jean Lesage was the Quebec Premier from 1960 to 1966 and the Father of the Quiet Revolution, to quote a cliché from the newspapers. For me too, he was that, but he was also much more.

He was a man whom I came to know quite well a long time ago when he was a young lawyer, even before he began his political career. At the time I was regional counsel for the Wartime Prices and Trade Board in Quebec City. Under instructions from the justice department, I used to transfer over to him cases which were often fairly complex. I remember quite well how very consciencious and careful about details he was, and how he was already showing the hard working disposition which was later to characterize him and which has been often mentioned. Under such circumstances, I became great friends with him and with his younger brother Raymond, who had been my colleague at the university and who died in an unfortunate automobile accident in 1946.

I remember when he was elected member for the Montmagny-L'Islet riding in 1945. After congratulating him, I told him that his being elected was all right with me, but that I wished the Quebec Liberals had given some of our best candidates a break. This occurred only some years later, that is in 1957 and 1958. At that time, with the victory of Mr. Diefenbaker and the election of some 50 Conservative members in the province of Quebec, Jean Lesage accepted an invitation to get involved at the provincial level and later became leader of the Quebec branch of the Liberal party.

When he assumed these new responsibilities, things were not easy. Circumstances would have it that Mr. Sauvé died and that Jean Lesage was available to plan and achieve the so-called Quiet Revolution. He has always denied having been the "Father of the Quiet Revolution". Jean Lesage never used the dogmatic approach. He was a pragmatic. He was eager to serve, and he accepted the situation as it was when he became premier of Quebec. What happened was bound to happen, although it might have happened differently had anyone other than him been involved. Circumstances served him well. He was a man of action. He wanted to succeed. He wanted the good of his fellow citizens. He wanted the good of Quebec. He wanted the good of Canada and he fulfilled his mission well, though he had not chosen it. He accepted it, which is entirely different. I believe he recognized, all to his credit—and he recognized it repeatedly—that the mission he accomplished, he had accepted and not chosen. He performed it well and when time came for him to bow out, he did so with the graciousness that characterized Jean Lesage. He continued to work in other spheres of activity with great success.

Since he gave up politics, I have had many an opportunity to meet him. He was a friend. We got along very well together. However, I must say, very simply, that he is the one who probably put an end to my career in the other place. In 1960,

he was elected in the provincial riding that corresponded to mine and as he was premier, that certainly did not help me keep my seat in Quebec South. But that is all in the game and part of the risks of politics. He too had accepted those risks as I had, as well as their consequences. We were always very good friends.

I deeply regret his premature demise. I conveyed to Madame Lesage and the whole family my deepest personal condolences. I should like to add those of the party I have the honour of leading in this house.

[*English*]

Hon. Andrew Thompson: Honourable senators, I should just like to join in paying tribute to Jean Lesage. I was a back-bencher in the opposition in the Ontario legislature when Mr. Lesage was Premier of Quebec and I well remember, as a politician, being impressed with his abilities.

Last night I was deeply moved by Senator Tremblay's tribute over the French radio during the emotional and rather dramatic funeral services for this great person.

In my opinion Jean Lesage transcended political partisanship. As indicated by the Leader of the Opposition this evening, Mr. Lesage was a great Canadian who had a pride in his province, a belief in the aspirations of its people and a faith in their ability to achieve those aspirations. In short, he believed in Canada.

I wish to concur in the remarks made so eloquently by Senator Flynn, and I would merely add that we owe a great debt to Jean Lesage who did so much not only for Quebec, as it moved into its own dynamic industrial era, but also for Canada.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I did not have the opportunity to meet very often with Mr. Lesage in the other place, but he was there with me for a short while when I was an M.P. in 1958. I did not know him very personally.

I remember however, that in 1962 when I was both mayor of La Malbaie and a member of Parliament, he announced that he would visit my community. Just before, I had hosted a very close and dear friend of mine, Daniel Johnson, for whom I had given a tremendous reception at city hall. Mr. Lesage asked me if he would get a similar reception if he visited my town as premier. I told him: I will give you the kind of reception worthy of a premier, and of course that is what I did at city hall, with all his friends there.

After the reception he asked me if I could introduce him to the Liberals who would be gathering within half an hour in the parish hall. I said I would introduce him because I was mayor of the entire town, and that it was my duty to introduce him to his party faithful. So I went and I can assure you that there were a great many of his supporters who were very surprised to see me there at a Liberal gathering. I introduced Mr. Lesage by saying that even though I did not share the same political belief I was nevertheless happy to introduce the premier of Quebec who had come to visit "my" people.

He answered by saying that it was not political affiliation that was important but rather that it was being a Quebecer. That being a Quebec representative in Ottawa was more important than being Liberal like him. He made a lenghty speech on Quebec nationalism and on the role that Quebec should play in the Canadian federation. Mr. Lesage's visit has always brought back very good memories for me.

I therefore want to join with my leader and with all those who have spoken thus far to say that Mr. Lesage was a great Quebecer. He was there during the quiet revolution and made considerable changes in our province of Quebec which were pursued afterwards.

I want to express to Madame Lesage and to her family my deepest sympathy on the occasion of his untimely death.

Hon. H. Carl Goldenberg: Honourable senators, I would like to associate with what my colleagues have said about Jean Lesage. I met him for the first time when he was elected to the federal Parliament. I met him often when he was serving as minister in the cabinet of Louis Saint-Laurent. I remember quite well that, a few days after his election as Quebec Premier, he called me to join with a few others because he wanted certain advice. We met at Montmorency House. Father Lévesque was there; he was in charge.

Senator Asselin: In that case, you were in very bad company!

Senator Goldenberg: A few weeks later, Jean Lesage created the Quebec Economic Advisory Council. He appointed me vice-chairman and I remained in that position during all his administration, and for two years after, under the administration of Daniel Johnson.

During that time, I worked quite a lot with Jean Lesage. I admired him very much. He was a strong man, a good Quebecer, as Senator Asselin has said, but also a good Canadian. As Senator Flynn mentioned and as I learned immediately, he was very pragmatic. I do not recall that Jean Lesage ever described himself as the father of a revolution, whether the quiet revolution or any other. He did much for the province where I was born and where I have always lived. It is therefore with much regret that I express my feelings following his death.

The Hon. the Speaker: Honourable senators, I would simply like to join with all those who have paid tribute to the Honourable Jean Lesage.

You will certainly understand that I was too closely involved in everything that went on during this period and even before the administration of Jean Lesage to make any comments here this evening. Perhaps I will have the opportunity to do so later on.

I should point out that Jean Lesage should get a lot of credit for giving a political expression to forces which came about after the war in 1945, to forces of liberation in many areas which had begun to come to light under Paul Sauvé and that the Honourable Mr. Lesage perhaps expressed more strongly because circumstances were the more favourable. He accepted

these forces for progress in Quebec. There is no question that his administration marked an important period of our history.

In any case, I do not believe that this is the time to make an analysis of the role of Mr. Lesage in history, and that we should instead pay tribute to a man who, like all politicians, was the product of conditions around him. I believe that everyone, whatever his or her party, should salute this man who was able to understand his era.

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate of changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of messages, see today's *Minutes of the Proceedings of the Senate.*)

PRIVATE BILLS

CANADIAN MERCHANT SERVICE GUILD—COMMONS MESSAGE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill S-12, respecting the Canadian Merchant Service Guild, and acquainting the Senate that they had passed the bill without amendment.

GENERAL SECURITY INSURANCE COMPANY OF CANADA—COMMONS MESSAGE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill S-18, to amend and repeal an act to incorporate General Security Insurance Company of Canada, and acquainting the Senate that they had passed the bill without amendment.

INCOME TAX CONVENTIONS BILL

COMMONS AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-2, to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax, and acquainting the Senate that they have passed this bill with certain amendments to which they desire the concurrence of the Senate:

[The Hon. the Speaker.]

1. *Title:* Strike out the words "Canada and the Republic of Liberia".

2. *Page 2:* Delete Clause 4.

3. *Page 2:* Delete Clause 5.

4. *Page 2:* Delete Clause 6.

5. *Page 9:* Strike out line 19 and substitute the following therefor:

"of Spain, Republic of"

6. *Page 9:* Strike out lines 31 to 35 and substitute the following therefor:

"Schedule I, II, III, IV, V or VI, the Agreement set out in Schedule VII, VIII or IX or the Convention set out in Schedule X as amended by the Protocol set out in Schedule XI, as the case may be, is approved by"

7. *Page 11:* Strike out line 43 and substitute the following therefor:

"of Spain, Republic of"

8. *Schedule II:* Delete Schedule II and renumber Schedules III to XII inclusive as Schedules II to XI inclusive.

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, essentially these amendments relate to the deletion of one of the countries. With the consent of the sponsor, I move that these amendments be taken into consideration at the next sitting of the Senate. The sponsor can explain the amendments at that time and honourable senators can decide whether or not to accept them.

Motion agreed to.

CLEAN AIR ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-51, to amend the Clean Air Act.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed. to.

● (2020)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1980, pursuant to section 7(3) of the *Auditor General Act*, Chapter 34,

Statutes of Canada, 1976-77, together with the Conspectus of the said Report.

Report of Loto Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the Fitness and Amateur Sport Branch for the fiscal year ended March 31, 1980, pursuant to section 13 of the *Fitness and Amateur Sport Act*, Chapter F-25, R.S.C., 1970.

Copies of Supplementary Report from the Inspector General's Branch of the Correctional Service of Canada, dated December 1980, relating to hostage-taking and staff fatality at Dorchester Penitentiary (New Brunswick). (*English text*).

Report of the Minister of Supply and Services Canada under the *Corporations and Labour Unions Returns Act* (Part I, Corporations) for the fiscal periods ending in 1978, pursuant to section 18(1) of the said Act, Chapter C-31, R.S.C., 1970.

Report on Proceedings under the *Canada Labour Code*, Part V (Industrial Relations), for the fiscal year ended March 31, 1980, pursuant to section 210(2) of the said Code, Chapter C-18, Statutes of Canada, 1972.

• (2025)

SMALL LOANS ACT—CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE

Hon. George J. McIlraith, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, December 16, 1980

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-44, intituled: "An Act to amend the Small Loans Act and to provide for its repeal and to amend the Criminal Code", has, in obedience to the order of reference of Thursday, October 16, 1980, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

George J. McIlraith,
Acting Chairman.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator McIlraith: Honourable senators, before I put the motion in answer to that question, perhaps I could have the indulgence of the Senate to make a few brief remarks by way of explanation of the report.

In itself this is a simple report of the bill without amendment, but I should, in fairness to the honourable senators serving on the committee, say that during the many weeks the bill was before the committee questions were raised particularly as to the second part.

The first part of the bill deals with the repeal of the Small Loans Act, but the second part deals with an amendment to the Criminal Code which has the effect of making the charging of interest above a certain rate a criminal offence, and sets out at some length certain rules for determining what those interest charges are.

Questions were raised in committee as to this matter. Some were of a technical nature, having to do with what should be included in the term "interest", thereby constituting the offence, and others involved matters of principle.

In order to avoid a delay in reporting the bill so that those questions could be resolved the committee had to assess a consideration, namely, the damage being done by the failure to pass it with the present rate of interest on borrowings being so high that the companies that would ordinarily be lending at rates under the maximum set out in the legislation simply could not lend, so that their credit would not be available to the group of persons who would normally borrow from them.

A rather complex system of reporting was also involved that would have caused a deluge of such reports in the office of the Superintendent of Insurance, since he was required, when the reporting took place, to examine each report of each company.

There was also the prospect of many applications for the licensing of companies that would have caused other problems, all to no end.

For that reason it was thought advisable to report the bill, as the committee has done, but with an undertaking from the Minister of Consumer and Corporate Affairs, with the concurrence of the Minister of Justice, that efforts to seek and obtain satisfactory amendments to the Criminal Code clause would be continued by the committee's counsel and the staff of the Department of Justice working together. If found warranted, such amendments would be introduced for examination and action by Parliament in the Criminal Code omnibus amending bill that is anticipated within a year.

• (2030)

I should, in the form of a motion, answer His Honour's question. With leave of the Senate, and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

If that is not agreeable, there is no objection to its being read the third time at the next sitting.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I suggest that the bill be placed on the Orders of the Day for third reading tomorrow.

I am rather disappointed that the committee met this afternoon rather than tomorrow morning. When Senator McIlraith spoke to me this morning, my understanding was that the committee would meet tomorrow and that we would examine the problem raised by the Minister of Consumer and Corporate Affairs to the effect that if we were not to pass the bill at this time it would force many institutions to complete com-

plicated returns. That was the minister's argument for reporting this bill without amendment.

However, at the same time, when the minister spoke to me yesterday afternoon in Quebec, after Mr. Lesage's funeral, we did not discuss the problem raised by some amendments which had been proposed by the committee's counsel and which would have clarified at least the provision created by the new section 305 of the Criminal Code. I did not think about it at that time and said that, in any event, as far as the principles were concerned, if the committee wanted to report the bill, that would be its decision, but I would certainly say it would cause a division in the Senate.

Then, this morning, Senator McIlraith suggested that the committee meet tonight, and I suggested tomorrow morning. Now I come here and find the committee met this afternoon, so I am rather uneasy about the situation, and for this reason I would like to think about it. Therefore, I suggest that the bill be placed on the Orders of the Day for third reading tomorrow.

Senator McIlraith: Then, honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SIXTH REPORT STANDING JOINT COMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. John M. Godfrey: Honourable senators, I have the honour to table the sixth report of the Standing Joint Committee on Regulations and other Statutory Instruments. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*For text of report see appendix, p. 1465.*]

NORTHERN PIPELINE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Thériault be substituted for that of the Honourable Senator Frith on the list of senators serving on the Special Committee of the Senate on the Northern Pipeline.

Motion agreed to.

FOREIGN AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Thompson be substituted for that of the Honourable Senator Lang on the list of senators serving on the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

QUESTION PERIOD

[*English*]

FINANCE

INTEREST RATES

Hon. Orville H. Phillips: Honourable senators, my question is to the Minister of State for Economic Development. Last Friday the Minister of Finance assigned to the United States the responsibility for our high interest rates saying that in the government's view it was not a proper application of monetary policy in the current circumstances. Does the minister and the government actually think that Canadians believe the Liberal assertion that the government is responsible for interest rates declining while maintaining the United States is the culprit in interest rates increasing?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators, I do not think so. My honourable friend will recall the government did not claim credit for the decline in the interest rates when that happened some months ago.

Senator Phillips: I have a supplementary question, honourable senators. There has been considerable discussion concerning the possibility of Canada's pursuing an independent course in establishing interest rates. The Prime Minister stated that the formula introduced by the Minister of Finance is precisely that—an independent interest rate policy set by the free market in Canada, and not an economic index of the United States interest rates.

If it is indeed the case that our interest rates are independent of the United States, and if Liberal policies are responsible for interest rates declining last spring, will the government re-apply those policies in order to bring down our exorbitant interest rates?

Senator Olson: The honourable senator is either right or wrong, whichever he chooses.

Some Hon. Senators: Hear, hear.

Senator Flynn: Can he be wrong?

Senator Olson: We have an independent monetary policy in this country. We do not automatically follow what happens in the United States, and the proof in this respect is obvious when you see that interest rates are 3½ to 4 percentage points lower in Canada at the moment.

On the other side of the coin, of course, with the capital markets so interrelated with those of the United States and,

indeed, with those of many other countries, unless we want to put up foreign exchange controls and other things that have some undesirable characteristics or ramifications, it is obvious that our interest rates will follow to some extent. However, we do not automatically follow, that is clear, but with the economic and financial factors of our interrelated economies, of course, any country as large as the United States has some influence on our rates.

● (2040)

Senator Phillips: Honourable senators, we will see on Thursday whether we automatically follow. I have always appreciated the fact that the minister makes every effort to obtain information for the Senate, and I would ask him if he would provide us with a calculation on the estimated negative aspect or taxation loss to the federal government from corporate and income tax revenues as a result of the extremely high interest rates that we have at the present time.

Senator Olson: Honourable senators, before I could give an undertaking to do that exercise, which I am sure my honourable friend realizes would be a rather involved prognostication of what might happen, perhaps he would indicate what rate and for how long it persists. If he examines the situation and, indeed, the history, even since this government came in, he will find that in Canada we have managed to avoid some of the extremes that have been experienced in the United States with interest rates going up very rapidly and then going down very rapidly. One of the advantages in Canada has been that those extremes have not been experienced in this country.

Senator Perrault: Hear, hear.

Senator Olson: I think it is a bit early to try to make those kinds of projections. There would be much public expense, and probably would not be very valuable because the interest rates may be moving up or, indeed, moving down rather significantly if history repeats itself, and some economists expect that to happen within a short space of time. I could not give that kind of undertaking because at the moment it would be like running after a moving target, and if we tried to be precise about that I am sure my honourable friend would criticize us and say that we were wrong.

Senator Phillips: I accept the statement of the honourable minister except in one aspect where he says he would be chasing after a moving target. Certainly interest rates are moving. Unfortunately, they are moving up. In his calculation he could take the interest rate of six months ago, and calculate what it has cost us up to now. I am sure that is no great problem for the honourable minister.

Senator Olson: It may be that some assumptions would have to go into that calculation, and if my honourable friend would not agree with the assumptions then he probably would not agree with the result either.

An Hon. Senator: Get Senator Argue to do it.

Hon. C. William Doody: Honourable senators, I have a supplementary on that interest rate question. There is part of it that is very puzzling. Perhaps the Minister of State for Economic Development could tell us exactly what it is that the government finds wrong with the monetary policies of the United States. Governor Bouey has found fit to denounce them recently, and the Minister of Finance, Mr. MacEachen, has found fit to denounce them.

Until just a couple of days ago we were told it was absolutely imperative that we follow the monetary policies of the United States; that they were the way out of our inflationary difficulties. Now we find that they are being denounced. Could the minister explain exactly what is wrong with the monetary policies of the United States or what has changed in the past week to make them now anathema when they were so acceptable just a few weeks ago?

Senator Olson: Honourable senators, here again the honourable senator prefaces his question with a preamble that I cannot agree with, and that is, that the government said some time ago that the monetary policy, and the cost of money flowing from it, was acceptable, and now it has changed its mind. That is simply, as far as I am concerned, a matter of opinion; it is not a matter of fact. Therefore, I would suggest to him that what is wrong with the policies, not only in the United States but in other places of the world, is that they are too high. That is a fairly simple, straightforward answer, but if we want to participate with our trading partners and have the freedom of capital movement between countries that we have enjoyed—and I am sure my honourable friend would agree that that has some advantages—then, obviously, we are caught up in the whole situation.

Senator Doody: Just a brief supplementary. There seems to be some confusion and, obviously, I am the one who is confused. The honourable minister seems to have the whole thing completely under control although I do not think he has explained it very well.

During his budget speech, the Minister of Finance described the United States policy of controlling the money supply—am I interrupting something?—as being exactly what the Government of Canada needed. I have spoken in the Legislature of Newfoundland, and that is far more difficult than in this house. The Minister of Finance said, "The Bank of Canada will have my continuing support in holding down the rate of monetary expansion", and went on to indicate that when he became Minister of Finance, on May 27, the bank rate was 14 per cent and on October 28 it was 11.83 per cent and that was quite a reduction. He tied that in with the policies of the United States and indicated they were heading in the right direction.

Now the situation seems to have changed and the policies of the United States are no longer acceptable. It seems to me and to most observers that the policies have not changed but the interest rate has. It has increased. Is the only thing wrong now that it is unacceptably high, and is there a level at which we are going to cut it off? Is there going to be some help for those people who are going to be cut off in the process—the small business people and the mortgage holders. Are they going to be helped in any way as we reverse ourselves?

Senator Olson: Honourable senators, I do not think I can add much to what I said without repeating myself.

Senator Flynn: Repeat it.

Senator Olson: I do not think I have anything to add now. If the honourable senator would like me to refer those questions to the Minister of Finance, I can do so and try to get a more detailed reply to them.

Senator Doody: I think it is vital.

CANADA-UNITED STATES RELATIONS

STRAIT OF JUAN DE FUCA—SUPERTANKER MANOEUVRABILITY TRIALS

Hon. Earl A. Hastings: Honourable senators, my question is directed to the Government Leader in the Senate and it pertains to a naval exercise in the Strait of Juan de Fuca involving the United States Coast Guard and an oil carrier. Does the leader have anything to report to the Senate with respect to this incident?

Hon. Jacques Flynn (Leader of the Opposition): He didn't know anything about it. I don't know if he has learned about it now. That is what we read in the press the other day.

Hon. Raymond J. Perrault (Leader of the Government): I hope honourable senators will extend me their usual charity. The media reports that the United States Coast Guard is preparing to conduct supertanker manoeuvring tests in the Strait of Juan de Fuca are accurate. The United States Coast Guard plans to conduct a series of manoeuvring trials with a VLCC—very large crude carrier—during the period from January 12, 1981, to January 31, 1981. The purpose of these trials is to provide a factual assessment of the ability of tugs available within the area to perform specific manoeuvres with a VLCC in case of an accident. The trials are going to be conducted in American waters off Puget Sound. The target involved will be in ballast—that is, it will not be carrying an oil cargo. The trials will include an assessment of the tugs' ability to tow such a ship and their ability to control and stop such a ship.

● (2050)

We are, of course, very interested in the trial results. The United States Coast Guard has informed the Canadian Coast Guard of their intention and has followed U.S. requirements for public notice.

I can inform honourable senators that the Canadian Coast Guard was informed on October 24 last at a local administrative level. The Pacific Pilotage Authority and the National Harbours Board, Port of Vancouver, will be represented at the testing. Manoeuvres are in U.S. waters, apparently in areas of "lots of sea"—that is, an area in excess of 12 miles wide because, as I understand it, it takes a great many miles to stop one of those tankers, so it is rather helpful to have a large navigational test area.

I have received a late report indicating that the testing is being conducted by United States federal authorities in United States waters, and is part of a continuing study by the United States Coast Guard to determine the risks inherent in tanker traffic on Canada's west coast and how to make the passage of tankers through these waters as safe as possible.

The Department of the Environment will follow these tests closely and will act as appropriate to provide the maximum degree of protection for the west coast marine resources.

The Department of the Environment has expressed its concern about environmental risk from existing marine traffic and, in particular, has stressed its opposition to increasing tanker traffic on the west coast.

Over three years ago Washington State enacted legislation limiting tanker size in the Strait of Juan de Fuca and in Puget Sound to 125,000 dwt. The legislation was struck down by the U.S. Supreme Court as *ultra vires*. The 1977 Marine Mammals Protection Act which places a ban on new or expanded oil ports on Puget Sound is frequently confused as placing a limitation on tanker sizes but in fact does not deal with this issue at all.

Subsequently, U.S. Secretary of Transport Brock Adams set a limit of 125,000 dwt. for two years, ending sometime in 1981, for tankers passing through these waters and requested the U.S. Coast Guard to carry out studies to test the effectiveness of tug escort and assistance under various conditions south of the San Juan Islands at the eastern end of Juan de Fuca Strait.

Currently, the Oceanographic Institute of Washington is conducting a study using worldwide statistics of tanker sizes and accident incidence to get a better appreciation of the traffic risks involved and to make tanker traffic as safe as possible. A draft report is anticipated in March 1981 and we have requested a copy.

The proposed test can be seen as a continuing activity to meet concerns expressed by Canada and the United States and which has already resulted in the Vessel Traffic Management Agreement. The test will employ a tanker laden with sea water and even if an accident were to occur it will not pose a major environmental threat. It should be noted, however, that the Department of the Environment was not officially informed either regionally or at headquarters of the forthcoming tests.

The Canadian concern centres on the environmental risks associated with any tanker traffic in Puget Sound and the corresponding risks to the sensitive Canadian Strait of Georgia. If tankers larger than 125,000 dwt. were to be allowed to enter Puget Sound changes in United States Coast Guard rulings would be involved. During the period that the United States Coast Guard evaluates these study results the Canadian government would have an opportunity to re-emphasize its concerns to the United States.

FINANCE

INTEREST RATES

Hon. Richard A. Donahoe: Honourable senators, I have a question to direct to the Minister of State for Economic

Development. The last question dealt with floating tankers, but my question deals with floating interest rates. The Prime Minister and the Minister of Industry, Trade and Commerce both assert that the Canadian interest rate is a free floating one, but I have had drawn to my attention—

Senator Smith: It hasn't sunk much.

Senator Donahoe: —the statement of John Grundy of Commercial Union Assurance Company. In his weekly commentary, he insists that the current rate is not a floating one but is being artificially suppressed by the Bank of Canada. So nobody will say that I misinterpreted what I read, I shall quote Mr. Grundy. He said:

> The reluctance of the central authorities to allow our short rates to find their own level had a devastating effect on the value of our dollar . . . it is as low as it has been for nearly 50 years and little improvement is expected in the near term.

My question is: Does the minister, like his cabinet colleagues, insist that the interest rate is a floating one, or does he acknowledge Bank of Canada interference to keep the rates down?

Pursuant to that, considering that the dollar fell today to 82.69 cents, the lowest level in 47 years, would the minister indicate if it is the government's view that the Bank of Canada's suppression of the interest rate foretells the virtual inevitability of a still lower dollar?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the senator made a number of comments and then asked a whole series of questions, the central one being whether or not there is a floating interest rate. The fact is that there is a floating interest rate which changes each week, depending on the yield of the treasury bills that are auctioned.

My honourable friend also knows that occasionally from time to time the Bank of Canada does intervene, not to stop interest rates finding their own levels, but to mitigate against wide fluctuations. That is not a new practice. That has been done for some time. It seems to me that my honourable friend will have difficulty trying to have it both ways—that is, complaining that interest rates are too low, which may cause some sell-off of Canadian dollars, and also complain that the dollar is dropping too rapidly. Those are opposite situations. He cannot have both at the same time.

FOREIGN AFFAIRS

POLAND—STATEMENT BY SECRETARY GENERAL OF NATO—COMMENTS BY PRIME MINISTER AND SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Stanley Haidasz: Honourable senators, in view of the confusing reports relating to the statement on the Polish crisis made by the Secretary General of NATO, and the comments made last Friday by the Prime Minister, followed by his Secretary of State for External Affairs, would the Leader of the Government clearly inform this chamber of the true position of the government on such an important matter?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, to most thinking observers it would seem that there is no real conflict between the statements made by the Secretary of State for External Affairs and the Right Honourable the Prime Minister. Most of the confusion has been created by spokesmen for the opposition. I am sure it is honest confusion, because they have difficulty following some of the—

Senator Marshall: Gyrations.

Senator Perrault: —policy formulations from time to time.

I have made a statement in the Senate on the Polish situation. I will take this question as notice. If it can be demonstrated that any degree of misunderstanding truly exists, I will be pleased to bring a supplementary statement to the Senate on the subject of Poland.

POLAND—REQUEST FOR ECONOMIC ASSISTANCE

Hon. Stanley Haidasz: As a supplementary question, is the Leader of the Government aware of any requests made to Canada by the Polish government for an extension of credits or other economic assistance?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take that question as notice.

THE ECONOMY

GROSS NATIONAL PRODUCT—PROJECTED GROWTH RATE

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. The question deals with the projected growth rate in the GNP. I know that has been revised downward several times, but last week the Department of Industry, Trade and Commerce announced the result of a study indicating that an expected substantial decline in investment spending can be expected in 1981 by the 380 firms in Canada.

In light of that projection, does the government intend to further revise downward its 1981 growth projections, or does the minister contend that substantial investment declines will have no effect on growth? Will there be a further downward projection of the growth indicator?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators, I would not contend that a significant decline in investments would not have an effect on growth, because one automatically follows the other.

Senator Doody: That being the case, honourable senators, I have a supplementary question. I wonder if the spending projections in the budget, then, will be revised downward, because I understand that a commitment has been made that the rate of growth in spending will not exceed the rate of growth in the year? Can we expect a cutback in government spending to try to keep the deficit under some kind of reasonable control?

Senator Olson: Honourable senators, without accepting some of the—I am almost tempted to say "the convoluted reasoning in the preamble to the question"—

Senator Perrault: That is what it is.

Senator Olson: —I would advise the honourable senator that there is no intention to change the projection set out in the budget.

Senator Doody: A final supplementary question. In the interest of clarity and the record, I wonder which part of the reasoning was convoluted. Was there not a commitment that the rate of growth in spending would not exceed the rate of growth in the G.N.P. this year?

Senator Olson: Those were the targets that were set; that is right.

Senator Doody: So that was the convolution. Was that a commitment by the Liberal government?

Senator Olson: No, other than there is some convolution that one thing leads to another. That does not necessarily follow.

Senator Doody: Of course, it does not. That is your reasoning.

● (2100)

NATIONAL REVENUE

THE BUDGET—EXTENSION OF FEDERAL SALES TAX—EFFECT ON MARGINAL MANUFACTURING

Hon. Cyril B. Sherwood: Honourable senators, my question is for the Leader of the Government in the Senate. The Department of National Revenue has released preliminary guidelines on how the extension of the federal sales tax will affect marginal manufacturing—an extension brought about by the October budget.

As the new tax will apply to packaging, I am wondering whether the government has studied the possible impact of this tax extension on food prices, and, if so, whether the government is prepared to release the details of such a study.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Sherwood: A supplementary, honourable senators. It is reported that importers are considering the closing of their domestic assembly or packaging plants so as to avoid the brunt of the tax, and undertaking those processes in the country of origin. Have there been any calculations made as to the possible additional unemployment which could be created if the extension of this tax were to force these importers to close down their assembly or packaging plants in Canada?

Senator Perrault: Honourable senators, the question is a good one and one which calls for certain details. It would be irresponsible of me to hazard a tax ruling at this time. The supplementary question will be taken as notice.

[Senator Doody.]

ENERGY

OIL AND GAS EXPLORATION LICENCES—PROVINCIAL REVENUES

Hon. G. I. Smith: Honourable senators, I should like to address a question to the Minister of State for Economic Development.

Is it correct that certain provinces, such as British Columbia, Alberta and Saskatchewan, hold sales from time to time, by way of auction or otherwise, of oil and gas exploration rights or licences?

Hon. H. A. Olson (Minister of State for Economic Development): That is the case in the Province of Alberta, and I think it is the case in the other provinces as well. Certainly it happens from time to time in the Province of Alberta, and I think it is on a fairly regular basis.

Senator Smith: Does the Government of Canada keep itself informed as to what happens at these sales and the way in which they affect the revenues of the various provinces concerned?

Senator Olson: I cannot say positively that each sale is followed precisely, but I would expect that the Department of Finance, and perhaps the Department of Energy, Mines and Resources, would have an interest in those values, and certainly would obtain that information. Whether it is done immediately or not, I am not sure.

Senator Smith: Would the minister be able to find out whether there is an estimate of the expected return to British Columbia from the next such sale, and when that sale will be held?

Senator Olson: I suppose it would be relatively simple to ask the Government of British Columbia when it intends to hold the next such sale, or when it will be receiving tenders or bids. I am not sure that they could predict exactly what the results of those sales might be.

I can see what the honourable senator is trying to lead me into, and I might say that I am going to try to see that he does not succeed.

Senator Smith: I think the honourable gentleman's mind-reading might have led him a little astray, because all I am trying to find out is whether he knows anything about these things. Obviously he does not, as he has demonstrated quite clearly.

Senator Perrault: Don't get political now.

Senator Smith: I do not know what words of wisdom the Leader of the Government wished to interject into this exchange, but I would be delighted to listen to his advice and give it the same careful attention that I always do, and that I am sure other honourable senators do.

Would the honourable gentleman be able to tell us whether or not the Province of Alberta, the province from which he comes, has made public any estimate as to what it expects to receive in 1981 by way of revenues from sales of the kind we have been discussing?

Senator Olson: I could refer that question to the Government of Alberta, and I would be happy to do that. However, I think my honourable friend could do the same thing, and they would probably be just as anxious to give their projections to him as they would to me.

No doubt, when discussions relating to some of these matters took place in the provincial legislature, they indicated just what they expected to receive from such sales in 1981, if that is what my honourable friend is asking for. If his question relates to the fiscal year 1981-82, I would point out to him that, since the budget of the Province of Alberta would not usually come out until late February or early March, they probably have not yet made public their projections for that period.

Senator Smith: I am concerned with the calendar year 1981 and its comparison with the calendar year 1980. I would have thought that, in the present circumstances, given the importance of the negotiations and discussions going on between the Government of Canada and the Government of Alberta, these pieces of information would have been instantly to hand. It seems to me that I have demonstrated very clearly that that is not so.

Senator Olson: You may have demonstrated that to yourself, but it should be noted that there is some uncertainty—and we have acknowledged that uncertainty—as to the amount of exploration and development activity, and there will be that uncertainty until the producing provinces and the Government of Canada come to an agreement respecting a number of outstanding issues, including price. Until that has happened, it may even be possible that some of the producing provinces would want to retard to some extent, or postpone, the calling of these sales. It would be understandable, for instance, that they would want to await more firmness, if that is the right word, in the market.

That is one other reason why we in this government are so anxious to escalate—and I say that because they have already started at the officials level—the negotiations between the Government of Alberta and the Government of Canada, and that is so that we can come to a satisfactory and a negotiated arrangement, which is much preferable to both governments proceeding in the absence of an agreement.

Senator Smith: Honourable senators, I am not sure whether the minister undertook to make some inquiries about the expected revenues from these sales in Alberta or not. I think he did. If he did, I would ask him to inquire, at the same time, if there should happen to be an estimated substantial decrease in such revenues, whether the Province of Alberta attributes such a decrease to the National Energy Policy of the Government of Canada.

Senator Olson: Honourable senators, I did give that undertaking, because it is not difficult. However, I should caution my honourable friend that if he is talking of the calendar year 1981, which of course includes several months of the 1981-82 fiscal year for the Province of Alberta, then I would doubt that that information is available.

Senator Smith: The honourable gentleman may be correct. I would not attempt to instruct him in these matters. I expect him to know about them—or, if he does not, to find out. In any event, perhaps I could assist him a little in relation to information from the Province of British Columbia. I am led to believe that in that province the sales take place in January—

Senator Olson: Some of them.

Senator Smith: There are such sales in January of each year in the Province of British Columbia. Perhaps my honourable friend would be good enough to ascertain, in the course of his inquiries, whether the Province of British Columbia has made any estimate as to how its expected revenues from sales in January 1981 will compare with sales in January 1980, and whether, in the event that that estimate is lower, it too attributes the probable decrease in revenues from sales to the National Energy Policy of the Government of Canada.

Senator Olson: Honourable senators, what my honourable friend is asking is a whole series of hypothetical questions that are supposed to be related to a stable situation where these kinds of projections can be made. I don't know if I should say it over again, but if he wants me to I will: There is a measure of uncertainty in the industry right now which will be there until the two levels of government come to an agreement. After that the amount that the industry might want to bid for these kinds of sales will be much clearer and much firmer. Those provinces, therefore, may wish to hold some of those sales until after that much happier situation has been achieved.

• (2110)

Senator Smith: I thank the honourable gentleman and I look forward with keen anticipation to receiving the information he has undertaken to obtain.

BRITISH COLUMBIA

PURCHASE OF URBAN TRANSIT SYSTEM DEVELOPED IN ONTARIO—FEDERAL CONTRIBUTION

Hon. Lowell Murray: Honourable senators, I wish to direct a question to the Leader of the Government concerning the federal government's involvement in the lower mainland rapid transit system. My question arises from a statement attributed to the minister's colleague, the Honourable Ed Lumley, who said in Vancouver the other day that the provincial government had undermined the chances of getting a large federal government contribution to a lower mainland transit system by announcing the project too soon. Apparently Mr. Lumley went on to say that the provincial government's announcement might have harmed behind-the-scenes negotiations in Ottawa to bring the federal government into the scheme.

How does the Leader of the Government reconcile that statement by Mr. Lumley, which puts federal financial involvement in considerable doubt, with what we on this side have taken to be his own very firm commitment of at least $30 million to $50 million from the federal government to that project?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is too close to Christmas to engage in any kind of acrimony.

Some Hon. Senators: Oh, oh.

Senator Perrault: It is uncharacteristic of me to do so in any case.

Senator Murray: That is good news for Ed Lumley.

Senator Perrault: I do not have the full text of Mr. Lumley's alleged remarks before me and I would not wish to comment on what I am sure was an outstanding speech by a member of the ministry.

Senator Flynn: Outstanding?

Senator Perrault: Or an outstanding interview, whatever the form of the minister's remarks.

Senator Argue: Good medicine!

Senator Flynn: Whatever it is.

Senator Perrault: The interest of the national government in light rapid transit in British Columbia and in the other provinces remains.

Senator Flynn: Despite—

Senator Perrault: "Despite" is an excellent word suggested by the Leader of the Opposition. Despite the statement made—

Senator Flynn: Made by Mr. Lumley.

Senator Perrault: —made by one of the provincial ministers. However, I do not regard that statement, and the government does not regard that statement—

Senator Flynn: That will teach him!

Senator Perrault: —as a matter which should prompt the cessation of LRT negotiations with the Province of British Columbia or with any other entity.

As I said in some of my earlier remarks, we are discussing the proposed project now in a preliminary way with the provincial and local transit people. We are discussing with them the degree of possible federal participation which may be required. Ultimately the full cabinet will make a decision on federal involvement, the degree of participation, and the amount of money involved. Certainly. Mr. Lumley and other ministers have a cabinet mandate to negotiate with the provincial government.

Senator Flynn: That will teach him next time he goes to British Columbia to shut his trap.

Senator Murray: I am sure all of us are quite heartened by the fact that the Honourable Leader of the Government, in view of the approaching feast of Christmas, has decided not to vent his true feelings on Ed Lumley tonight.

Senator Olson: That is not what he said at all.

Senator Murray: But in view of the minister's answer, and in view of the answers he gave me the other day, which I am looking for now in *Hansard,* will he confirm now his statement of the other day that $30 million to $50 million is being committed to this project by the federal government?

Senator Perrault: Honourable senators, there is an estimate that a "showcase" project involving a demonstration of Canada's advanced light rapid transit technology would be in the area of $30 million to $50 million, but the exact amount of money that could be involved in such a project has not yet been set.

From the material that has been made available to me, and that material is not of a restricted nature, the costs would probably be in the area of $50 million. But that has yet to be determined. As I have said, there is now the matter of negotiation and discussion involving the transit authority in the Province of British Columbia as well as provincial and municipal representatives.

I must say that I am flattered at the avid way in which Senator Murray is ferreting through the transcript my past speeches on the subject.

Senator Donahoe: He is a great student of fiction.

THE SENATE

LEGISLATIVE PROGRAM

Hon. Jacques Flynn (Leader of the Opposition): Since the subject of the Christmas season has been mentioned by the Leader of the Government, may I ask the deputy leader to tell us when it is likely we will recess for Christmas?

Senator Olson: It depends on the length of the Question Period.

Senator Smith: It depends on the length of the answers.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, last week we discussed the business we could anticipate receiving from the other place and the business we might wish to complete before the Christmas recess. Bill S-18, the insurance company merger bill, was passed in the other place without amendment and can be given royal assent, if that can be arranged this week. We have had the report of the committee on Bill C-44, the small loans bill, and third reading has been set for tomorrow. Bill S-2, the tax convention bill, was sent back to us from the other place with amendments. When Senator Hicks, the sponsor of the bill, explains those amendments tomorrow, we will consider whether we wish to concur in them. There is then Bill C-51, the amendment to the Clean Air Act. To my knowledge that is all of the business we will have received from the other place before adjourning for Christmas. I understand that Bill S-16, Senator Manning's private bill on the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints, will not be back from the other place before the adjournment.

In terms of the recess itself, I understand that the other place has on its order paper a notice of motion to adjourn on Friday of this week and to return on January 12 next. In that context I think we should try to achieve what we set last week as our target, which was to finish tomorrow afternoon. As I

have indicated, there is at least one bill which could receive royal assent tomorrow. We might then, like the Commons, come back on January 12 next or we might come back a week later than that, depending on the amount of business we have on our order paper and on any business we receive from them that week. I suspect, however, we will not receive any business from the Commons in that second week of January, but we may wish to clean up our own order paper. I will discuss these matters with the Leader of the Opposition, and no doubt our plans for January can be decided together. So that is the plan.

The threatened strike by Air Canada flight attendants on Thursday still exists. As we mentioned last week, if there is a way in which we can complete our business and avoid the difficulties that honourable senators might have as a result of the proposed strike, then I believe we should consider it.

● (2120)

Senator McElman: The honourable senator did not mention Bill S-12, respecting the Canadian Merchant Service Guild. Has that yet been dealt with by the Commons?

Senator Flynn: It was reported without amendment. We received the message at the beginning of the sitting.

Senator McElman: It was received from the Commons?

Senator Frith: That is correct. I should have referred to Bills S-12 and S-18 together. We received messages from the House of Commons informing us that they had passed these bills without amendment.

Hon. G. I. Smith: Honourable senators, I would like to ask the Deputy Leader of the Government a question about our legislative program. I certainly do not want to delay the time of our Christmas adjournment, but I was at once reminded that a long sought meeting of the Standing Senate Committee on Transport and Communications is scheduled for when the Senate rises tomorrow. I am not sure how that meeting will fit into the legislative timetable suggested by the deputy leader, but arrangements have been made for the attendance of officials from the Department of Transport in connection with the committee's study of the subject matter of the Transportation of Dangerous Goods Act, which was given royal assent on July 17 last. Included among the witnesses is an expert on the voluminous regulations which are in draft form.

Senator Frith: Honourable senators, I can see two possibilities. We could try to conclude our business and have royal assent at 5.45 p.m. The committee could commence its proceedings and interrupt them so that its members could respond to the bell for royal assent, and then resume its deliberations after royal assent. An alternative would be for the committee to sit tomorrow evening. However, perhaps travel arrangements have been made for the witnesses as well. Are any of the witnesses from out of town?

Senator Smith: They are departmental witnesses and I believe that they are all from this area. Another possible difficulty occurs to me. I am not sure that the committee would have the authority to sit after royal asent and the Senate has adjourned for the Christmas recess.

The deputy leader, speaking of a certain strike, said that might take place on Thursday. From what I have read in the newspapers—although certain ministers tell me that one should not rely on them too much—I was led to believe that the strike will not likely take place until Friday. Has the deputy leader any firm information on that.

Senator Frith: As lawyers often say, that is a nice point. I understood that the strike could commence on Thursday at midnight, which in effect means Friday. The date they talk about is Thursday, but no doubt they mean midnight on Thursday.

With regard to the other point raised by the honourable senator, we will ask the Senate for the necessary leave to enable Senator Smith's committee to meet when the Senate rises tomorrow, if it is necessary to cover the period between the Senate rising and awaiting the call of the bell. We will see that whatever is required is done in order to cover that eventuality.

Senator Smith: Thank you. I should explain that I did not consult my committee about these problems because it had not occurred to me that they were likely to arise. If what I have said has taken any members of the committee by surprise, I ask for their indulgence.

Hon. Alasdair B. Graham: On the point raised by Senator Smith concerning the sitting of committees, I would remind the Deputy Leader of the Government that the Standing Committee on Internal Economy, Budgets and Administration is scheduled to meet on Thursday at 11.30 a.m. There are a number of important items to be discussed which should be completed before the end of the year. I would hope, if leave is necessary for that committee to sit, that the deputy leader would move the necessary motion during the sitting of the Senate tomorrow.

Senator Frith: I understand that there are some social activities planned for Thursday. With reference to committee meetings on either Wednesday or Thursday, I realize that the suggested plan involving the scheduling of the Senate's activities may create some difficulty in connection with committee meetings. I had hoped, however, that those plans, in the context of the strike, would allow those senators who had plane reservations for Friday to move them forward to Thursday. I hope that honourable senators will be able to attend any committee meetings scheduled for Thursday, and still meet their travel plans, even though the Senate itself may not be sitting on Thursday.

BRITISH COLUMBIA

PURCHASE OF URBAN TRANSIT SYSTEM DEVELOPED IN ONTARIO—FEDERAL CONTRIBUTION

Hon. Lowell Murray: Honourable senators, perhaps I may have the indulgence of the Senate for a moment to follow up my exchange of a few minutes ago with the Leader of the Government on the subject of federal involvement in the lower mainland transit system of British Columbia. I should like to

invite his attention to page 1389 of *Hansard* for December 9, where he said:

> After studying the available data, and after looking at the specifications of the system, we then hope to enter into negotiations with the Province of British Columbia. The final price tag has not yet been determined. It would be irresponsible of me to say definitely that it is going to cost $30 million or $50 million, but the general estimated amount of money is in the area of $30 to $50 million.
>
> SENATOR MURRAY: From Ottawa.
>
> SENATOR PERRAULT: From Ottawa.

I could also place on the record, but will not, the minister's earlier statements to the press concerning his conversations with the mayor elect of Vancouver, in which he mentioned hundreds of millions of dollars that were available in the Western Development Fund and elsewhere, all of which have been taken as a commitment.

In view of those statements, and in view of Mr. Lumley's statements that I read earlier, will the minister say whether there is a federal commitment to the tune of $30 million to $50 million to help finance this project?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I welcome the honourable senator's interest in this matter. It is important for Canada and for our economy. One of the uncertainties, frankly—and I can share this with honourable senators—is the fact that the new mayor of Vancouver has invited citizens to write to him expressing their preference for either of two systems they would like to see established there. The two systems, which have been described by some as the "Calgary system" and the "Ontario system," are really the German system and the Canadian system.

Senator Walker: Hear, hear—in that order.

Senator Perrault: In fact, it is not a simple matter of choosing between a "Calgary" system which is now in existence in some parts of Alberta, and an "Ontario" or "Kingston" system. The alternatives are a good German system or an outstanding Canadian system, developed by Canadian scientists, engineers and working people. The development facility just happens to be located in Ontario, but the engineers come from every province in the country, and 90 per cent of the construction materials would be from Canada. The industrial benefits of a Canadian system would be shared between eastern Canada and western Canada. In my view it is time that we gave a boost to Canadian technology, and to Canadian engineers that we graduate from our universities. It is time we took a pride in Canadian industrial achievement.

● (2130)

I have nothing against German technology at all. However, it is time for a vote of confidence in a Canadian system. I hope that the informal poll taken by the mayor of Vancouver will indicate that the people of British Columbia feel the same way about the value of a Canadian system. We have a project here which may be worth $600 million. These industrial benefits could be spread from coast to coast across Canada. And why not?

Honourable senators, I want to inform this house today that the Los Angeles city council has just announced that it is going to purchase this particular all-Canadian system for that city. The initial cost will be around $200 million. That is a great deal for Canada, won against intense competition from throughout the world.

Let me pursue to a short conclusion the question asked by Senator Murray. If the British Columbia authorities, and the civic authorities, say in the ultimate that they prefer a European LRT system, or a system developed outside of Canada to an all-Canadian system, which is one of the best light rapid transit systems ever evolved, I am not personally prepared to support the pouring of massive amounts of Canadian taxpayers' money into that project. All of us want to give a boost to Canadian workers, the Canadian inventive abilities and to Canadian ingenuity, and to help industry in western Canada and Atlantic Canada as well as in Ontario and Quebec. We can do this by supporting Canada's own LRT project. There is a potential $200 billion market for light transit sales throughout the world today, and Canadian companies, wherever they are located, should get their full share.

FOREIGN AFFAIRS

PROPOSED COMMITTEE STUDY OF CANADIAN FOREIGN POLICY

Hon. Heath Macquarrie: Honourable senators, much as I love British Columbia, and the honourable senator who represents that great empire of a province, I would like to direct my question to the Honourable Senator Frith. In the light of the present very serious considerations in the realm of external affairs, and in the light of statements made by the Prime Minister from time to time, which are somewhat disturbing, would the deputy leader give thought to having the Senate of Canada study Canada's foreign policy in respect of Poland and other problem areas abroad?

Does the deputy leader not consider that it is important for this house to give serious thought to what Canada should be doing with regard to these very grave situations? Does he have any suggestions as to what we might do in this regard, perhaps after the recess?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I certainly will give some thought to the honourable senator's suggestion. Perhaps Senator Macquarrie and I can approach the Chairman of the Standing Senate Committee on Foreign Affairs to see whether he and his committee members can be convinced to interrupt their work of Canada-U.S. Relations in order to look at some of these questions. Perhaps such a study could be undertaken when we return in January.

FINANCE

FLUCTUATIONS IN INTEREST RATES—REACTION BY CANADIAN BANKING SYSTEM

Hon. Charles McElman: Honourable senators, my question is directed to the Leader of the Government. It concerns another Canadian operation about which I am not nearly so happy as both he and I are with the Ontario light transit system. I am referring to the chartered banks in Canada.

As honourable senators know, over the past year and a half in particular, as a result of federal government policy as translated and transmitted through the Bank of Canada, there have been very rapid fluctuations in interest rates within our country, following, for the most part, similar and leading fluctuations in the prime rates in the United States. I have noted that during those periods when the rates have been high, and they begin to fall, our chartered banks follow very rapidly, normally the following day, any reduction in the rate that is set on Thursday of each week by the Bank of Canada; but when there is an increase in the rate, the chartered banks are extremely slow to follow the lead of the Bank of Canada. This week, following a lapse of four or five days after the announcement by the Bank of Canada on Thursday last of an increase of 1.37 points in the bank rate, two Canadian chartered banks that I checked personally had not, by the close of business today, Tuesday, made any change in their rate for term deposits.

This leads a suspicious mind such as mine to believe that a delay such as this means that the chartered banks of Canada are making an immense profit—I would call it a rip-off—from their depositors that is unconscionable and unacceptable.

That is rather a long preamble to my question, which is as follows. Would the Leader of the Government undertake, through the facilities available to him, to determine from the Bank of Canada if there is any viable or acceptable reason, why, when the rate goes down, that rate change can be reflected the next day by the chartered banks, but when the rate goes up, a period as long as from Thursday until the following Tuesday or Wednesday transpires before the banks can use their IBMs to decide what the revised rate should be?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this unusual phenomenon will be made the subject of a question which I shall direct to the Minister of Finance. That information will be brought here as quickly as possible.

Hon. G. I. Smith: I wonder if one could add to that question, honourable senators, the other financial institutions which take deposits and pay interest?

Senator Perrault: That will be taken as a supplementary.

Senator McElman: Thank you for that assist, Senator Smith.

CANADA-UNITED STATES RELATIONS

STRAIT OF JUAN DE FUCA—SUPERTANKER MANOEUVRABILITY TRIALS

Hon. Nathan Nurgitz: Honourable senators, I had several questions for the Honourable Leader of the Government in the Senate, but I will cut them down to one, which is in the form of a supplementary, on the question of the tanker test in the Strait of Juan de Fuca. I apologize for not getting to my feet sooner.

I thought the leader had said that the harbours people, and the Canadian Coast Guard, would be monitoring and would be present during the testing of this tanker, and that, indeed, the government was very interested in the results of the test. I take it that it is fair to assume that the Government of Canada has in no way objected to the tests taking place.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is no complacency on the part of the government with respect to—

Senator Nurgitz: I was not concerned about complacency. I was concerned about objections not having been made.

Senator Perrault: I will give you a reply. There is no complacency on the part of the government toward ocean traffic consisting of huge oil supertankers on either coast. It is something we have been concerned about for some time. There have been some disastrous oil spills on the Atlantic coast, such as at Chedabucto Bay, which have caused great damage. I was one of those who visited that particular spill to see the terrible environmental effects.

● (2140)

With respect to the trials on the west coast, I understand that the Canadian Coast Guard was consulted by the U.S. Coast Guard at the regional level and expressed no objections. However, we have for some time been concerned, and we have expressed our concerns to the U.S. about the potential problems presented by supertanker traffic to Canada's west coast environment. We have, in co-operation with the United States, taken all possible measures to ensure that this forthcoming test is conducted as safely as possible and that we have available the best information possible on a number of questions including navigation methods.

The U.S. experiment will take place entirely in U.S. waters and apparently presents no risk to the environment because there will be no oil in the tanker. The test run has been explained by U.S. authorities as necessary to make possible the safer management of tanker traffic. However, the government continues to be concerned about any developments which could lead to an increased risk to the marine environment off Canada's west coast and will, therefore, be following the progress of this experiment closely.

In the material I have incorporated in the record of today's proceedings there is further information about the attitude the Department of the Environment has taken towards the matter. After reading it, honourable senators may wish to ask a supplementary tomorrow.

Senator Nurgitz: I trust the material deals with the question of whether there was an objection on the part of the Government of Canada to the Government of the United States.

Senator Perrault: The record will make it quite clear that there was no formal protest as such delivered to the United States. We have obtained assurances that there will be Canadian observers from the National Harbours Board and other jurisdictions present for the test. I must express the hope—perhaps a hope shared by others who live in a fragile marine environment—that this is not the prelude to the movement of huge supertankers travelling close to Canadian shores. The fact is that the weather conditions on both our Atlantic and Pacific coasts can be very difficult at times. Some of these supertankers take something like 6 to 10 miles to stop. Understandably, there is a great deal of apprehension on both of Canada's coasts.

We face the traditional task of balancing economic advantage and advancement against the preservation of environmental values, and many of these decisions are very difficult to come by.

Senator Nurgitz: Would the Leader of the Government not agree that a successful test without oil could well lead to that becoming a route which in future could result in all kinds of environmental hazards?

Senator Perrault: I think the honourable senator makes a very good point. That is precisely one of the concerns of many who are looking at the scheduled tests with some concern and apprehension.

ALBERTA

RUMOURED DISTRIBUTION OF HERITAGE FUND

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have three delayed answers which I should now like to give. They are very short, and I can read them as quickly as I can identify them for the record.

I want to respond to a question raised on December 3 by Senator Robichaud which concerned distribution of the Alberta Heritage Fund. I have made some inquiries and the rumour that the Heritage Fund will be distributed to citizens from Alberta is just that—a rumour, and not based on fact. Distribution of the funds would be totally inconsistent with the fundamental objective of the Heritage Fund as a means of investing in the economic development and diversification of the Alberta economy.

The honourable senator might be interested to know that the fund stood at about $7.3 billion as of mid-summer. An update on the balance is expected early next year.

INDUSTRY

MANUFACTURING SECTOR—SUGGESTED NEW CROWN CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should also like to respond to a question raised on December 9 by Senator Murray which concerned setting up a new crown corporation for the manufacturing sector.

I am not aware, at this time, of any proposals to establish such a corporation.

TRANSPORT

CANADIAN NATIONAL RAILWAYS—RECAPITALIZATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on December 2 by Senator Smith concerning recapitalization of the CNR.

I assure the honourable senator that the government has no plans at this time to introduce a CN recapitalization bill. Recent comments made by the president of CN many have been influenced by a substantial capital expenditure CN will be required to make over the next five years.

These include upgrading of its main lines on a number of subdivisions in western Canada, notably between Edmonton and Prince Rupert; major improvements to yard facilities; and an expenditure of almost $1 billion in new equipment.

I would point out that CN activities experienced successes, and the corporation's return on investment for 1979 was 7.5 per cent. In conclusion, I would reiterate that no recapitalization legislation for CN is planned.

PRIVATE BILL

ROYAL CANADIAN LEGION—SECOND READING

The Senate resumed from Wednesday, December 10, the debate on the motion of Senator Godfrey for the second reading of Bill S-15, respecting the Royal Canadian Legion.

Hon. John M. Godfrey: Honourable senators—

The Hon. the Speaker: I have to inform the Senate that if the Honourable Senator Godfrey speaks now, his speech will have the effect of closing the debate on the motion for the second reading of Bill S-15.

Senator Godfrey: Honourable senators, I should like to compliment Senator Marshall on his contribution to this debate. Since he has been in the Senate, he has shown great interest in veterans affairs, and he demonstrated in his excellent speech his broad interest and knowledge of the affairs of the Royal Canadian Legion.

Senator Macdonald in his speech also demonstrated that the Royal Canadian Legion is near and dear to his heart—so near and dear, in fact, that he wants to keep the membership exactly the way it is as far as qualifications are concerned. In his speech he raised a number of questions and points which I think would be most effectively dealt with in committee. He said he would not oppose second reading of this bill.

It is my belief that the clause of the bill which deals with broadening the qualifications for membership is only an en-

abling clause which will permit greater definition later by by-law. I should like to make only two comments about that particular clause to which Senator Macdonald objected.

First, I am informed that this clause was the result of interest from the floor of the convention held in 1978. It was not originally proposed by the officers themselves; this is a grass roots request from the floor of the convention. Secondly, I understand that the approval of this clause was overwhelming and that there was, in fact, only one person who spoke against it at the convention.

However, I believe those matters could be better dealt with in committee where Senator Macdonald can ask questions as to just how unanimous the approval was and what the feeling was, because I think he will agree that is a relevant matter to be considered, and that one cannot really expect unanimity in these matters in an institution which had, in 1978, 500,000 members. Therefore, I suggest that the questions raised by Senator Macdonald could very well and more effectively be dealt with in committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Godfrey moved that the bill be referred to the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

INCOME TAX CONVENTIONS BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Leblanc, for the second reading of the Bill S-17, intituled: "An Act to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax".—(*Honourable Senator Phillips*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I spoke to Senator Phillips today and he thought he would proceed. He is out of the chamber at the moment, so I would ask that this item be placed at the end of today's order paper. If Senator Phillips is detained, the item will stand. However, he did tell me he was hoping to make his intervention on this bill today.

Order stands.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I have mentioned, I believe the subject matter of Order No. 3 and that of Order No. 6 are sufficiently linked that they should be dealt with together. I would like my remarks on Order No. 6 to include some comments on Order No. 3. Therefore, I am asking that both those items stand.

● (2150)

NORTHERN PIPELINE

SECOND REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Special Committee of the Senate on the Northern Pipeline, which was presented on December 10.

Hon. Earl A. Hastings moved that the report be adopted.

He said: Honourable senators, before addressing myself to the subject matter of the report, I should like to make a progress report of the activities of the Northern Pipeline Committee since Parliament resumed. We have continued to fulfill our major obligation with respect to the northern pipeline, and in that regard we have held three meetings. Senator Olson, the Minister of State for Economic Development, and the Minister responsible for the Northern Pipeline Agency, gave evidence at one meeting. We had evidence from the Honourable Mitchell Sharp, the Commissioner of the Northern Pipeline Agency; and we had a meeting with officials of Foothills Pipe Lines.

I can report to honourable senators that as of today on the western leg from Caroline to Kingsgate on the United States boundary the work is 92 per cent complete. It will be complete on the western leg between Christmas and New Year's and all that remains to be done is testing. The pipeline will be taking gas in May after construction has been completed on the United States side.

With respect to the eastern leg from Caroline to Saskatchewan and the United States border, work will commence in May 1981 with 427 kilometres scheduled to be constructed and 208 kilometres in 1982. It will be ready to accept gas in the fall of 1982.

There is a continued problem with respect to right-of-way acquisition. The contractors are having difficulties and landowners are really looking to this Parliament for the reintroduction of Bill S-12, which was the result of this committee's work two Parliaments ago. I can only appeal to the minister to use his good offices with respect to the introduction of a bill to modernize the acquisition of right-of-way through modern procedures instead of using the Railway Act of 1917.

I am pleased to report that Foothills is acquiring right-of-way on the basis that adjustments will be made in any act that will be passed by Parliament.

With regard to Canadian content in the construction and supply of goods and services, the committee is happy to find that Foothills is providing just about 90 per cent Canadian content on all construction.

We are also happy to learn that a great deal of credit is due to Foothills and the contractors and unions with respect to encouraging participation and interest of the native population of Alberta and British Columbia in the construction of the pipeline, and its economic benefits.

Honourable senators will appreciate that manpower data fluctuates from day to day, but a tally taken on September 15, 1980, indicated that out of a total work force of 348, 69, or 20 per cent, were native. Later, when the total work force went over 700, that proportion dropped to 15 per cent. A great deal of credit is due to Foothills and the unions for going out of their way to make certain that the native and indigenous population of the Alberta region is benefiting from the construction of this pipeline.

Preparatory work continues in northern Alberta, the Yukon and northern British Columbia with respect to construction which will commence, if it is on schedule, in 1983. We are pleased to see that the minister has appointed an advisory council for northeastern British Columbia, to encourage the participation of local citizens.

In Alaska, which represents the most expensive and probably the most difficult portion of the pipeline, considerable progress has been made with regard to engineering and planning. Ralph M. Parsons Company of Los Angeles, California, has been awarded the contract for the design and engineering activities for a processing and conditioning plant on the north slope of Alaska. It will process 2.4 billion cubic feet of gas per day for delivery through the pipeline. In addition, 430 miles of right-of-way has been acquired by agreement with the Department of the Interior of the United States.

So the work continues on all segments of the pipeline with the active work being done, of course, in the south where the prebuild commenced in August.

Honourable senators, with respect to the enhanced recovery reference, your committee has held eight meetings. We heard from research institutes, industry associations and individual petroleum companies, and we propose to hear from the National Energy Board and the Department of Energy, Mines and Resources after the Christmas recess.

The examination has generated a great deal of interest, enthusiasm and participation for industry. I think we have established that we have a valuable energy potential resource of about four billion barrels of oil in place in the western sedimentary basin. It is a resource that can make a significant contribution to our supply inventory. We have to understand that it can be recovered only at great risk with very expensive procedures, which means high cost oil consumers. Therefore, a decision must be made as to whether or not we are prepared to pay this price for this resource. Your committee will present a complete and comprehensive report on its findings after its consultations in January with industry officials in Calgary.

Honourable senators, turning now to the report of the committee, which is that your committee be authorized to examine and report upon all aspects of transmission and distribution of natural gas in Quebec and the maritime provinces. The matter of a pipeline from Montreal to Halifax was first mentioned in the Speech from the Throne. It has been restated as a national priority in the National Energy Policy as part of a drive to convert maritime Canada from oil to gas, and it still remains a preferred option. The purpose, of course, is to replace insecure expensive energy by less expensive energy from a secure Canadian source. At the same time, we are hearing of new possibilities in Hibernia and Sable Island, and research continues on the feasibility of the polar gas route project.

It is against this background that it has been announced that Trans-Quebec & Maritimes Pipeline Company will make a new application to the National Energy Board, which will directly assess and rectify the reasons for an earlier refusal to grant a permit to construct the Quebec and Maritime segment of the line. Without prejudging any decision of the National Energy Board, the principals are optimistic that approval will be obtained within a short period of time, and that natural gas to the maritimes can be a reality with a scheduled delivery date in 1983. The construction of a gas distribution network will be of major benefit to consumers in the maritime economy.

• (2200)

The capital cost is estimated to be approximately $2 billion, which does not include the investment in changing from gas to oil. It will result in positive employment and economic impact on the maritimes.

Any policy designed to fill the energy needs of the maritimes must be guided by three principles—it must be the most efficient source; it must proceed with the agreement of the provinces; and it must ensure that the needs of the consumers are met.

Honourable senators, the Special Senate Committee on the Northern Pipeline, during the past few years, through its work on the pipeline in western Canada, has gained a certain expertise, knowledge and experience which will capably fit it to carry out an examination of all aspects of this pipeline and report to this house in due course. Therefore, I recommend the adoption of the report to the Senate.

Hon. G. I. Smith: Honourable senators, very briefly, I should like to say a word or two of support for the motion.

Since Senator Hastings mentioned the question of compensation and acquisition of right-of-way, I should like first to say a word of tribute to the energy and diligence of the former chairman, our colleague, Senator Olson, in pressing the matter of bringing the method of compensation, as well as the method of acquisition, up to date. I fully concur in the suggestion of Senator Hastings that these matters should be taken out of the provisions of the Railway Act and embraced in some modern legislation which would deal fairly and adequately with the owners of the land through which this pipeline or any pipeline might go.

I might say that the work of Senator Olson, which culminated in a bill being passed by this chamber, was not confined to western rights-of-way. That bill would have been applicable to the country as a whole if it had become law. Honourable senators will recall that this house passed the bill which Senator Olson was so instrumental in having prepared, but it did not succeed in making its way through the other place because of the dissolution of Parliament.

I believe that the extension of what is now called the TQ & M Pipeline—it used to be called the Q & M pipeline—to Quebec and on to the maritime provinces, to a suitable termination in Nova Scotia, is of great importance to that part of the country. I think it also has a benefit to the nation as a whole. I say that, first of all, because it will help lessen the dependence of the maritime region on foreign oil, and will thus serve a national purpose.

I seems to me that an equally important national purpose is that there should be a means of distribution of various kinds of energy from one corner of the country to the other, or from one side of the country to the other, not the least of which are gas and oil, and not the least of which, either, is electricity.

It seems to me that while we are now concerned with extending the means of transportation of gas, the other forms of energy should not be overlooked.

I could not speak of energy for use in the maritime provinces without referring to the question of tidal power and, more immediately, to the question of the utilization of coal, particularly in Nova Scotia. Nevertheless, despite the offshore prospects to which Senator Hastings referred, it seems to me a matter of real urgency that this pipeline be extended. I hope and believe that the application soon to be made to the National Energy Board by TQ & M Pipeline Company will be sufficiently improved over the last one and will gain the approval of that board. Therefore, I look forward with anticipation to that approval and the commencement of the work.

Honourable senators would probably judge my contribution as being of sufficient length at this time. I think I have expressed the thoughts I wished to put before the chamber, so I will close by just repeating my support for the motion.

Hon. Daniel Riley: Honourable senators, I wish to commend the suggestion of Senator Hastings that we extend the terms of reference of what we now know as the Northern Pipeline Committee to include the TQ & M Pipeline. Perhaps now we should call it the Canada Pipeline Committee.

During the past few years, we in the maritimes have been particularly interested in the routing of the pipeline, because it has been suggested to us by some of the witnesses that the pipeline will generally follow the route of the Trans-Canada Highway through New Brunswick. I was glad to hear this evening that Senator Thériault has been added to the membership of that committee.

The pipeline, if it is approved, should bring gas to northern New Brunswick, particularly northeastern and northwestern New Brunswick, to Edmundston, Campbellton, Bathurst, the Caraquet Coast, Newcastle and Fredericton. We must look very closely at what volumes of gas will be diverted to the United States. It has been suggested to us by witnesses that some of this gas will go into the State of Maine and from there, conceivably, into what we call the New England states.

In addition to the route of the pipeline, we must consider what was formerly Bill S-12, which was introduced by Senator Olson, who played a prominent role in bringing this question of compensation before the Senate. We must be careful in the maritimes on this question of compensation. What we have in New Brunswick is a pretty good system of compensation now over what we previously had. I am sure that some of the senators from New Brunswick were instrumental in the adoption of this type of compensation. I hope that they will look closely at this matter, and realize that we must get away from the Railway Act type of compensation and consider what real values are today with respect to pipelines going through farm lands. We must also look to the real estate value of land in the province.

• (2210)

When we talk about natural gas in the Province of New Brunswick, we should realize that we have in that province probably the oldest gas field in Canada, that being the Albert County field.

Senator Guay: And oil.

Senator Riley: And oil, to some extent, yes. The output of natural gas from the Albert County field was the prime source of energy for the City of Moncton from 1902 until very recently. The reserves are depleted now, but one can still create a flame by igniting a match over the bubbles to be found in the streams in that area.

Many of us feel that this potential in the Province of New Brunswick should be further exploited, particularly from the standpoint of EOR, a program that is going on in both the United States and western Canada. We feel that we can perhaps get some tertiary recovery from that field. I hope we can, and that there will be further recovery.

I know Senator Smith will agree with me when I say that we in the maritime provinces are all very happy about the potential of the Sable Island discoveries.

I do not want to take up too much time of the Senate—

Senator Guay: Hear, hear.

Senator Riley: Senator Guay is more concerned with the west. Eastern Canada does not stop at the Ontario border. I come from the maritime provinces. I do not know whether Senator Guay has ever visited the maritime provinces. If he has not, I suggest that he do so. We are a wide-awake people. We populated the west. In fact, some of Senator Guay's forebears might have come from the Province of New Brunswick.

An Hon. Senator: If they didn't, they should have.

Senator Guay: Honourable senators, I want to assure Senator Riley that I do regard the maritime provinces as a wonderful area of Canada—an area which I appreciate greatly. I had the opportunity of seeing much of the maritime region during the war, and also since the war. Not only do I have great respect and regard for that region, but I am a little jealous of those who live in it. I would not mind living in some of the wonderful places to be found in that region. Being a westerner, I am concerned with both areas.

Senator Riley: I hope that Senator Guay was not one of those soldiers who created havoc on the trains coming from the west to Halifax.

Another area of concern is the regional content in the proposed Quebec and maritimes pipeline. We hope that due regard will be given to the fact that unemployment is high in the maritimes and that technical schools will be established to train people to work on the pipeline project. We hope that particular attention will be paid to maritime content in the construction of the pipeline. It is a project that is very important to maritimers, and I warn Parliament that we have learned a lot as members of the Northern Pipeline Committee, and we will be fighting hard for the principles that we regard as very important to us.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1450*)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SIXTH REPORT OF STANDING JOINT COMMITTEE

December 16, 1980

1. The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its

SIXTH REPORT

(*Enabling Clauses No. 1*)

2. By Order of Reference dated 20th November 1980 the subject matter of clauses 2, 3 and 17 of the Canada Post Corporation Bill (C-42) was referred to the Standing Joint Committee on Regulations and other Statutory Instruments for its consideration. Your Committee has studied these clauses together with the other clauses of the Bill to which they relate. All these clauses are set out in the Appendix to this Report. Your Committee has received evidence from the Postmaster General and his Director of Legal Services, and has entertained submissions from and heard representatives of the Government of Ontario and of the following organizations:

Canadian Telecommunications Carriers Association

Canadian Trucking Association

Canadian Bankers' Association

In addition, submissions have been received from:

Loomis Courier Service Limited

Canadian Direct Mail Marketing Association

Canadian Industrial Communications Assembly.

3. Clause 14(1) of the Bill gives to the Canada Post Corporation a monopoly, called an exclusive privilege, over the collecting, conveying and delivering of letters (subject to exceptions set out in Clauses 14(2) and 15(1)). Your Committee was seriously concerned by the power given to the Corporation to define, by regulation, the word "letter" and, hence, the extent of its own monopoly. Such a subordinate law making power is inappropriate to a parliamentary democracy. Your Committee's concern was heightened by the fact that the word "letter" could, in light of Clause 5 of the Bill and the definitions in Clause 2, be defined to include messages and information transmitted by all known and projected electronic or optical means of telecommunication.

4. The Postmaster General has tabled amendments before the Miscellaneous Estimates Committee which would provide a statutory definition of "letter" and a specific exclusion from the Corporation's monopoly of "letters in the course of transmission by electronic or optical means". The amendments read as follows:

" "letter" means any item of mailable matter that weighs no more than 500 grams and has an address, code or other identification sufficient to enable delivery of the item to a specific addressee or destination but does not include

(*a*) any item consisting solely of a newspaper, magazine, book or catalogue or of goods,

(*b*) any item consisting solely of an item referred to in paragraph (*a*) and of an invoice relating exclusively thereto,

(*c*) any item having no further address than "householder", "boxholder", "occupant", "resident" or other similar expression and

(*d*) any item consisting solely of advertising matter, or a greeting card

(*e*) any item that is specified by the regulations;

15(1) The exclusive privilege referred to in subsection 14(1) does not apply to

(*h*) letters in the course of transmission by electronic or optical means."

These amendments have allayed many, but not all, of the fears of the telecommunications carriers. By reference to the definition of "transmit" in clause 2 of the Bill, the exclusion proposed by the Postmaster General in the new clause 15(1)(*h*) amounts to an exclusion for letters in the course of their sending from one place to another by electronic or optical means. The Postmaster General was clear in his evidence before your Committee that he wished to maintain the postal monopoly over what are commonly called hard copies before and after transmission of any information or messages by electronic or optical means. However, he spoke in terms of letters as traditionally understood and not in terms of "letters" as they will now be defined. It appears that the actual electronic transmission of information can not be a letter at all because it has no mass. However, it must be assumed to be included within the new definition of "letter" because it will be specifically excluded from the monopoly over letters by the proposed clause 15(1)(*h*). Your Committee notes that there are misgivings amongst telecommunications carriers about the precise effect of clause 15(1)(*h*) on their ability to provide a fast and efficient service, including messenger delivery of hard copy, to those who wish to transmit messages by what is popularly known as electronic mail. Just when electronic or optical transmission begins and ends seems to be uncertain. However, as clause 15 stands outside your Committee's terms of reference, it can not deal further with this issue.

5. The proposed definition of "letter" to be inserted in clause 2 of the Bill is governed by a test of mass. It is cast in terms of "mailable matter" having a mass of no more than five hundred grams. Such a mass limit will catch many time-critical items commonly sent by courier service or other speedy means, including vaccines; pharmaceutical and optical prescriptions; medical tests, including radio-active isotopes for cancer tests; mini-cassettes and so on. The definition will encompass all manner of legal, accounting, financial and data processing material and negotiable instruments and a great variety of small packets, unless they can be classified as "goods", a term which is not defined in the Bill although it appears in paragraph (*a*) of the definition of "letter".

Until regulations appear defining "mailable matter", it will not be known what precisely will be included within the statutory definition of "letter". This lack of clarity will produce uncertainty and apprehension in the courier and parcel delivery industries. The position of courier services under the Bill is a question of significance. It lies beyond your Committee's terms of reference but is deserving of study by the Committee properly charged with the carriage of the Bill. The term "goods" could be defined in such a way as to include many items now carried by couriers. Perhaps clause 15(1)(*e*) could be redrafted to provide a certain basis for courier services dealing with urgent or time-critical matters having a mass of five hundred grams or less. The regulation-making power to be conferred by paragraph (*e*) of the proposed definition of "letter" could be used to solve many problems and to alleviate many concerns. In its Fourth Report for this Session (Statutory Instruments No. 10) your Committee recommended that regulations should be tabled and studied by the appropriate Standing Committees at the same time as they are studying the Bills which provide for their making. Without the regulations to be made under paragraph (*e*) of the definition of "letter", the definition of "letter" and the proposed exclusions in clause 15(1) are not sufficiently specific.

6. Clauses 17(1)(*u*) and 37(1) and (2) contemplate regulations being made to subject the postal authorities to civil liability for loss, delay or mishandling of anything deposited at a post office, a liability from which they would otherwise be exempt under clause 37. Here again, it would be desirable if the proposed regulations were to be studied by the Miscellaneous Estimates Committee while it is studying the Canada Post Corporation Bill. Couriers are liable for loss or delay of matter committed to their charge. The position of the Canada Post Corporation when competing with, or taking over under its exclusive privilege, the business presently carried on by courier services deserves to be considered.

7. The definition of "mailable matter" in clause 2 of the Bill is itself a matter for concern. It is said to include "any message, information, funds or goods that by this Act or the regulations may be transmitted by post". There is no definition of "goods" in the Bill and there is, consequently, no upper limit on the mass of items of freight which the Canada Post Corporation might handle. This is of concern to those in the trucking industry particularly.

8. Under clause 17(1)(*a*), as the Postmaster General wishes to amend it, the Corporation may make regulations defining "mailable matter". It is objectionable on principle to give a power to define by regulation a term that is already defined in the enabling statute. It is not clear just what regulations might appear to define mailable matter. The definition could not by regulation be made narrower than that in clause 2 ("includes . . . "). The inescapable conclusion is that it is sought under clause 17(1)(*a*) to take power to widen the definition which is set out in clause 2. This is objectionable. Your Committee recommends, therefore, that the words "mailable matter" be deleted from clause 17(1)(*a*) and that a definition of "goods" be included in clause 2. Should it be too difficult to define "goods" immediately, your Committee recommends that it be defined by regulation but that any regulation that is proposed should be subject to obligatory notice and comment procedures.

9. Pursuant to clause 3, the Bill will, if enacted, be binding on the Crown in right of Canada, the Crown in right of each and every Province and on each and every agent thereof. Your Committee has been informed that the reason for the insertion of the clause is to bind provincial governments and agencies by the postal monopoly from which, it appears to your Committee, they are now free. The Parliament of Canada has not hitherto exercised its undoubted legislative authority to make the postal monopoly binding on the Crown, whether in right of Canada or of a Province. Once it does so, the same confusion will exist in respect of provincial governments and agencies as now exists in the private sector over the right to operate internal mail, message and information delivery services.

The effects of clause 3 are not confined to the Corporation's monopoly but will also render the provincially owned telephone companies (Ontario Northland and the prairie telephone companies) subject to clause 42. This situation is not of immediate concern since all telephone companies seem willing and indeed anxious to co-operate with the proposed Canada Post Corporation in the transmission of electronic mail.

10. Your Committee notes that it is the Postmaster General's intention to move to delete paragraphs (*d*), (*e*), (*f*) and (*i*) of clause 17(1) and to deal with their subject matter by particular clauses not relying on regulations. This your Committee endorses.

11. Paragraph (*m*) of clause 17(1) contains a very large and vague grant of enabling power permitting the making of regulations "providing for the holding of mail by the Corporation at the request of the sender or addressee thereof or in any other circumstances specified in the regulations". The underlined words carry with them the potential for the holding of mail for purposes not now envisaged. The reason for this inclusion was explained to your Committee as being, first, to accommodate bulk mailers who mail in advance, which would seem to be a matter covered by the first part of the paragraph and, secondly, to cope with situations in which, because of

strikes, insurrection or war, overseas mail is "embargoed". Your Committee recommends that the underlined words be deleted and that some such words as the following be added:

"or at the request of the government of any country or any independent postal authority or in the event of industrial disputes, insurrection or war."

12. Your Committee was informed by the Postmaster General that it was the Government's intention that the Canada Post Corporation should be free to engage not only in the funds transfer business, by means other than the present postal money order, but also in banking operations, as is the case under the present Post Office Act. If this be the case, paragraph (*o*) of clause 17(1) would seem to require the addition of the words "or put on deposit with the Corporation" (c.f. clause 36).

13. It seems to be clearly contemplated by clauses 17(1)(*o*), 36 and 2 (definition of "mailable matter") that the Corporation could engage in sophisticated funds transfers and in banking. From the evidence of the President of the Canadian Bankers' Association it appears that the Post Office is not included in the new Canadian Payments Association and was not a party to the prolonged negotiations leading up to the foundation of that body. Your Committee suggests that the Postmaster General and the Miscellaneous Estimates Committee seek the views of the Bank of Canada and the Department of Finance on this matter.

14. The President of the Canadian Bankers' Association pointed out to your Committee that paragraph (*k*) (ii) of clause 17(1)(*a*) enables the making of regulations providing for the transmission by post free of postage of

"mailable matter relating solely to the business of the Corporation and addressed to or sent by a person engaged in that business"

Since "postage" is defined in clause 2 to mean the charge or surcharge payable for any service provided by the Corporation, it will include the charges for funds transfers. Consequently, this paragraph might be construed as authorizing regulations providing for funds transfers (part of the business of the Corporation) addressed to or sent by a person engaged in that business free of charge. This would enable the Corporation effectively to undercut the sophisticated and extensive payments network already in place in Canada. This is so despite clause 17(4), as that provision does not appear to require a revenue from every activity or line of business of the Corporation.

15. Concerns were expressed to your Committee that paragraph (*q*) of clause 17(1) could be used to regulate or prohibit the installation of machines belonging to or used by competitors of the Corporation if such machines are necessary to or used in the business of the Corporation. Your Committee is confident that this was not the intent of the draftsman and considers that this fear could be overcome by adding the words "of the Corporation" after the words "or other products or services" and by changing the word "vending" to "dispensing" to accord with the French text. The words "that are necessary or incidental to the business of the Corporation" might then well be considered to be redundant. If there are other machines which should be regulated or prohibited, they should be specified with particularity.

16. In considering paragraph (*t*) of clause 17(1), your Committee was advised that it was the view of the Post Office Department that the postal agreements or arrangements referred to extend beyond those dealt with in clause 34. Just what might be covered beyond the agreements referred to in clause 17(4) is unclear. Since the Corporation will have the powers of a natural person, it may enter into any agreement it chooses and the only limitation on paragraph (*t*) is, therefore, the word "postal", which is undefined and the meaning of which would have to be construed from the context of the whole Bill. Paragraph (*t*), therefore, amounts to an exceptionally broad grant of power to make regulations of unforseeable scope. Consequently, your Committee recommends that it be expressly limited to agreements entered into pursuant to clauses 17(4) and 34 and that the Corporation be required to disclose the agreement or arrangement which is to be carried out by regulations under paragraph (*t*). Unless such disclosure is made, it will, apart from any other consideration, be impossible for your Committee to scrutinize the regulations made under paragraph (*t*).

In respect of other agreements or arrangements your Committee feels that the Corporation should rely on the law of contract.

17. Pursuant to the combined effect of clauses 17(1)(*u*) and 37(3) regulations may be made derogating from the inviolability of the mails. Such regulations may provide for the demanding of matter in the course of post and for its seizure and detention. This provision has been explained as allowing the Corporation to make regulations dealing with inherently dangerous items that are posted and permitting the seizure of mailable matter by way of levying executions on civil judgments. The circumstances in which the inviolability of mail is to be given up should be more clearly set out than they are in clause 37(3).

18. Your Committee draws attention to the very wide scope of paragraph (*v*) of clause 17(1). Under clause 5 of the Bill the Corporation will be free to provide a huge range of services and systems, some of which such as funds transfers and electronic mail are dealt with only in a limited way in the Bill and may expand drastically. Consequently, paragraph (*v*) will come in time to be the foundation for the regulations governing the modern technological activities of the Corporation. It amounts therefore, to a general grant of enabling power in a most important area and runs counter to the idea that grants of enabling power should be specific and detailed. Your Committee takes the position that this provision which confers a law making power of great scope on the Executive, is undesirable.

19. Your Committee notes that it is only in respect of regulations setting first class letter rates that proposed regula-

tions of the Corporation must be published before they are made. Your Committee regards it as desirable in principle that all proposed regulations of the Corporation should be published in draft and an opportunity given for public comment before they are made. But particularly in the case of regulations setting rates (paragraph (*h*)) and defining matters basic to the Corporation's business or of possible public importance (paragraphs (*a*), (*b*), (*c*), (*i*), (*k*)(ii), and (*m*)) notice and comment procedures should be applied. Because it is probable that regulations made under paragraph (*v*) of clause 17(1) will be of great importance in the future development of the Corporation, they too should be subject to notice and comment procedures.

20. The decision to refer the subject matter of clauses 2, 3 and 17 to your Committee represented the first time that the Government had acted in response to the recommendation of the Committee's Fourt Report, namely, that the regulation-making authority contained in Bills should be referred to the Committee for review and report to the appropriate Standing Committees of the Houses having the Committee stages of the Bills. We have found the procedure of referring the subject matter of enabling clauses to the Committee rather than the clauses themselves to be equally effective. Although it does not permit the Committee to report directly to the Miscellaneous Estimates Committee which is studying the whole Bill, no doubt that Committee will give the same consideration to this Report as it would have if we had reported direct to them.

On the basis of your Committee's experience while considering Bill C-42, it can state that it found the practice both workable and desirable from the point of view of ensuring that the expertise contained in the Committee be used in a nonpartisan fashion to scrutinize at the Committee stage the regulation-making powers in Bills. We believe it will improve the legislative process if in the future the subject matter of all enabling clauses in a Bill is referred to your Committee.

Appendix

2. (1) In this Act,

"Board" means the Board of Directors of the Corporation;

"Chairman" means the Chairman of the Board appointed pursuant to section 7;

"Corporation" means the Canada Post Corporation established by section 4;

"delivery", in respect of mail, means delivery to the addressee thereof;

"deposit at a post office" means to leave in a post office or with a person authorized by the Corporation to receive mailable matter;

"mail" means mailable matter from the time it is deposited at a post office to the time it is delivered;

"mail bag" means any container or covering in which mail is transmitted, whether it contains mail or not;

"mail contractor" means a person who has entered into a contract with the Corporation for the transmission of mail, which contract has not expired or been terminated;

"mail conveyance" means any physical, electronic, optical or other means used to transmit mail;

"mailable matter" includes any message, information, funds or goods that by this Act or the regulations may be transmitted by post;

"Minister" means such member of the Queen's Privy Council for Canada as is designated by the Governor in Council to act as the Minister for the purposes of this Act;

"post" means to deposit mailable matter at a post office for transmission by post;

"post office" includes any place, receptacle, device or mail conveyance authorized by the Corporation for the deposit, receipt, sortation, handling, transmission or delivery of mail;

"postage" means the charge or surcharge payable for any product or service provided by the Corporation;

"postage stamp" means any stamp, postage impression or postage meter impression authorized by the Corporation for the purpose of paying postage;

"postal remittance" means any instrument authorized by the Corporation for the remittance of funds;

"postmaster" means a person who is in charge of a postal area or post office, whether in a temporary or permanent capacity;

"President" means the President of the Corporation appointed pursuant to section 8;

"transmit" means to send from one place to another place by any physical, electronic, optical or other means;

"transmit by post" means to transmit through or by means of the Corporation.

(2) For the purposes of this Act,

(*a*) leaving mail at the place of residence or business of the addressee thereof,

(*b*) depositing mail in a post office lock box or rural mail box or any other receptacle or device provided for the receipt of mail of the addressee, or

(*c*) leaving mail with the addressee or his servant or agent or with any other person who may reasonably be considered to be authorized to receive mail by the addressee thereof,

according to the usual manner of delivering mail to that addressee, is deemed to be delivery to the addressee.

(3) For the purposes of this Act, a thing is deemed to be in the course of post from the time it is deposited at a post office to the time it is delivered.

Application

3. This Act is binding on Her Majesty in right of Canada or a province and on any agent thereof.

5. (1) The objects of the Corporation are

(*a*) to establish and operate a postal service for the collection, transmission and delivery of messages, information, funds and goods both within Canada and between Canada and places outside Canada;

(*b*) to manufacture and provide such products and to provide such services as are, in the opinion of the Corporation,

necessary or incidental to the postal service provided by the Corporation; and

(*c*) to provide to or on behalf of departments and agencies of, and corporations owned, controlled or operated by, the Government of Canada or any provincial, regional or municipal government in Canada or to any person services that, in the opinion of the Corporation, are capable of being conveniently provided in the course of carrying out the other objects of the Corporation.

(2) While maintaining basic customary postal service, the Corporation, in carrying out its objects, shall have regard to

(*a*) the desirability of improving and extending its products and services in the light of developments in the field of communications;

(*b*) the need to conduct its operations on a self-sustaining financial basis while providing a standard of service that will meet the needs of the people of Canada;

(*c*) the desirability of utilizing the human resources of the Corporation in a manner that will both attain the objects of the Corporation and ensure the commitment and dedication of its employees to the attainment of those objects; and

(*d*) the need to maintain a corporate identity program approved by the Governor in Council that reflects the role of the Corporation as an institution of the Government of Canada.

14. (1) Subject to section 15, the Corporation has the sole and exclusive privilege of collecting, conveying and delivering letters within Canada.

(2) Nothing in this Act shall be construed as requiring any person to transmit by post any newspaper, magazine, book, catalogue or goods.

15. (1) The exclusive privilege referred to in subsection 14(1) does not apply to

(*a*) letters carried incidentally and delivered to the addressee thereof by a friend of the sender or addressee;

(*b*) commissions, affidavits, writs, processes or proceedings issued by a court of justice;

(*c*) letters lawfully brought into Canada and immediately deposited thereafter at the post office nearest to the place of entry in Canada;

(*d*) letters concerning goods for delivery therewith, carried by a common carrier without pay, reward, advantage or profit for so doing;

(*e*) letters concerning the private affairs of the sender or addressee thereof that are sent casually by a messenger;

(*f*) letters of any merchant or owner of a cargo vessel or the cargo therein that are carried by such vessel or by any employee of such merchant or owner and delivered to the addressee thereof without pay, reward, advantage or profit for so doing; and

(*g*) letters exempted by regulations made pursuant to paragraph 17(1)(*l*).

(2) Nothing in subsection (1) shall be construed as authorizing any person to collect or receive any letters for the purpose of conveying or delivering them as described in that subsection.

17. (1) The Corporation may, with the approval of the Governor in Council, make regulations for the efficient operation of the business of the Corporation and for carrying the purposes and provisions of this Act into effect, and, without restricting the generality of the foregoing, may make regulations

(*a*) prescribing, for the purposes of this Act and the regulations, what is a letter and what is mailable matter, non-mailable matter and undeliverable mail;

(*b*) classifying mailable matter, including the setting of standards for any class thereof;

(*c*) prescribing the conditions under which mailable matter may be transmitted by post;

(*d*) providing for the exclusion of non-mailable matter from mail;

(*e*) providing for the opening of mail, other than letters, for the determination in any particular case

(i) whether the conditions prescribed pursuant to paragraph (*c*) have been complied with,

(ii) whether the manner prescribed pursuant to paragraph (*i*) has been adhered to, or

(iii) whether the mail is non-mailable matter;

(*f*) providing for the opening of mail for the determination in any particular case whether the mail is undeliverable mail;

(*g*) providing for the disposition of non-mailable matter, undeliverable mail and mail on which sufficient postage is not paid, including the disposition of any thing found therein;

(*h*) prescribing rates of postage and the terms and conditions and method of payment thereof;

(*i*) providing for the reduction of rates of postage on mailable matter prepared in the manner prescribed by the regulations;

(*j*) providing for the refund of postage;

(*k*) providing for the transmission by post, free of postage, of

(i) letters, books, tapes, records and other similar material for the use of the blind, and

(ii) mailable matter relating solely to the business of the Corporation and addressed to or sent by a person engaged in that business;

(*l*) exempting from the exclusive privilege under section 14 letters carried by any naval, army or air forces of any country other than Canada that are in Canada with the consent of the Government of Canada;

(*m*) providing for the holding of mail by the Corporation at the request of the sender or addressee thereof or in any other circumstances specified in the regulations;

(*n*) providing for the insurance of mail and the payment of indemnity by the Corporation in case of loss of or damage to mail;

(*o*) providing for the payment of interest, including the rate thereof, on funds transmitted by post;

(*p*) governing the design, placement and use of any receptacle or device intended for the deposit, insertion, reception, storage, transmission or delivery of mailable matter;

(*q*) regulating or prohibiting the installation of machines for vending postage stamps, postal remittances or other products or services that are necessary or incidental to the business of the Corporation;

(*r*) regulating or prohibiting the manufacture, installation and use of postage meters;

(*s*) regulating or prohibiting the making or printing of postage impressions;

(*t*) carrying out any postal agreement or arrangement entered into pursuant to this Act;

(*u*) dealing with any matter that any provision of this Act contemplates being the subject of regulations; and

(*v*) providing for the operation of any services or systems established pursuant to this Act.

(2) The rates of postage prescribed pursuant to subsection (1) shall be fair and reasonable and consistent so far as possible with providing a revenue, together with any revenue from other sources, sufficient to defray the costs incurred by the Corporation in the conduct of its operations under this Act.

(3) Every regulation made pursuant to subsection (1) is deemed to have been approved by the Governor in Council sixty days after the day it is submitted to the Governor in Council for approval, unless he has previously given or refused to give such approval.

(4) Notwithstanding subsection (1), the Corporation may prescribe rates of postage otherwise than by regulation for any person who has entered into an agreement with the Corporation for

(*a*) the variation of rates of postage on the mailable matter of that person in consideration of his mailing in bulk, preparing the mailable matter in a manner that facilitates the processing thereof or receiving additional services in relation thereto; or

(*b*) the provision of experimental services related to the business of the Corporation for any period not exceeding three years.

(5) The Governor in Council may make regulations providing for the payment of compensation to the Corporation in respect of materials for the use of the blind transmitted in accordance with regulations made pursuant to paragraph (1)(*k*).

34. The Minister may enter into such agreements or arrangements with the government of any country or any independent postal authorities as appear to him necessary or desirable for carrying out the purposes and provisions of this Act.

36. (1) In this section,

"deposited amount" means an amount that, after the coming into force of this section, is put on deposit with the Corporation or left with the Corporation for transmission by post, but does not include an amount paid to the Corporation on account of services or products to be provided at a future date;

"creditor" means a person to whose credit a deposited amount stands or who is otherwise legally entitled to claim a deposited amount.

(2) Where a deposited amount is less than twenty-five dollars and no transaction has occurred, or statement of account been requested, in relation thereto for a period of thirty years

(*a*) the creditor shall have no claim in respect of the amount; and

(*b*) the amount shall be credited in the Consolidated Revenue Fund to the Receiver General on such day as the Minister of Finance may fix.

(3) Every payment made in good faith to a creditor or any other person who reasonably appears to be entitled to a deposited amount is valid and discharges Her Majesty, the Corporation and any employee or agent thereof from all claims by any person for the amount.

(4) Her Majesty, the Corporation and any employee or agent thereof are not bound to see to the execution of any trust, whether express, implied or constructive, to which any deposited amount is subject.

(5) The receipt of a creditor or, if there is more than one creditor in respect of any one deposited amount, the receipt of any one such creditor is, notwithstanding any trust to which the deposited amount is then subject, a sufficient discharge to all concerned for the payment of any money payable in respect of the deposited amount and Her Majesty, the Corporation and any employee or agent thereof are not bound to see to the application of the money paid on such receipt.

Liability

37. (1) Subject to this Act and the regulations, Her Majesty, the Minister and the Corporation are not liable to any person for any claim arising from the loss, delay or mishandling of anything deposited at a post office.

(2) Subject to this Act and the regulations, a mail contractor is not liable to any person, other than the Corporation, for any claim arising from the loss, delay or mishandling of any mail in the performance of his duties as a mail contractor.

(3) Notwithstanding any other Act or law, but subject to this Act and the regulations, nothing in the course of post is liable to demand, seizure or detention.

42. (1) Every person commits an offence who, without reasonable cause, refuses to permit or delays permitting any mail or mail conveyance to pass on or use any road, ferry or other route or mode of transport access to which is under his control.

(2) For the purposes of subsection (1), collecting toll, ferriage or other charge for the use of any route or mode of transport is deemed not to be reasonable cause.

Respectfully submitted,

JOHN M. GODFREY,
Joint Chairman.

THE SENATE

Wednesday, December 17, 1980

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate of changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, by way of corollary to what we discussed yesterday on the subject of the Standing Senate Committee on Transport and Communications, the chairman of that committee has asked for leave to have his committee sit while the Senate is sitting today. My only concern, in moving the motion which I am about to move to that effect, is the question of a quorum for the rest of our deliberations in the Senate chamber. I hope honourable senators will recognize that when they agree to this motion they might have to support the committee by supporting the proceedings of the Senate as well.

Hon. Jacques Flynn (Leader of the Opposition): Where will the problem of a quorum arise? In the committee or here?

Senator Frith: That is a nice point, senator.

With that preamble I move, with leave of the Senate and notwithstanding rule 45(1)(a), that the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

Hon. G. I. Smith: Honourable senators, I rise not to oppose the motion but rather to thank the Leader and Deputy Leader of the Government for their co-operation in making this meeting possible. I should also like to indicate to the members of the committee that the witnesses should be ready at 3 o'clock, if the committee cares to sit at that time. I hope our sitting will not interfere with or cause any problems for this chamber in terms of its quorum.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

COMMITTEE AUTHORIZED TO MEET DURING ADJOURNMENTS OF SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Standing Committee on Internal Economy, Budgets and Administration have power to sit during adjournments of the Senate.

Motion agreed to.

● (1410)

QUESTION PERIOD

[*English*]

ENERGY

IMPORTATION OF OIL FROM SAUDI ARABIA—PRICE INCREASE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development concerning the latest oil price increase by Saudi Arabia. I would like the minister to provide, if possible, the precise calculation of the difference between the price which Canada will pay for the oil purchased from Saudi Arabia—the 100,000 barrels, or whatever the total amount is—and the most recent price offered to Canada's producing provinces?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, because of the announcement made by OPEC, there will no doubt be an increase in the amount that Canada will pay for the oil now being imported from Saudi Arabia, which is a significant portion of what we do import.

I should again remind the Leader of the Opposition that we have not made a deal for an additional 100,000 barrels, although there are some negotiations under way. The Leader of the Opposition should also note that we have stated consistently that we have some flexibility in our approach to get back to negotiations with the provinces, and the Minister of Energy had some encouraging remarks to say about that in the other place yesterday.

Senator Flynn: I can understand the reasoning, but I had hoped that the minister would have been able to provide an idea of the difference between the price we pay to Saudi Arabia or to other countries, and the price we pay to Canadian

producing provinces. Is it, for example, in the range of $36 per barrel compared to $18 a barrel, or something like that?

In any event, on the basis of the announced price of Saudi Arabian oil, I should like to ask the minister if he has anything to say about the estimates that have been mentioned as an increase in the Oil Import Compensation Program. Some newspapers mentioned today that it is half a billion dollars a year, while others say $1 million per day. Those figures are not in the same range, of course, and I would like the minister to tell us what his own estimate is.

Senator Olson: Honourable senators, it is a little early to give an accurate estimate. However, I shall take the question as notice and refer it to the departments that make these calculations—the Department of Energy, Mines and Resources, and the Department of Finance.

Certainly, when there is a change of this nature, because of the Oil Import Compensation Program there will be additional financial requirements. Therefore, I will take the question as notice. I would not attempt to give a precise answer—I know my honourable friend always likes to receive accurate and precise answers—until we have had an opportunity to look at the totality of that fall-out.

I am sure the Leader of the Opposition will also realize that because of a change in the value of the Canadian dollar, the financial requirements will also change.

Senator Flynn: I agree with the minister that I always like precise figures, but I very seldom get them from him.

Senator Olson: All that is necessary is to ask the question in a precise way.

Some Hon. Senators: Hear, hear.

Senator Flynn: It is very difficult to do better than I did.

AUDITOR GENERAL'S REPORT—ENERGY CONSERVATION PROGRAM

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I will try to be precise and ask the minister why the government is fudging the figures in respect to energy savings. As an explanation of that succinct and direct question, I refer him to the observations made by the Auditor General in which he criticized the way in which the government presented the progress of its energy conservation program within the government service and arrived at figures substantially lower than those proclaimed by the government.

• (1415)

I would ask the honourable minister if he would endeavour to give us some reconciliation of the figures provided by the Auditor General, as compared to the figures provided by the government, explain to us why they are not the same, and give us the government's view as to which is the correct one, because there should be some answer to this question.

The Auditor General, at the same time, raised a number of observations about the way in which the energy conservation program has been carried out, and made some recommendations as to how it should be improved. I would like to know what the government's reaction to the whole situation is.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice and try to provide an answer. I have to remind the honourable senator, however—and I do not like to do it during the last sitting before Christmas—that his preamble completely destroyed his question. First of all he said, "I am going to be precise and succinct," and then he asked why the government fudged its figures. I do not agree that the government fudged its figures.

However, I promised myself, coming in here today, that while my wish for the New Year is that the Senate will return to a Question Period in which senators seek information rather than use it for the purpose of debate, I was not going to bring it up today.

Senator Roblin: I have to respond to the invitation. The minister does not like the word "fudge". All right, I will be a little more precise and tell my honourable friend that the Department of Energy, Mines and Resources reported that energy use in the 1978-79 fiscal year was 11.3 per cent less than in 1975-76. The Auditor General found that it was only 4.2 per cent less. There is, therefore, about a 7 per cent spread between the finding of the government and the finding of the Auditor General, My question is: How come?

Senator Olson: Well, the "how come?" can only be answered if you make sure that the same factors are put into the calculation. That has to be determined first.

It may easily be true—I think it is true, although I will check—that they did not put everything in. They may be talking about gas and oil as separate entities, or even talking about total energy requirements and use.

Senator Roblin: I can come to my honourable friend's rescue and tell him what the Auditor General said. This is the quote:

> We believe, therefore, that the government should ensure that its reporting performance is as adequate and reliable as possible.

The inference is that the figures given were neither accurate nor reliable.

Senator Perrault: Unfair!

Senator Olson: That is an opinion, not a fact.

THE ECONOMY

GROSS NATIONAL PRODUCT—PROJECTED GROWTH RATE

Hon. Richard A. Donahoe: Honourable senators, my question is directed to the Minister of State for Economic Development.

Official projections of Canada's growth rate for 1981 are constantly being revised downwards. Lask week the Department of Industry, Trade and Commerce announced the results of a study indicating an expected substantial relative decline in investment spending during 1981 by Canada's largest 300 firms. Speaking of precision and of fudging, I thought it might

be interesting if I quoted an article from the *Globe and Mail* of December 11, 1980, as follows:

> The Department of Industry, Trade and Commerce said its fourth quarter survey suggests business capital investment will continue to be a source of strength in the economy—

Having said that, the direct quotation is added: "... but at a reduced rate."

That is a nice, positive way of going backwards, by making it sound as if you were really effecting some improvement. In the light of that projection, however, does the government intend to revise its 1981 growth projections downwards still further, or does the minister contend that substantial investment decline will have no effect upon growth?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I was asked essentially that same question yesterday, and the reply that I gave then is equally valid today.

[*Translation*]

FOREIGN AFFAIRS

POLAND—STATEMENT BY SECRETARY GENERAL OF NATO—COMMENTS BY PRIME MINISTER AND SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Martial Asselin: Honourable senators, I have a question for the Leader of the Government in the Senate. I should like to come back to the answer he gave Senator Haidasz yesterday concerning the situation in Poland. In his reply, the Leader of the Government claimed that, if there was any confusion, it is because the members of the opposition have difficulty following some of the policy formulations. It may be that the members of the opposition suffer from some form of idiosyncrasy that prevents them from always understanding the statements of ministers. That is why, today, pleading this inferiority which afflicts me, I should like to put a supplementary to the question put by Senator Haidasz yesterday.

Naturally, as pointed out by Senator Haidasz, if we go by the statement of the Secretary General of NATO, it is obvious that the ministers of NATO countries, meeting in Brussels, discussed economic, diplomatic and military sanctions were Poland to be invaded by the USSR.

I should like to know, first, whether the Leader of the Government can table the statement of the Secretary General of NATO, Mr. Lance, who to my mind spread considerable confusion about the statement of our own Prime Minister on the situation in Poland following the statement of the Secretary General of NATO, as well as about that of our Secretary of State for External Affairs in the House of Commons.

I therefore wish to know whether or not the statement of the Secretary General of NATO corresponds with what was reported to us. Does it also correspond with the statement made by the Secretary of State for External Affairs? In addition, to throw light on the situation, can the Leader of the Government table in this house—I am asking him to do so, once again—the message sent to the President of the USSR, Mr. Brezhnev, with regard to the critical situation in Poland?

• (1420)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

I do not have a copy of that important message available on my desk at the present time. I can report, however, the type of meeting held in Brussels on December 11 and 12, and the participation of Canada in sessions which very much involved consideration of the Polish situation.

The foreign ministers of NATO met in Brussels on December 11 and 12. On the first day of the meeting, ministers conducted a general review of the international situation. The current situation in Poland was one of the subjects discussed. The ministers agreed unanimously, again with the full support of Canada, that every possible effort should be directed toward avoiding a Soviet intervention, a move which they did not consider to be inevitable. They stressed the importance of responding sympathetically to Polish requests for economic assistance, noting that care should be taken to avoid interfering in Polish internal affairs.

The ministers asked the permanent representatives accredited to NATO to follow the developments closely and to study possible political, diplomatic and economic responses to a Soviet intervention in Poland. Again, this was fully supported by Canada's representatives.

In the final communiqué, the ministers stressed that détente could not survive if the U.S.S.R. once again violated the fundamental rights of all states to territorial integrity and independence. While this does not meet all the terms and conditions set forth by the honourable senator in his question, supplementary material will be sought.

[*Translation*]

Senator Asselin: On a supplementary. The minister said that this statement from NATO ministers contained economic sanctions. Will Canada take part in these sanctions? If so, how does it expect to maintain credibility in the eyes of the Soviets since after the Soviet invasion of Afghanistan the Conservatives imposed economic sanctions which the minister responsible for the Canadian Wheat Board lifted? Will Russia consider our actions credible? Will we be taken seriously if we take part in the economic sanctions mentioned by the minister?

[*English*]

Senator Perrault: Honourable senators, that is an argumentative question; it is a rhetorical question, and it is not a question which I am prepared to answer.

• (1425)

PARLIAMENT BUILDINGS

CENTRE BLOCK—SPACE OCCUPIED BY NEWS MEDIA—RENTAL VALUE

Hon. Daniel A. Lang: Honourable senators, I would like to direct a question to the Leader of the Government. As honourable senators are aware, the news media occupy most of the

north face of the third floor of this Centre Block Building. My question is as follows: Could the leader inquire how many square feet are so occupied by the media; secondly, what would the rental value of that space be as a commercial area in this part of the city; and, finally, do the media pay rent for this space? In other words, are the media being subsidized by the Canadian taxpayers in whole or in part in their use of this space?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will press for an early answer.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

AUDITOR GENERAL'S REPORT—MANAGEMENT CONTROLS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government relating to Chapter 6 of the Auditor General's Report. This chapter deals with the Department of Indian Affairs and Northern Development, and paragraph 6.37 of this chapter states that the department intends to write off $17 million of $81 million loaned by the Indian Economic Development Account, which is obviously a high loss ratio. The Auditor General reports that a significant portion of this write-off stems from inadequate management controls.

My questions are: What controls are now being implemented? Who will exercise these controls? What is the cost of these controls? Will someone be monitoring the effectiveness of these controls?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the detailed nature of the question makes it imperative that it be taken as notice.

INDIAN BANDS—INTEREST PAID ON TRUST FUNDS

Hon. Nathan Nurgitz: I have a supplementary question dealing with the same aspect of the Auditor General's report, and with respect to a press release issued by the National Indian Brotherhood relating to complaints about interest rates paid to Indian bands on their trust funds. The Auditor General reported that the Indian bands were paid interest on their funds at a percentage rate determined by the Governor in Council. That is the complaint.

My question is: Is the rate competitive with privately offered rates, and what is the precise current rate? Could the leader tell us, for instance, what the rate is today, how long that rate has been in effect, and how often it is adjusted?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, but as far as establishing such rates by Order in Council, this, of course, is an established practice at various levels of government.

FEDERAL-PROVINCIAL RELATIONS

QUEBEC AND NEWFOUNDLAND—DEVELOPMENT OF HYDROELECTRIC POWER

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development. It was reported in a news release today that Mr. Robert Boyd, President of Hydro-Quebec, indicated a willingness to sit down with the Government of Newfoundland to discuss Upper Churchill power with a view to developing the Lower Churchill, a development which would enable us to supply a lot of our energy needs.

Could the minister tell us what action his government is going to take in any discussions that might be held, and whether his government intends to intervene and try to come to a solution that would result in a saving of so much energy for Canada?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not aware of the news release referred to, but I will take notice of the question and try to obtain an answer as soon as possible. In any event, if during the recess some information comes to my attention that I feel would be useful to Senator Marshall, I will convey that information to him before we meet in the New Year.

CONTROL OF RESOURCES

Hon. Jack Marshall: I have a supplementary question dealing with the Hibernia discovery. These seems to be a reluctance on the part of the conglomerate that makes up Hibernia, and by other oil explorers, to go ahead unless there is some determination between the federal and provincial governments as to the control of resources.

• (1430)

I wonder whether the Minister of State for Economic Development could delve into that matter and give us an answer when he gives the answer to my other question.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, yes, I can try to provide a report on the status of the negotiations, if that is the right word, respecting the ownership.

My honourable friend will know that there are some people in the federal government—and perhaps in the provincial governments, too—who would like to have a reference of this matter to the Supreme Court. I am not sure that there has not been agreement that this would be a joint reference.

The other part of the question is somewhat different. The honourable senator asks whether or not the consortium doing the exploration and development would possibly make a commitment about whether government policy is inhibiting their activity. Most of these activities are likely to take place, of course, in a régime of uncertainty as to what the rules will be, so I am sure they will be apprehensive about that.

THE ECONOMY

PRESENTATION OF NEW BUDGET

Hon. Lowell Murray: Honourable senators, my question is for the Minister of State for Economic Development. Is it now the plan of the government that a new budget will be brought down in the month of March?

Hon. H. A. Olson (Minister of State for Economic Development): No, it is not.

ENERGY

OIL PRICING—STATEMENTS BY FORMER MINISTERS OF FINANCE

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government. I noted recently that Mr. Donald Macdonald, a former federal Minister of Finance, and a former Minister of Energy, Mines and Resources, has added his voice in support of those who feel that a much larger oil price increase is warranted. He disagrees with his colleagues in Ottawa as to the rate of the increase. This appears to be in "synch" with the recent call by another former federal finance minister, Mr. John Turner.

I wonder if the words of these heirs presumptuous and heirs presumptive to the tattered mantle of the Liberal leadership are an indication of changes in the Liberal policy, or are we to assume that these are voices crying in the wilderness?

Hon. Raymond J. Perrault (Leader of the Government): These gentlemen are entitled to their opinions. Their views will be listened to with interest by the government.

Senator Flynn: That is the best you can do.

COMMUNICATIONS

BROADCASTING—CONTROL OF PAY TELEVISION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on December 4, the Honourable Senator Smith asked whether any agreement had been reached recently among the provinces that they have jurisdiction over pay television. He asked whether this had been communicated to the federal government, and, if so, what was the position of the federal government in respect of it.

The agreement among the provinces has not been communicated formally to the federal government, although it has been reported in the press and some provincial views respecting pay television have been included in the various communiqués which were issued following that conference.

He then went on to ask whether the government had taken a clear position on the decision of the provinces regarding pay television.

The answer is that the federal government has a clear position respecting pay television. On October 21, the Minister of Communications, the Honourable Francis Fox, indicated publicly in a speech to the Canadian Broadcasting Executives Society that he recognized the need for a strongly Canadian-oriented pay-TV service based on the prerequisites that it contribute positively and significantly to broadcasting in Canada, that it include the use of Canadian resources and that it stimulate Canadian program production industry.

On October 21, 1980, the CRTC announced that it anticipated being in a position to deal with the introduction of pay-TV in Canada as soon as the steps necessary to ensure extension of services had been taken. Provinces have unanimously agreed that priority should be given to the extension of services, and that the introduction of pay-TV should follow that.

It is the view of the government that the proposed hearings by the CRTC would provide the most appropriate forum to determine an approach that takes into account the variety of interests respecting this matter and would avoid a fragmented and balkanized approach to this matter.

May I read once again the question posed by Senator Smith, because I think there was a transposition of words. His question was: Has the agreement reached recently among the provinces that they have jurisdiction over pay-TV been communicated to the federal government, and if so, what is the position of the federal government in respect of it?

• (1435)

THE CONSTITUTION

PATRIATION—GOVERNMENT REACTION TO RESULT OF GALLUP POLL

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I now have the answer to a question asked by Senator Asselin on December 10 concerning a possible meeting with the provinces to come to some agreement on an amending formula.

The government sees no reason for a meeting with the provinces at this time. The government gave an indication of what it was proposing to the provinces in May, after the Quebec referendum. The premiers had the texts in front of them all summer. Those who disagree with the constitutional package have had ample opportunity to say so during the summer negotiations, the First Ministers' Conference, and before the Special Joint Committee on the Constitution.

SCIENCE AND TECHNOLOGY

NUCLEAR FUSION RESEARCH

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have the answer to a question asked by Senator Yuzyk on October 31 last concerning nuclear fusion. It is a rather lengthy reply, running some three pages, and I would appreciate the co-operation of honourable senators in simply having it incorporated in today's *Hansard*.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The answer follows:*)

> Given the budgetary constraints we have, and the very sizeable funding requirements necessary to advance some of our alternative energy supply options, such as frontier gas and oil, heavy oil recovery, improved tertiary recovery, coal liquefaction or gasification, both through development and demonstration phases, we are going to have to make some choices about which to pursue.
>
> Fusion power is certainly a long-term supply option. Some of those knowledgeable in the field predict that commercially-reliable fusion power is some 40 to 50 years away. And while it may offer an inexhaustible fuel supply, Canada has another nuclear option which also

offers a virtually inexhaustible fuel supply, and an option whose development could, it is believed, be achieved more easily and more quickly. I refer to the thorium fuel cycle for our CANDU system. Moreover, it would use existing Canadian technological and industrial capability in a proven hardware system. There are, it must be noted, those who express considerable doubts about the feasibility of fusion power.

While fusion is being promoted as a "clean" power source, this argument is, if not questionable, certainly premature. While the process does not inherently use fissile materials, any country possessing a fusion power system, or any other sizeable source of neutrons, could produce such materials if it wished to do so. In addition, there will certainly be radioactive by-products, although perhaps not as long-lived or as much as in fission power.

Another factor to be considered concerns the role of fusion research in fostering indigenous research and technological innovation.

We should be comparing what can be achieved in fusion research and in other major R&D programs, both in the conduct of and arising from these programs. In this regard, the National Research Council has initiated studies, or is in the process of doing so, to obtain additional information with respect to its proposals for a national program of fusion research which would involve provincial governments, industry and the universities.

The proposed national program calls for research of international calibre in three areas—magnetic confinement, inertial confinement (laser fusion) and fusion materials research engineering. An obvious question is whether Canada would be advised to specialize in only one or perhaps two of these areas, to increase our chances of mounting an effort which will provide an accepted contribution and full-fledged partnership in the work of other countries.

We are aware that opportunities for international collaboration do not exist forever and a too-long deferred decision on the extent and nature of a Canadian fusion research program could mean that Canada no longer had a contribution to make that would be of interest to others working in fusion power development. The government hopes to be able to announce a decision on the nature and extent of government support for a fusion research program in the near future.

OFFICIAL REPORT (HANSARD)

COST OF PRINTING MONTHLY APPENDIX

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on November 12, 1980, Senator Grosart asked a question respecting the cost of printing the monthly appendix to the *Debates of the Senate,* which I answered on November 18 on the basis of information I had been provided with—information that I believe to be accurate. However, there was an aspect to the matter that I did not deal with at that time, and since it is preferable to have complete information on the subject, I have been asked to add the following:

> Printing costs contain both a fixed cost element per page (composition), and variable costs per 1,000 pages (press run), a standard practice in the printing trades. Accordingly, the total cost a particular issue of *Debates of the Senate* would depend upon the number of pages produced and the quantity printed.
>
> Based on the above, the cost per copy of the 24-page appendix to the *Debates* appearing November 6 was approximately 62 cents, or 2.6 cents a page.

SMALL LOANS ACT CRIMINAL CODE

BILL TO AMEND—THIRD READING

Hon. George J. McIlraith moved the third reading of Bill C-44, to amend the Small Loans Act and to provide for its repeal and to amend the Criminal Code.

He said: Honourable senators, I do not propose to make extended remarks at this point, because when the committee's report was presented last evening I gave a brief explanation. It is my understanding that several honourable senators wish to speak on the motion for the third reading of this bill, and in order not to pre-empt their time, and with a view to there being royal assent later today, I will say nothing further at this point.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, following the conversations I had yesterday morning with Senator McIlraith, I made some remarks last night concerning the bill which has been before the Standing Senate Committee on Banking, Trade and Commerce for quite some time. Up until the day before yesterday, however, nobody had suggested that this bill should be disposed of most urgently. I was therefore somewhat surprised when the Honourable André Ouellet, whom I met Monday afternoon in Quebec City, suggested that this bill should be passed as soon as possible. His main argument was that if the Senate failed to pass this bill before the end of the year, several financial institutions, including caisses populaires and credit unions, would be compelled to submit a fairly complicated report.

That was then Mr. Ouellet's argument. I replied to him that I had no intention, through my sole opposition, to create difficulties to so many institutions, and that I had no objection to the committee considering the minister's request. Following this conversation, Senator McIlraith telephoned me yesterday morning in Quebec City. I had then suggested that the committee should meet today, Wednesday. When I arrived here last night, I was advised that the committee had already met yesterday afternoon and had found that the bill should be reported without amendment. I was a little surprised and uneasy, as I indicated yesterday, specially because the committee had apparently agreed that at least one amendment should

be made to section 305 of the Criminal Code, providing so to speak for a new crime, in accordance with the bill.

I suppose that, had we suggested amendments to that provision, we would have had to send Bill C-44 back to the other place, where those changes might not have been accepted before the Christmas break. It would have resulted in additional delay that could have extended to the end of January and perhaps even later.

My position is rather simple. Briefly, I am not happy with this bill. I do not feel that it is the real solution to the problem envisaged when the bill was drafted and introduced. However, if I am to be told that it will create problems for everyone, or at least to a large number of financial institutions such as caisses populaires, credit unions, I am quite willing to change my hesitation to a mere indication of my disapproval in principle.

In that sense, I am quite resigned to the bill being read the third time this afternoon and passed on division. On the other hand, all we have is the commitment of Mr. Ouellet, who is not Minister of Justice, to the effect that specific cases will be examined in light of this bill, this legislation that repeals the Small Loans Act and creates a new offence, a new crime, in the case of any person who charges a rate of interest of over 60 per cent for a loan.

Senator Asselin: A rate of 59 per cent is not criminal?

Senator Flynn: No, it has to be 60 per cent otherwise it is not a criminal rate. I have doubts about the repeal of the Small Loans Act: really, some other solution could have been found. The banks do not have a maximum rate of interest but, in a way, their rates can be controlled within reason, if you will, through the Bank of Canada and the competition between institutions.

With regard to credit unions, perhaps they are in the same situation. But I would say that in the case of all other lending institutions, if there is no control whatsoever, as the case will be when the Small Loans Act is repealed, then their interest rates will certainly be much higher than those of the banks or the credit unions. Then, undeniably, interest rates could very well be pretty close to the criminal rate, that is 60 per cent. I doubt that we can find a real solution. Not that I claim to have one, but I feel that what we are told is far from convincing.

As for the criminal offence created by this legislation, we are told that the 60 per cent rate—so I was told when I was Minister of Justice—that the so-called criminal rate is meant to help police forces control "loan sharks".

Senator Frith: Les requins de la finance.

Senator Flynn: Yes, indeed. But that expression in French is pejorative; the late Réal Caouette felt all banks were loan sharks. Personally, I would not dare put banks and "loan sharks" in the same group. Be that as it may, let us say real sharks, in every sense of the word.

I am far from convinced that this provision will help the police. I strongly doubt it. What characterizes these sharks is the fact that they use other means of persuasion to obtain a reimbursement of loans, and interest which is usurious. They use violence. They use blackmail. They use all kinds of methods which are already classified as crimes under the Criminal Code.

In any case, I have noted that Mr. Ouellet, on behalf of the Minister of Justice, has undertaken to report within about a year, as I recall—approximately one year, Senator McIlraith?—to report within a year, as I was saying, on the results of this new provision.

I believe that this provision will not be used very often because it will not be very effective. Police forces often have the habit of asking that the Criminal Code be strengthened, that something be added to it, or that the number of offences be increased as soon as they have problems in applying the law. Everything becomes a crime simply to help police forces. For my part, I have always been opposed to this concept or this philosophy. I would like the Criminal Code to remain a criminal code, and I would prefer other methods to be used when other problems come to light.

I am therefore very dissatisfied with these restrictions. I believe that it would have been better to wait. After much criticism and much urging of the Department of Consumer and Corporate Affairs and the Department of Justice, we would perhaps have found a better solution. We would probably have found something better than what has been suggested.

In view of the circumstances, I believe that I should bow to the inevitable. However, I must tell the Senate that I believe we are making a mistake. It is not the first time and it will not be the last.

[*English*]

Hon. John M. Godfrey: I too am disappointed with the results of this bill. The committee really did not have any indication of its urgency, and it had been before us for a couple of months. Counsel to the committee had proposed certain technical amendments with which we were not satisfied, so when the matter came up yesterday we really did not have any other choice but to report the bill without amendment. However, in speaking today I would like to comment on the undertaking given by the minister and as reported by Senator McIlraith.

In the report of the proceedings of the Banking, Trade and Commerce Committee there is this:

> Mr. Ouellet, the Minister of Consumer and Corporate Affairs, having talked with Mr. Chrétien, the Minister of Justice, has given us an undertaking to continue to have this clause examined by the appropriate officers of the government, in conjunction with our counsel, with a view to improving the section under discussion—clause 9 of the bill—to meet the arguments raised in our evidence before this committee, and to bring forward, if the facts seem to indicate that it is desirable—

And I particularly draw your attention to those words:

> —proposed amendments, or to bring the clause before us when the omnibus Criminal Code amendments come

before us—I would expect within the year; is that a reasonable assumption?

HON. MR. OUELLET: Yes, I think so.

In speaking yesterday, Senator McIlraith used the words:

> If found warranted, such amendments would be introduced for examination and action by Parliament in the Criminal Code omnibus amending bill that is anticipated within a year.

When Mr. Ouellet made his statement in the committee yesterday, I was not satisfied. I wanted to pin him down a bit more than what appeared in his statement, so I asked him the following question:

> It is not clear to me whether the Minister of Justice conceded that they should be amended and improved, and that he will bring in such amendments and improvements which we can consider a year from now or is he simply saying, "If I do, you will have a chance to consider them.

Mr. Ouellet made a reply which I shall not read, and then I asked another question.

> That does not quite answer my question whether or not the Department of Justice already concedes that there should be some amendments that can be approved. That is all.
>
> HON. MR. OUELLET: The answer is yes, but it cannot be carte blanche, because we don't yet know what final wording the Senate will recommend.
>
> The Minister of Justice told me, however, that I could tell you that, indeed, there is room for improvement, and along that line he is ready to accept or to entertain, at the appropriate time, any amendments your committee will want to make.

• (1450)

Therefore, I believe the sort of hedging phrase "if found warranted" used by Senator McIlraith really should not have been included in his summary of the undertaking given by Mr. Ouellet. In fact, we have been given a firm undertaking that amendments are needed, and that they will be proposed by the Minister of Justice.

Senator Flynn: Honourable senators, may I ask a question of Senator McIlraith? I mentioned that I would like to have within one year a report by the Department of Justice on the experience with this new criminal law section. I would also like the Department of Justice to monitor the effect of this new section on provincial laws that exist to control unconscionable practices to see whether the tendency of the courts would be to consider interest of close to 60 per cent as quite normal, in view of the adoption of this new Criminal Code section.

Senator McIlraith: Honourable senators, I am not sure if the Minister of Justice and the Department of Justice has the responsibility for monitoring the provincial legislation. According to my understanding—I am not absolutely certain about this—it is the responsibility of the Department of Consumer and Corporate Affairs. The Department of Justice has a more limited area of responsibility.

[Senator Godfrey.]

In any event, we did discuss the ongoing nature of the requirement to keep not only this point but all the points that had been raised in connection with this criminal law clause of the bill under examination, and to have counsel in the Justice Department, notwithstanding the fact that our committee was reporting the bill yesterday, continue the work by looking at proposals and counterproposals for amending the clause. I must confess that I found that there were three agencies of government, or three departments, concerned with this. There was the Department of Consumer and Corporate Affairs, the office of the Superintendent of Insurance—which comes under the Finance Department—and the Department of Justice.

I hope my answer has adequately dealt with the point raised by the Leader of the Opposition. I quite understand and appreciate his position about yesterday's meeting being called earlier than anticipated. A situation had arisen with respect to having the minister come before us. He was committed to appear before a committee of the other house at 9.30 a.m., 3.30 p.m. and 8 p.m. I was not sure of the ongoing position this morning, nor was he. The meeting was called rather more quickly than I would have wished. But I did take the precaution of advising the executive assistant to the Leader of the Opposition and asking him to attend. Whether he did so, I do not know, but I did ask him. I recognize the embarrassment of the Leader of the Opposition on that point, but I do not think there is anything more that I can add.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Flynn: On division.

Motion agreed to and bill read third time and passed, on division.

INCOME TAX CONVENTIONS BILL

COMMONS AMENDMENTS CONCURRED IN

On the Order:

> Consideration of the amendments made by the House of Commons to the Bill S-2, intituled: "An Act to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax".—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I yield to Senator Hicks.

Hon. Henry D. Hicks: Honourable senators, I move that these amendments be concurred in. We have before us an amended version of Bill S-2—or to be precise, if honourable senators refer to page 659 of the *Minutes of the Proceedings*

of the Senate for yesterday, Tuesday, December 16, 1980, they will see a series of proposed amendments to that bill.

It will be recalled that this house gave third reading to Bill S-2 on June 4, 1980. At that time, the bill embraced tax treaties with 11 countries, namely Austria, Barbados, Great Britain, Indonesia, Italy, Jamaica, Liberia, Malaysia, Romania, South Korea and Spain. The amended version contains the treaties with all those countries, except Liberia. So that the nature of the detailed amendments set out on page 659 is merely to remove all references to Liberia in the bill.

Honourable senators may also recall that when I moved second reading of Bill S-17, to implement tax treaties with Australia and New Zealand, on December 4, 1980, I indicated that Bill S-2 rested in committee in the other place because some members of that place were fearful of the inclusion of Liberia, which they suggest may be a tax haven. The committee of the other place met on December 9, 1980, and it was agreed, with the concurrence of the government, to remove from Bill S-2 the approval at this time of the tax treaty with Liberia.

I can mention a few of the factors that led the committee of the other house, and the other house itself, to arrive at that decision. First, six of the tax treaties—those with Austria, Indonesia, Italy, Korea, Malaysia and Spain—could be made effective from January 1, 1980 if they are ratified before the end of this year. This would be to the advantage of all those affected by such treaties, and therefore it is highly desirable that the treaties be ratified before the end of 1980.

Secondly, representatives of a number of foreign governments have made numerous representations to the Canadian authorities complaining about the long delays in the Canadian ratification process. While they understood and were sympathetic to the problem with the Liberian treaty, they could hardly accept that their own treaties, which did not raise difficulties, should be delayed for reasons outside of their interests.

Thirdly, the treaty with the United Kingdom would require renegotiation if not ratified before the end of the year, as its revisions would become effective retroactively for a number of years, some of which might be statute-barred next year.

Fourthly, generally a number of companies have been, or are, in the process of negotiating contracts with other countries on the basis that the advantages of the tax treaties would be available. Any further delays in the ratification of those treaties would only add to their frustration.

The government has undertaken to review the provisions designed to avoid abuse of the tax treaty with Liberia, with a view to tightening them if necessary, and to reintroduce that treaty for ratification as soon as possible. In the meantime, we should proceed with ratifying the treaties with the other 10 countries.

All in all, I believe the amendments, which secured the passage of the bill in the other place, should receive the approval of this house in order to enable the treaties, other than that with Liberia, to be implemented without further delay, and I invite support for my motion for concurrence in these amendments.

Motion agreed to and amendments concurred in.

• (1500)

CLEAN AIR ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government), moved the second reading of Bill C-51, to amend the Clean Air Act.

He said: Honourable senators, this bill is an amendment to the Clean Air Act, which is found in chapter 47 of the Statutes of Canada, 1970-71-72. The bill before us proposes amendments to two sections, section 9 and section 16, and the addition of a new section 21.1.

In what I hope will be brief and to-the-point remarks in support of these amendments, I propose, first, to tell honourable senators what I understand to be the main purpose of the bill and then to describe the bill in the context in the main scheme of the statute; second, to describe the context of the amendments in the present practice with reference to the provinces; and third, to define its context in reference to our position, policies and co-operative arrangements with the United States of America.

The purpose of these amendments is to provide the residual federal authority to control, as necessary, sources of air pollution adversely affecting another country. We believe the amendments are desirable in themselves, but we believe that they are particularly propitious at the moment, and their pre-eminent reason is to establish the reciprocity required by the United States Clean Air Act and, place the United States federal authorities in a position to more vigorously address the acid rain problem.

The Clean Air Act, to which this bill proposes amendments, sets up a plan relating to air contaminants and air pollution. Section 3 and its subsections refer to "national ambient air quality objectives"—which is not as esoteric an expression as it sounds—and they set up a system of research information, data collection, and establishment of national ambient air quality objectives.

National emission standards and guidelines are set out in section 7.

In section 9, which is one of the sections that is proposed to be amended, the prohibition of contravention of the emission standards is set up. That is the key section which provides for an offence and for prohibition of contravention of the standards.

Section 10 of the act deals with federal works, undertakings and business, and develops some special sections with reference to that subject. Those will be of some relevance since that expression is mentioned in the proposed amendments.

The act goes on to deal with the composition of fuels and the powers of inspectors, and those sections are proposed to be amended in order to give effect to the clause which is to be

added. The act then deals with provincial co-operation, regulations, forfeiture, and so on.

Honourable senators, I have outlined the basic structure of the main statute, the Clean Air Act.

The amendments provide the Governor in Council, on the advice of the Minister of the Environment, discretionary authority to regulate individual emission sources or classes of sources which cause or contribute to air pollution which, in the minister's opinion, is injurious or may be anticipated to injure the health, safety or welfare of persons in another country. That is set out in clause 21.1 in the bill.

If I may revert just for a moment, honourable senators, section 9(1) is the first section to be amended, and all that is added is subclause (c). It adds to the two classes in section 9(1) a third class, and that is:

> (c) any source in respect of which a specific emission standard has been prescribed pursuant to section 21.2,

The amendment to section 9(1) is what is sometimes called an incidental or ancillary amendment; in other words, the main amendment is the addition of clause 21.1, and section 9(1) simply had to be amended to make sense of the main amendment which is the addition of clause 21.1.

On page 2 of the bill, section 16(1) has to be amended to give sense to clause 21.1 by adding the provision of clause 21.2 to the provisions of section 16, which deals with the operation of a federal work, undertaking or business.

That again brings us to the main clause that is being put to the Senate for its support. The first is clause 21.1(1), which I referred to before reverting to the incidental amendments. There are three subclauses: The first deals with the Governor in Council provisions; the second requires the Minister of the Environment, before exercising his responsibilites under the first category, to be willing to receive, through appropriate channels, and to take account of, related representations from the foreign country adversely affected or likely to be adversely affected by pollutants from a Canadian source. Therefore, you can see the scheme is starting to evolve; essentially, as I mentioned, what we are looking at is legislation to try to tighten the reciprocity between the United States and Canada on the question of rain in particular, which, as we know, transcends all international borders. No acid rain ever needs a customs or immigration permit to get from the United States to Canada or from Canada to the United States. This amendment attempts to tighten the reciprocity.

The third subclause requires the Minister of the Environment, before exercising his responsibilities, to consult with the provinces where the source or sources of pollutants of concern are located and to seek the application of provincial law to control the sources to a level judged adequate by the minister. Here an attempt to tighten up international co-operation is being made and, of course, to seek provincial co-operation since often that co-operation is necessary to make any reciprocal scheme work.

Clause 21.2 specifies that the discretionary authority outlined would be exercised only on behalf of a country which, in the opinion of the Governor in Council, provides Canada with comparable legislative protection. In other words, we would not be doing this unless we would expect that the United States provided us with the same protection. If they complained that some pollutant had its source in Canada, then this amendment would help us do something about it. We would be doing it on the understanding, which is correct, that if the source comes from the United States, they would have the power to deal with the complaint from us.

The second of the three general areas and contexts, honourable senators, is the context of this amendment in relation to present practices in Canada with the provinces.

• (1510)

An objective analysis of Canada's response over the years to incidents of trans-boundary pollution originating in Canada would show that, working through and with the provinces involved, we have acted in the spirit of these proposed amendments. We have traditionally taken full account of the concerns of the United States, and the provinces have generally been willing to modify their pollution control requirements where reliable evidence of actual damage or likely damage to the United States has been forthcoming. There is no reason to believe that this responsible attitude on the part of the provinces will change in the future. Indeed, it is our hope that the pollution control authority provided to the federal government under these amendments will never need to be used. This message has been conveyed to the provincial authorities.

The third and final context for our understanding of these amendments is the bill's context with reference to the history of our relations with the United States on this subject.

Honourable senators will remember that last summer the Minister of the Environment met with his counterpart in the United States and signed a Memorandum of Intent, which the Governments of Canada and the United States signed on August 5, 1980, expressing both the intent of both nations to develop a bilateral agreement to combat trans-boundary air pollution. It will be remembered that the particular concern was the alarming information that both countries were getting with reference to the damage done by acid rain.

That Memorandum of Intent also commits both nations to take interim actions under existing authorities to vigorously enforce existing regulations. The amendment before us is therefore very much in the spirit of our negotiations with the Government of the United States in that it is an unequivocal expression of appropriate Canadian federal authority over pollution crossing international boundaries. The provision of legislative protection to the United States equivalent to that which now exists in their Clean Air Act will place both countries on equal footing in offering protection to its neighbours against environmental damage from air pollution. It will consequently strengthen the hands of those within the United States Congress who are seeking legislative authority to control acid-causing pollutants. Considering the strong support Canada has given in recent years—and when I say "Canada," I mean the Canadian government and the provincial governments—in international fora to the principle that nations have

a responsibility to avoid causing trans-boundary environmental damage, it is appropriate that the federal authority necessary to live up to that principle be embodied in relevant legislation.

Honourable senators, if we are able to give speedy approval to these amendments, it will add to the weight of an opinion shared by all senators and all Canadians to the collective view that acid rain is a unique menace to which we must respond vigorously.

I do believe that the global village that has been described by Mr. McLuhan and others, or how global our village is, is illustrated by this menace we share with the United States, and to some extent with all our fellow human beings.

I am going to ask honourable senators to give second and third readings to this bill today because there are some administrative objectives to be met between the two countries' departments. Those can be met, we hope, if they receive legislative authority to do so by establishing reciprocity between the United States and Canada with respect to this serious source of air pollution.

Hon. Nathan Nurgitz: Honourable senators, I suppose it is somewhat difficult to argue with the purposes and objects set out in these proposed amendments. Some day the deputy leader will have to explain to me how worthwhile this legislation is when yesterday we discussed an oil tanker trying to find its way—albeit, full of water—through difficult straits. That tells us that, with the best intentions in the world, some day we are going to be shipping oil through those straits, otherwise these tests would not be conducted.

In any event, I do wish to say that the amendment to this legislation is welcomed by Ontario, as I found out today, just as it is welcomed by such provinces as New Brunswick and British Columbia. There is no doubt that it is a step in the right direction. I think both sides of this chamber welcome legislation setting out what we usually call motherhood issues. This is something that will help clean up the environment for our American friends, and hopefully, it will prompt them to clean up something for us.

I have listened with the greatest of respect to Senator Godfrey while he was doing an outstanding job as Chairman of the Standing Senate Committee on Regulations and other Statutory Instruments. Day after day, meeting after meeting, and again in reports he makes to this chamber, he has criticized government by regulation; he has criticized giving wide discretionary powers. Time and time again we have heard how it is abused and how it is the second best way of governing, all others being better. We accept the fact that we need some regulation, but I must tell the deputy leader that one has to wonder about the form of this bill, or indeed be nervous or suspicious about it. It is rather wide-ranging.

Clause 3 of the bill, dealing with section 21.1, says, "The Minister has reason to believe", without setting any standards or without saying how or why. It goes on to say: "that may reasonably be expected to constitute a significant danger to the health, safety or welfare of persons in a country other than Canada". As I said, it does not set out anything.

Another part of the bill that is bothersome to me is that the minister may, on the basis of recommendations made to him, notify the province or the particular industry, and then proceed to hear representations. That does not say that he must give reasons for a decision; it does not set out any principles under which he would operate to render that decision.

I am sure that people like Senator Godfrey and those who laboured in his committee would find that kind of criticism. I am sure honourable senators understand that I am talking in terms of reform as opposed to substance.

I appreciate the urgency of this matter and the time limit imposed. I accept the statement made by the deputy leader that in order to complete these administrative arrangements we ought to proceed with this bill. It would be welcome to have an undertaking from the government that some rules and definitions will be forthcoming in the New Year. For instance, the minister might have to give reasons for his decision. I cite that as one quick example. One would hope that in this day and age there could be an appeal of some form from some ill-founded or unfair decision. In this day and age when we are able to measure the pollution problem by scientific means, I do not know why the legislation would not set out what the particular danger level is. If that were the case, there would not be any discretion; one would act when the dangerous levels were reached. Notwithstanding these concerns—and I suggest to you, honourable senators, that they are genuine, although I worry that if we proceed in this sort of eleventh-hour fashion too often we will have the problem come back to haunt us later when we are stuck with what we have passed in haste—I do urge passage of the bill without any reference to committee. I do not see what purpose that would serve. I concur in the comments of Senator Frith in suggesting that we proceed with it today.

• (1520)

Hon. John M. Godfrey: Honourable senators, what Senator Nurgitz just said has caused me to rise for just a minute to point out that phrases like "the Minister has reason to believe" are phrases that the committee of which I am joint chairman has been objecting to for some years. If the recommendations contained in our report brought out in July are accepted, then the enabling clauses of bills like this will be referred, as the enabling clause in the Canada Post Office bill was, to our committee—just the enabling clauses—and we can point out that words of this kind should be deleted. The government will then not be able to get away with it as they have been doing in the past. The only reason for those words is to block off appeals to the courts, and to ensure that the government has complete and absolute discretion without any hope whatsoever of an appeal to the courts.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): With leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, before the bill is, in fact, read the third time, I want to associate myself with the concern expressed by Senator Nurgitz on the question of tanker tests. He knows that I share his concern. I have nothing further to say about that matter, except, of course, that it is a test that the United States has decided to conduct. I can see the reason for his concern and why he has associated it with what is here, a co-operative scheme to avoid the possible consequences of that kind of thing.

On the question of the regulations, he knows I share his views also about the danger and the difficulty of finding that balance between discretion that needs to be exercised for fast action on the one hand, and the danger in a set of criteria so exacting that the process can bog down. To find that balance is, I think, one of the difficulties we face in trying to respond legislatively to problems such as that of acid rain.

I wanted to put that on the record. I appreciate his comments and those of Senator Godfrey on the subjects raised.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

December 17, 1980

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day of December, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

[The Hon. the Speaker.]

INCOME TAX CONVENTIONS BILL

SECOND READING

The Senate resumed from Thursday, December 4, the debate on the motion of Senator Hicks, for the second reading of Bill S-17, to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax.

Hon. Orville H. Phillips: Honourable senators, the sponsor of this bill, Honourable Senator Hicks, introduced it by saying that he introduced a similar bill earlier this year. This makes him something of an expert on taxation. I am not, and therefore my remarks will be very brief.

I appreciate Senator Hicks' explanation, which was clear and concise, and I thank him for it.

The conventions outlined in Bill S-17 are similar in nature to those conventions or treaties negotiated with other countries. I believe there are something like 24 nations with which we have similar treaties now.

Senator Hicks: There are now 34 such countries.

Senator Phillips: Thank you for the correction, Senator Hicks. The number keeps increasing almost as fast as the national debt.

The treaties provide for a 15 per cent tax on dividends levied by the country of origin. The interest earned is also subject to the same rate of taxation. As one would expect to find in a taxation bill, every aspect of taxation is covered. The subjects covered include alienation of immovable and movable property, directors' fees, athletes' remuneration, pensions and annuities. I find the use of the word "alienation" rather intriguing and perhaps a word of explanation is in order. For lawyers, "alienation" means "transfer of ownership", and for the rest of us, who say what we mean, it means "sale".

The source country retains the right to tax capital gains on the sale of real property and shares in a real estate corporation. Senator Grosart, who has often spoken on bills of this nature, raised two favourite topics, the first of which was in connection with the section dealing with the regulations, and the use of the phrase "such regulations as are necessary." He appears to have been successful in making this phrase standard terminology, as it is included in this bill.

The second point often raised by Senator Grosart dealt with the supplementary conventions and their approval by Parliament. The rather complicated procedure for debate and consideration in either house found in previous treaties is repeated in Bill S-17. I am not going to go through the procedure, but I merely repeat the question that has often been raised in the past: If the order in council stands without approval of either house, then why insert it in the bill?

The sponsor of the bill pointed out that pensions and annuities are taxable by the country in which the recipient

resides. Canada retains its right to tax pensions paid to citizens in New Zealand and Australia. In the case of New Zealand, two partial exemptions are provided. The New Zealand pensions will be taxed only when they exceed $10,000. A protocol attached to the New Zealand agreement—and I point out, honourable senators, that there is a protocol to the New Zealand agreement but not to the Australian agreement—states in paragraph 3:

> —it is understood that pensions paid by, or out of funds created by, the government of New Zealand, or a political subdivision thereof to any individual in respect of services rendered to the government of New Zealand or subdivision thereof, shall be taxable only in New Zealand.

This would appear, honourable senators, to cover all the pensions paid to New Zealand public servants, members of the armed forces, and, indeed, it may even include the social security pensions paid by that country.

● (1530)

I would like the sponsor of the bill to give us a further explanation about the protocol.

The treaties are retroactive to January, 1976 in the case of Canada, and April in the case of New Zealand and Australia. A number of Canadian companies, particularly mining and exploration companies, have commenced operations in our fellow Commonwealth countries.

The first item in the protocol with New Zealand refers to articles 6 and 13, which appear to deal mostly with mining corporations. Perhaps the sponsor would be kind enough to explain why a definition was included in the protocol in addition to the one included in the treaty.

The sponsor made no mention of referral of this item to committee. My understanding is that in the past these have always been referred to committee, and perhaps when he closes the debate, he will speak to that.

Hon. Henry D. Hicks: Honourable senators—

The Hon. the Speaker: The honourable senator's intervention will close the debate.

Senator Hicks: I congratulate my friend and colleague, Senator Phillips who, though he humbly admits that he is not a lawyer, nevertheless shows a very real understanding of the nature of these conventions, or treaties, or agreements.

I had contemplated the point which Senator Grosart had raised in the past about the ratification. Perhaps it might be worth reading into the record, as briefly as I can, the situation as it is related to us by Gotlieb, in *Canadian Treaty-Making*, written in 1968. On page 14 the author writes:

> Under the Canadian constitutional system, derived from the British, the ratification—in the international sense—of all types of agreements is, like the negotiation and signing of instruments, a prerogative act authorized by the Governor-General on the advice of Canadian ministers. Ratification is an "international act", usually consisting of a deposit of an instrument of ratification or the exchange of such instruments.
>
> There is no legal requirement for the legislature, the Parliament of Canada, to "ratify" (in the internal sense) or approve any international agreement, whether it is termed a "treaty" or called by any other title or name. According to an official statement of Canadian treaty practice, sent to the United Nations in 1952, "there is no law imposing any obligation on the Government of Canada to refer treaties or other international agreements to the Parliament of Canada for approval prior to ratification. International obligations are entered into in many instances without reference to Parliament. The negotiation and conclusion of a treaty or other international agreement is an executive act.

Opposed to that, on the next page of the book, he says:

> However, as a matter of principle and practice the Government of Canada does seek the approval of Parliament of certain types of important treaties before ratification is authorized by the Governor-in-Council. In this way, Parliament may receive a certain measure of control over the exercise of the treaty-making power by the Crown which is over and beyond the indirect control which Parliament may exercise through the normal functioning of the Parliamentary system.

Then there is a rather interesting quotation from the late Prime Minister Mackenzie King, made in 1928, many years before the official statement was passed on to the United Nations, in which Mr. King says:

> I might say to my honourable friend first with respect to the course of procedure that is being adopted of having parliament approve this convention, that that course is in accordance with the principle underlying a resolution of this house which was introduced by myself a year or two ago and at the time unanimously adopted. The resolution provided, so far as Canada is concerned, that important treaties should be approved in the first instance by this parliament. That is the reason why this convention, which to all intents and purposes is in the nature of a treaty between different countries, is being submitted to parliament. The purpose is to secure in the last analysis the control of parliament over any agreements of international significance which may bind the people of this Dominion.

Later, in the same debate, he added:

> I submit that the day has passed—

This was in 1928:

> —when any government or executive should feel that they should take it upon themselves without the approval of parliament to commit a country to obligations involving any considerable financial outlays or active undertakings. In all cases where obligations of such a character are being assumed internationally, parliament itself should be assured of having the full right of approving what is done before binding commitments are made. I would not confine parliamentary approval only to those matters which involve military sanctions and the like. I feel parliamen-

> tary approval should apply where there are involved matters of large expenditure or political considerations of a far-reaching character . . . I say that this is a wise doctrine to follow in regard to all treaties irrespective of their particular character wherever they involve large national obligations.

So while that was stated by the Prime Minister in 1928 to be the practice in Canada, in theory our officials were still telling the United Nations in 1952 that technically speaking the ratification of a treaty was an executive act did not have to be brought to Parliament. I am glad to observe that the modern practice is to refer them to Parliament, although I wish that sometimes this process did not take so long.

As some honourable senators may have noticed, in the previous treaties, dealt with in Bill S-2, four were actually signed in 1976, and the one with Italy in 1977. We are only getting around to ratifying them in December 1980. I hope that we will do better in respect of these treaties with Australia and New Zealand.

I may say that if this bill receives second reading now, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce. I know again that Senator Grosart has made the argument sometimes that since these are treaty matters dealing with foreign countries, they should go to the Committee on Foreign Affairs. However, the Banking committee has dealt with them, and my motion, in any event—although the Senate can direct as it wishes—will be that the bill be referred to the Banking, Trade and Commerce Committee.

Senator Phillips: Honourable senators, may I direct a question to Senator Hicks? He quoted Gotlieb as an authority, stating that Bill S-17 did not have to be approved by Parliament. If he shares that view, would he consider withdrawing the bill rather than referring it to committee?

Senator Hicks: On the contrary, honourable senators. While Gotlieb may be technically correct, I do not know whether he is or not. I read from his book because I considered it to be interesting. I am inclined to the view that Mr. Mackenzie King expounded many years before, and I believe they should come to Parliament. I would not encourage the present government, or any other government, to try to insist upon a practice of ratification without reference to Parliament.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may I ask a question stemming from the one asked by Senator Phillips. Does the honourable senator suggest that the thesis of Mr. Gotlieb could be applicable when the treaty really amends legislation such as in the present case? After all, it amends income tax legislation. Does he think that he could dispense with the approval of Parliament?

Senator Hicks: I do not think so. I do not think that the ratification of a treaty by the executive alone could result in implementing a treaty, if indeed legislative changes were required, which they often are.

[Senator Hicks.]

Senator Murray: Is the scholar by the name of Gotlieb, whom Senator Hicks has quoted, the present undersecretary of State for External Affairs?

Senator Hicks: He was at one time.

Senator Murray: I believe he still is.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Henry D. Hicks moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

• (1540)

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move that when the Senate adjourns today it do stand adjourned until Tuesday, January 13, 1981, at 8 o'clock in the evening.

According to my information, it is now clear that the Commons will be adjourning on Friday next until January 12, 1981. My information also is that we are not likely to have any legislation from the other place that week. Of course, the business of the Senate is not limited to legislation. I discussed this with the Honourable Leader of the Opposition, but I don't intend to say that I have his support—

Senator Flynn: You informed me.

Senator Frith: I informed him of my intention. Honourable senators, there are arguments for recalling the Senate on January 13, which is a day after the return of the Commons, and there are arguments for not coming back until January 20, a week later. One argument in favour of not returning until January 20 is that we will probably not receive any legislation from the other place before that date. Nevertheless, there are things for us to attend to. There are substantial items on our order paper that we can direct our attention to, and that is one reason for coming back at the same time as the Commons. Another reason is that some of our colleagues have to be here to attend meetings of the Special Joint Committee on the Constitution, and we could be here to give them personal and moral support.

I believe that those two reasons, plus the fact that some committees could take advantage of that extra week to get a head start on their work, justify tipping the scales in favour of our coming back on January 13. For those reasons we have decided to ask honourable senators to come back on January 13, or earlier in the case of those who will be sitting on committees.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Frith has mentioned my views. The reason I thought it would be more logical to come back on January 20 is that we are not likely to have any legislation from the other place, and there is nothing urgent on our order paper.

The second argument which I failed to mention to Senator Frith, and which is of some importance, is that I think on both sides we need a rest from each other, and I am not sure that adjourning to January 13 will be long enough.

Senator Frith: I just cannot support my honourable friend in that. I do not think I can stay away longer than two or three weeks; I would miss my association with my colleagues on both sides. Senator Langlois tells me that I must have acquired a new addiction to be able to say that.

Motion agreed to.

The Senate adjourned during pleasure.

• (1620)

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Small Loans Act and to provide for its repeal and to amend the Criminal Code.

An Act to implement conventions between Canada and Spain, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia, Canada and Jamaica and Canada and Barbados and a convention between Canada and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation with respect to income tax.

An Act to amend the Clean Air Act.

An Act respecting the Canadian Merchant Service Guild.

An Act to amend and repeal An Act to Incorporate General Security Insurance Company of Canada.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

CHRISTMAS GREETINGS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I take the liberty for a minute or two to wish you all the very best of good wishes in this festive season, and in doing so I include those opposite. I am grateful to them for having made my life interesting in the last few months. They have always been courteous and intelligent; quite often they have been cocky and sometimes out of order but, nevertheless, I appreciate all of that.

For once, honourable senators, I think we can all agree that 1980 has been a turbulent year for Canada. I think, too, from what I know about the attitude of all honourable senators, that this chamber, will be in the forefront of finding solutions to Canada's problems in 1981.

May God bless you and your families at Christmas. I wish you happiness and prosperity in 1981.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I imagine it is up to me to answer Senator Olson. I must tell him that we appreciated both his replies and, quite often, his evasiveness when he avoided giving an answer.

The year 1980 was a remarkable year; I am not saying a good year but a remarkable year. I hope 1981 will be much better. In any event, the year 1980 saw the transfer of responsibilities from one party to the other in the Senate; but, as there is a bright side to everything, we will now watch you closely and see what you will do. Be that as it may, I feel the atmosphere in this chamber, setting aside the odd circumstance when things get a bit rowdy, a bit vehement, is, all things considered, really excellent. Relations between senators are such that I believe the public interest and the good of the people come first and foremost.

We are now about to take leave of one another. As I said previously, I feel it is absolutely necessary to part from time to time, to forget one another, to go our different ways for a while; but, irrespective of that, I do believe we have considerable respect and feelings of friendship for one another. In that spirit, then, we on this side of the Senate extend to you our very best wishes for Christmas and the New Year; you know that we do so with a sincere heart.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment, I want to add just one word concerning the remarks of the Honourable Leader of the Opposition, and my colleague, Senator Olson, not only to thank him for his co-operation—though perhaps not without exception at least very much exceptional—during my on-the-job training which started this year.

I also join in the wishes that have been extended to all.

On that preamble, I move, honourable senators, that the Senate do now adjourn.

[*English*]

Hon. Orville H. Phillips: Honourable senators, I appreciate the remarks of Senator Olson. Unfortunately, I had some difficulty with my leader's remarks for the simple reason there is no interpretation provided tonight, and I do not know whose French is better—Senator Flynn's or mine. No doubt due to the fact that he had his head turned the other way, I did not get everything he said. However, I want to say to Senator Olson and all other senators that I appreciate the expression of good will, and, of course, we on this side wish you all the best not only during the holidays but, strangely enough—and from our point of view this is unfortunate—during all of 1981, because in doing that we are also wishing Canada all the best and, naturally, we wish Canada all the best.

I would like to refer to a conversation I had earlier today with one of your supporters, Senator Olson. We were discussing the Question Period respecting which you made some snide remarks, and we came up with a new solution for you. We are going to give you five answers before Question Period, and then five questions; if you match them, we will be happy. I hope, Senator Olson, that we can then shorten the Question Period in the New Year.

All the best to everyone over the holidays.

Hon. John M. Macdonald: Honourable senators, before we adjourn, I take this opportunity to express our appreciation of the work done by our supporting staff—the Clerk, the Assistant Clerk, the pages, the stenographers and all the *Hansard* reporters and editors who have worked so well on our behalf and without whom we would make a very poor showing. To bring it right down to the ground, we wish you all a Merry Christmas and a Happy New Year.

Hon. Charles McElman: Honourable senators, not to take away from the good will of the occasion, but as one member of this honourable house who has often smarted under the ridicule of some members of the other place, and just for the record, I would like to draw attention to the good attendance here and the fact that the Commons had the audacity to appear before the Bar of this chamber today without a quorum.

The Hon. the Speaker: Before I put the motion to adjourn I should like to extend best wishes to all honourable senators for an enjoyable Christmas and a Happy New Year. I learned something during 1980, namely, that everyone in this house and the other place can break the rules except the Speaker. However, I have enjoyed the experience, and I thank you for your co-operation.

[*Translation*]

Honourable senators, I thank you very much for your co-operation despite some failures which were at times disastrous. You were generous enough not to insist on these failures which, I hope, were only temporary.

I congratulate Senator Frith who speaks French without any accent, and Senator Flynn who speaks English without any accent, which means that our country is exactly what we want it to be.

On motion of Senator Frith, the Senate adjourned until Tuesday, January 13, 1981, at 8 p.m.

THE SENATE

Tuesday, January 13, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

THE HON. ALLISTER GROSART, P.C.

TRIBUTES ON APPOINTMENT TO PRIVY COUNCIL

The Hon. the Speaker: Honourable senators, before proceeding with our deliberations I am pleased to inform the Senate that the Honourable Allister Grosart, my predecessor in the Chair of the Senate, has been appointed to the Privy Council. Honourable senators will undoubtedly be glad to join me in extending our most sincere congratulations.

[*English*]

Honourable senators, Senator Grosart is now a member of the Privy Council.

Hon. Senators: Hear, hear.

[*Later*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on behalf of government supporters in this chamber, I should like to offer the warmest congratulations to our distinguished former Speaker, Allister Grosart, the newest member of The Queen's Privy Council for Canada.

The appointment has a great deal of merit. In his new role, the government hopes that it can turn regularly to Senator Grosart for advice.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I should like to join with the Leader of the Government in expressing pleasure at the appointment of our former Speaker to the Privy Council. Senator Grosart has had a distinguished career in this place. He was not in the Chair for a long time, but it was long enough for him to demonstrate his capabilities in and his great qualifications for that position.

I am pleased that the government has followed the practice in conferring upon him this honour, just as was done in the case of his predecessor, Senator Lapointe.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of messages, see today's *Minutes of the Proceedings of the Senate.*)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Copies of document entitled "Government of Canada Tax Expenditure Account: An account of tax preferences in the federal income and commodity tax systems, 1976-1980", dated December 1980, issued by the Department of Finance.

Copies of Notice of Ways and Means Motion with respect to the Taxation of Petroleum and Gas Revenues, issued by the Department of Finance.

Report of the Canada Labour Relations Board for the fiscal year ended March 31, 1980, pursuant to section 210(2) of the *Canada Labour Code,* Chapter 18, Statutes of Canada, 1972.

Copies of the report of the Federal/Provincial/Territorial Committee of Officials on the Freshwater Fish Marketing Corporation, dated September 3, 1980, issued by the Department of Fisheries and Oceans.

Copies of Notice of Ways and Means Motion to amend the statute law relating to income tax, issued by the Department of Finance.

Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to section 32 of the *National Harbours Board Act,* Chapter N-8, and sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of the Public Service Staff Relations Board for the fiscal year ended March 31, 1980, pursuant to section 115 of the *Public Service Staff Relations Act,* Chapter P-35, R.S.C., 1970.

Copies of Notices of Ways and Means Motions to amend the *Income Tax Act* and to amend the Income Tax Application Rules, 1971, issued by the Department of Finance.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—GOVERNMENT AMENDMENTS TO PROPOSED RESOLUTION FOR JOINT ADDRESS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before I put my question to the Leader of the Government—I keep him waiting because I know he must be nervous—may I say that I was pleased to be away from this place for four weeks? I would have been happy to stay away even a little longer, but if we have to be here we are prepared to work and to offer the government our co-operation, at the same time hoping that it will recognize the rights of the opposition to express its views in all circumstances, especially when the report of the Special Joint Committee on the Constitution comes before us.

• (2010)

My question to the Leader of the Government is in connection with the amendments proposed by the Minister of Justice.

[*Translation*]

Honourable senators, I have here the French version of the news release on the statement of the Minister of Justice concerning the amendments to the resolution on the Constitution:

> I made a careful study of both written documents and testimonies—meaning the evidence and the documents tabled before the committee—and, of course, I took into account the opinions expressed by the members of the committee.

So stated the minister.

> The government has indeed been listening to the views of all Canadians.

Yet, it seems to me that nothing in the government proposals reflects the objections of the provincial premiers or the attorneys general. Am I then to understand that neither the premiers nor the attorneys general of the provinces are Canadians?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I think it should be made clear at the outset that the proposed amendments presented last evening by the Honourable Jean Chrétien do not necessarily constitute the final number of amendments which the government may be prepared to support.

The special joint committee is now in the process of considering the proposed bill clause by clause. Indeed, some members of this place are active and outstanding participants in this vital process of analyzing in detail the proposed constitutional measures. During that process, there may well be additional amendments brought forward by the government which may alleviate some of the concerns expressed by the Leader of the Opposition.

REFERENCES TO APPEAL COURTS BY PROVINCIAL GOVERNMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to return to a point that I raised on a couple of occasions when I addressed questions to the Leader of the Government with respect to the policy of the government in the matter of appeals to Canadian courts on the constitutionality of the government's proposal. I have asked the leader on previous occasions to tell us whether it would be the policy of the government to press ahead with the proposed Joint Address and send it to London, if nothing else stands in the way, before the Canadian courts have ruled on the propriety of the enterprise.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take the question as notice, but the last information I had on the subject indicated that the government would proceed on its announced schedule regardless of appeals to the courts. However, further information will be sought on the point.

Senator Roblin: I thank my honourable friend for this interim reply, and I hope that he will be able to give me a firm statement on the matter soon, because if he is telling the house that the government deems it appropriate to proceed with its proposal when the constitutional propriety is under question before the Canadian courts, I think he is opening up a large area of debate in which I am sure there will be considerable public interest.

THE ECONOMY

INCREASE IN YOUTH UNEMPLOYMENT

Hon. C. William Doody: Honourable senators, I wish to put a question to the Minister of State for Economic Development.

On looking at the latest Canadian labour force figures, I noted that youth unemployment increased a full percentage point in December and that there are now almost 100,000 Canadians between the ages of 20 and 24 out of work. That is a terrifying number. Could the minister tell us what new policies or programs the Government of Canada has in mind to try to correct this rather tragic situation?

• (2015)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the government has certain plans, some of which have already been announced, with respect to the particular sector of the labour force to which the honourable senator has referred. The details of those plans and policies will, of course, be made known from time to time directly by the minister responsible.

When the honourable senator was looking over the statistics he should have noted that there were approximately 240,000 new jobs created in 1980, as well as the fact that the total level of employment in the past year has been at a very high percentage rate.

Senator Doody: I thank the honourable minister for his answer. I did indeed note the number of new jobs that have been created. However, I doubt that that is any consolation to the almost 100,000 people between the ages of 20 and 24 who are currently out of work.

Perhaps what is even more alarming than the numbers that have been quoted is the increase in the number of people, particularly in Newfoundland, Ontario and British Columbia, who are now called "discouraged workers." These are people who have given up hope and are no longer looking for jobs. I understand that there are something in the order of 75,000 to 80,000 formerly employed Canadians who have now dropped out of the labour force. They are no longer counted as being unemployed because they are not looking for work. Does the government have any plans or policies in mind to try to correct this situation?

Senator Olson: Yes, honourable senators, it does. There was an announcement made that $350 million was being allocated for some industrial adjustment activities that need to be addressed. As I said a few moments ago, specific programs to try to alleviate that situation, as best we can, will be announced, perhaps relatively soon. There are also, of course, some other activities that are taking place in the country that we hope will lead to some relief from the situation that has been described.

Senator Doody: I thank the honourable minister for his reply. I hope that we will be able to get a more specific description of those programs in the near future.

I have one final supplementary. Perhaps it is worthy of note that in the same statistics that bellwether of the economy, the construction industry, reports an employment loss of 33,000 people over the past year, while employment in public administration was up by 82,000.

Is it government policy now to hire more public servants, while the construction industry is allowed to decrease in value in the economy?

Senator Olson: The short answer is no.

Senator Doody: Perhaps there will be a long answer later.

ECONOMIC DEVELOPMENT

ALLOCATION OF DEPARTMENTAL BUDGET

Hon. Lowell Murray: Honourable senators, I wonder if I could ask the Minister of State for Economic Development to which departmental budget the sum of $350 million for industrial adjustment has been allocated.

Hon. H. A. Olson (Minister of State for Economic Development): The Minister of Finance announced, at the time of the budget, that $175 million would go to the Department of Industry, Trade and Commerce, and that $175 million would go to the Department of Employment and Immigration.

Senator Murray: I realize that the money has been allocated, but will the minister confirm that no programs have yet been developed or announced, pursuant to that allocation, by either of the ministers to whose departments the allocation went?

Senator Olson: Honourable senators, I think I said that about two minutes ago.

CANADA-UNITED STATES RELATIONS

MEETING BETWEEN PRIME MINISTER OF CANADA AND PRESIDENT-ELECT OF THE UNITED STATES

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. My question arises out of statements made by General Haig to the Foreign Relations Committee of the United States Senate that he attaches a great deal of priority to solving the irritants that face both Canada and the United States, with particular emphasis on the fisheries treaty.

Can the Leader of the Government inform the Senate as to whether an early meeting has been arranged between President-Elect Reagan and the Prime Minister of Canada?

• (2020)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government, of course, places great importance upon relations between this nation and the United States of America. At the same time as the Prime Minister extended congratulations on behalf of all Canadians to President-Elect Reagan, on the morning after the election, the Prime Minister also invited the President-Elect to visit Canada early in the New Year. A response was elicited very quickly from Mr. Reagan's staff and office, and it was proposed that they meet on January 9. However, this date conflicted with Mr. Trudeau's previously announced commitment to visit a number of important countries in the world, including Third World countries, in preparation for summit meetings later this year.

Senator Roblin: Austria, Algeria—

Senator Perrault: Yes, those are some of the nations.

Our ambassador in Washington is working closely with Mr. Reagan's staff to arrange a meeting in the near future between Mr. Reagan and Mr. Trudeau. Mr. Reagan's staff have agreed in principle that President-Elect Reagan should visit Canada as soon as possible after the inauguration.

Senator Flynn: Well said.

TRADEMARKS AND UNFAIR COMPETITION

REINTRODUCTION OF LEGISLATION

Hon. John M. Godfrey: Honourable senators, I have a question for the Minister of State for Economic Development. On February 6, 1979, a new trademarks bill, introduced by the

government, received first reading in this house. On February 13 I moved second reading, and on March 22, in answer to a question from Senator Grosart, I said that the government did not want to go ahead with the bill at that time but would consider the representations that had resulted from a series of meetings on the bill between officials of the department and interested persons across the country. They would then consider these representations over the summer and reintroduce the bill in the fall. It is nearly two years since that bill was first introduced in the Senate. It is a highly technical bill and the kind of bill that the Senate is particularly well equipped to handle in committee, and will probably take a long time dealing with in committee.

My question is: When does the government expect to get around to reintroducing that measure?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I want to confirm the facts that Senator Godfrey has stated with respect to the dates. It is the intention of the Minister of Consumer and Corporate Affairs to reintroduce that legislation, but I am sorry I cannot give him any specific date at this time.

ENERGY

PACIFIC COASTAL SHELF—EXPLORATION ACTIVITY

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government that relates to the question of the possibility of increasing exploration activity for hydrocarbons on the Pacific coastal shelf. There have been some stories appearing that the government has been undertaking environmental studies and that it may soon be in a position to ensure environmentally safe offshore drilling activity on the Pacific coast. Can the government leader advise us as to whether new consideration is being given to offshore drilling exploration, and as to when these environmental studies might be available?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

ECONOMIC DEVELOPMENT

FEDERAL-PROVINCIAL ENERGY NEGOTIATIONS

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. The Economic Council of Canada, among others, has made the obvious point that economic growth in Canada could be materially assisted by an energy sector that was performing up to its potential. The minister will be aware that one of the reasons it is not is the stall in negotiations between the federal government and the producing provinces.

In view of that fact, could the Minister of State for Economic Development, in that capacity and in his capacity as Alberta's representative in the federal cabinet, inform us whether he is taking, or intends to take, a personal hand in these negotiations?

[Senator Godfrey.]

• (2025)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the Economic Council, as well as several other groups and individuals, has expressed the view that a great deal of economic benefit could accrue to Canada if that sector were performing at a higher level and if indeed the projections with respect to the dates when some of those projects would get underway were more certain than they are at present.

I wish to say, however, that I do not think that anyone has expressed a more intense desire to get a number of those projects underway than has the federal government, and, indeed, there is public manifestation of some of the offers that we have made through the Minister of Energy, Mines and Resources with respect to several of them, and particularly those which we regard as having the highest potential for bringing on new supplies, namely, the tar sands, the heavy oil projects, and so on.

Therefore, I am only repeating myself, and repeating what other members of the government have said, in saying that we would hope that this could go ahead—and the sooner the better. We hope also that, with the condition that Alberta has attached to giving its consent or its endorsation, the other component parts in the whole energy package will be agreed to. We agree that it is a high priority. I suppose we have to take into account the fact that the Premier of Alberta has said that it may take a few days—indeed, I believe he said it may take a few weeks—for them to do a re-analysis of the figures used by both the Alberta government and the federal government to determine the results that would flow from a number of the component parts in the national energy package. Certainly, we hope that that will be expedited so that we can reach a negotiated agreement so that all those things can go forward.

ENERGY

DOMESTIC OIL PRICE—FEDERAL PROVINCIAL NEGOTIATIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question on the same point that I should like to address to my honourable friend. He spoke of certain offers made by the Minister of Energy, Mines and Resources to various folk, presumably in the private sector, and perhaps to the Government of Alberta. Would he be so kind as to provide us with copies of the offers that were made. While I have been following the matter closely, I am not aware of any significant changes in the government's position, and I would be pleased to be informed.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I thought it was a matter of fairly widely held common knowledge that the Government of Canada had offered $38 per barrel plus escalation to Syncrude—and indeed to some other processes in which extraction from sand is required—recognizing, of course, that a much higher cost of production is involved. That is what I was particularly referring to.

Senator Roblin: Honourable senators, I should say to my honourable friend what he already knows, which is that I know what he has just told me because he told it to me on another occasion, but he also knows that it is a deal that so far has not been accepted by anyone. If that is what he is referring to, I am pleased to be informed, but I would point out to him that it does not appear to be working.

Senator Olson: That is how it may appear to the honourable senator. Perhaps he is suggesting that we should raise the offer even beyond that level. If that is his opinion, he is welcome to it. We believe, on information that was given to us by the participants in September, that an offer at that level would be sufficient provided that the other permits and authorizations by the producing provinces would be sufficient to enable them to get under way.

There are some subsequent indications that that may not be enough. I am not sure about that, but certainly we were sincerely analyzing the suggestions that had been made as to what would be enough. We were then of the opinion that it would be enough, but that is not the reason at the moment, apparently, for Alberta's withholding its approval, so there are other components that they are concerned about.

● (2030)

We are also somewhat concerned that none of the pieces—and the tar sands is one of them—can go forward without all of them being agreed. We regret this, but at the same time discussions are going on between the two governments, as has been announced, at the level of the officials, and I believe it has been stated by the Government of Alberta, or at least by its leader, that that may be a more useful and fruitful way to carry on the discussions for a while. After all, the discussions between the two governments prior to that were reported in the press quite regularly over 16 or 18 months, and that did not lead to any agreement. Therefore, it might be useful to try some other approach.

Senator Roblin: I wish I could share my honourable friend's optimism that he is going to get anywhere on this particular issue without a substantial rethinking of the entire federal position. Anyway, we will wait and see.

SASKATCHEWAN—UNECONOMIC OIL PRODUCTION—FEDERAL GOVERNMENT STANCE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wish now to refer to a situation reported from the Province of Saskatchewan where, we are told, it has now become uneconomic for certain producers to continue to produce oil—in fact, it appears that they lose money on each barrel pumped. This is particularly significant, because it has to do with the smaller wells of the province, and with getting out the last drop of oil. It appears, from statements made by ministers in the Saskatchewan government, that they feel adversely affected because they are going to have to stop pumping oil. In fact, a number of small wells have already stopped producing in that province.

What is the position of the federal government with respect to that problem?

Hon. H. A. Olson (Minister of State for Economic Development): My honourable friend will know, of course, that some of the costs related to those very low production wells are not related to, or, in fact, determined by, federal government policy. It is our hope that some rearrangement can be made so that all of that oil is brought to the surface and put into the consumer stream when we need it. Of course, we need it now; there is no question about that. My friend, naturally, will recognize that changes in the areas to which he is referring are not entirely within the federal jurisdiction.

Senator Roblin: I apologize for referring to the matter once more, but that is not the position of the Government of Saskatchewan. They have clearly ascribed the problem to the policies of the federal government.

Senator Olson: So what else is new?

Senator Roblin: My honourable friend says, "What else is new?" That is a typical attitude that we have come to expect from my honourable friend, and from others on the government side, namely, whatever the problem, it is not their fault.

Senator Perrault: The federal government gets no credit for anything it does.

Senator Roblin: I think the Government of Saskatchewan gave a lot of credit on that 50-50 deal with regard to the shipment of oil across the border to the United States, and my friend knows about that. He got more credit than he was entitled to.

Senator Olson: My honourable friend, of course, can repeat, and, if he wishes, agree or disagree with statements made by provincial governments, but if he examines carefully my reply to him of a moment ago he will find that I do not agree with the statement.

Senator Roblin: What is your policy? That is what I am asking. I want your policy, not your opinion.

Senator Olson: I am sure my friend would not like me to enunciate a policy on behalf of the federal government that encroached upon provincial jurisdiction.

Senator Roblin: No.

FINANCE

SMALL BUSINESS—AVAILABILITY OF LOW INTEREST BONDS

Hon. Peter Bosa: Honourable senators, I have a question for the Minister of State for Economic Development.

There seems to be some confusion in the business community concerning the availability of small business low interest bonds. Has the minister received any complaints in that regard and, if so, what is he planning to do about it to clarify the situation?

● (2035)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think I should take that ques-

tion as notice. I could give a very brief reply now, but I think I will take the question as notice so I can give a better reply tomorrow or the next day.

TAXATION OF CAPITAL GAINS—DEFINITION OF CANADIAN-CONTROLLED PUBLIC COMPANIES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a number of delayed answers to questions. With the permission of the house, I shall identify the questions and ask that the answers be taken as read.

I would like to respond to a question raised on December 2 by Senator Murray which concerned EMR's definition of a Canadian-controlled public company, and I would also like to send Senator Murray a copy of a first draft proposal that was put out respecting this, if he does not already have it. At any rate, I will send him one.

I would like to inform the honourable senator that on November 21, the Chairman of the Petroleum Monitoring Agency released a position paper entitled: "Measurement and Determination for Canadian Ownership and Control." This document, prepared in response to initiatives announced on October 28 in respect of the National Energy Program, outlines the PMA's present views on the principles and methodology to be used in determining Canadian Ownership Rates (COR) and the determination of Canadian control in the petroleum industry. Since the formula for calculating the COR is rather lengthy and technical, I would like to give my honourable friend a copy of the aforementioned position paper, which clearly defines Canadian Ownership Rates. He will note that on page iii of the Introduction it is stated:

> An applicant must be able to establish a specified level of Canadian ownership *and* to demonstrate that it is Canadian controlled in order to qualify for certain programs announced in the N.E.P.

I should also point out that FIRA and the PMA employ the same formula in identifying a Canadian-controlled company. In fact, where a decision has already been made by FIRA with respect to the control status of an applicant the PMA would accept the FIRA decision.

ENERGY

SELF-SUFFICIENCY PROGRAM—IMPACT OF PREDICTED INTERNATIONAL OIL SHORTAGE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to answer a question—perhaps I should use the word "respond" because when I say "answer" sometimes my friends do not agree it is an answer. However, I have a reply, at least, to a question raised on December 3 by Senator Smith which concerned the impact of a predicted international oil shortage.

(*The answer follows:*)

> The Chairman of Petro-Canada, Mr. Hopper, in his address of December 1, to the Canadian Club of Montreal, remarked on the question of international oil supply and demand and its impact on Canada and stated:
>
> A short supply situation in 1981 could again be followed by more than adequate supply in 1982 if Iraq and Iran resume exports. However, by the mid to late 1980's permanent supply shortages *may* occur.
>
> The National Energy Program document acknowledges that the oil outlook for the next decade is not encouraging. The International Energy Agency has forecasted that oil "shortfalls" would occur in 1985 and 1990, despite what may be optimistic expectations of production from Saudi Arabia and Iran. The IEA forecast also assumes oil demand growth rates that are modest by historical standards, and which could (without strong conservation efforts) be exceeded under more reasonable economic growth conditions than have prevailed since the mid-1970's.
>
> The international market may experience short-term shortages during which emergency storage and sharing arrangements of the IEA will have to be deployed. But the market will eventually force supply and demand into balance. The real issue is related to pricing of oil and given the historic behaviour of OPEC and its capacity to raise prices almost at will, any country with the potential to disassociate itself from the world oil market of the 1980's should do so, and Canada is one of a fortunate few that has the capability of becoming self-sufficient by 1990. The federal government's National Energy Program is the vehicle through which this goal will be achieved.

OIL—INTERNATIONAL ENERGY AGENCY—REDUCTION IN DEMAND—DOMESTIC STOCKS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to reply to a question raised on December 9 by Senator Balfour which concerned reduction in oil demand and the status of our domestic stocks.

(*The answer follows:*)

> With reference to Senator Balfour's question regarding the effort to reduce demand, in Paris on December 9 IEA Ministers agreed to a number of collective actions, including drawing on stocks as necessary and discouraging undesirable purchases of oil at price levels which increase market pressures. The IEA Secretariat estimated that the result of these actions would be to reduce total IEA demand for oil on the world market by about 10 per cent in the first quarter of 1981. Thus, the IEA commitment is on a collective, rather than an individual country basis. Canada will of course contribute to this IEA commitment.
>
> Insofar as Senator Balfour's questions concern the status of our domestic stocks I am able to inform him that actual stocks of crude oil and main petroleum products (motor gasoline, middle distillates and heavy fuel oil) in Ontario, Quebec and the Atlantic provinces as of the

beginning of November amounted to 79.7 million barrels as compared to 66.5 million barrels last year. Projections based on National Energy Board demand estimates for the fourth quarter indicate that total stocks as of the beginning of 1981 will be approximately 77.0 million barrels. In the case of the two more critical product categories, motor gasoline and middle distillate, opening 1981 useable stocks are forecast to be about 41 and 62 days of supply respectively. This is above desired average historical inventory levels for this time of year.

Normal stocks levels generally provide some cushion for contingencies and there is some ability to draw on stocks in the short-term. It might be noted in this regard that refiners' preliminary programs for the first quarter of 1981 provide for a stock draw in the range of 11.0 to 13.0 million barrels of crude and product. However, more recent estimates by refiners have initially indicated that product demand this winter, particularly for heating oil, could also be considerably less than originally anticipated.

While a number of factors may account for this, certainly conservation (insulation, etc.) and substitution to natural gas and electricity are important. This reduced demand could contribute to lower crude oil requirements thereby allowing for both reduced imports and inventory draw.

THE ECONOMY

FACTORS RESULTING IN FAVOURABLE BALANCE OF TRADE

Hon. H. A. Olson (Minister of State for Economic Development): I would like also to respond to a question raised on November 20 by Senator Bosa which concerned the balance of trade.

(*The answer follows:*)

The Canadian merchandise trade surplus for the first nine months of 1980 was $5,107 million, or more than double the surplus of $2,378 million in the same period in 1979. For 1980 as a whole I am informed that it is reasonable to expect that Canada will attain a record high trade surplus of over $6 billion. This will compare with the previous peak of about $4 billion realized in 1979.

The reasons for the surplus are varied. Despite the recession in the United States, we have done exceptionally well in sales to other major industrial areas. Canadian exports to countries other than the U.S. were up by about 35 per cent in the first nine months of 1980.

The lower exchange value of the Canadian dollar has helped to improve our competitive position. In addition, our wage levels in manufacturing, when expressed in U.S. dollars, are significantly lower at present than those prevailing in many major OECD countries.

We are fortunate among major industrial countries in having a present export surplus in trade in all forms of energy combined, even though we have deficit in trade in petroleum.

Our shipments of wheat are up sharply. One of the reasons is that we were able to clear up some of the transportation bottlenecks in the movement of grain. As well, our exports of copper and nickel were sharply higher in 1980 compared with 1979 levels because in 1979 there were major strikes affecting production and shipments. Our exports of precious metals have significantly increased reflecting price appreciation.

These are a few of the factors which have contributed to Canada's favourable trade balance for the first three quarters of 1980.

CANADA PENSION PLAN

INVESTMENT IN CANADIAN OIL STOCKS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to reply to another question raised on December 9 by Senator Bosa concerning the investment of Canada Pension Plan funds.

I am informed that financing of the Canada Pension Plan is now under review by federal and provincial finance officials. When this review is completed in 1981, the federal government will determine its preferred position regarding possible arrangements for investment of CPP excess funds. If necessary, the Minister of Finance will then seek provincial concurrence on any financing changes. It might be noted, however, that the possibility of investing some of the excess funds from the Canada Pension Plan in the private sector has been raised by several recent studies on pensions. Both the Federal Task Force on Retirement Income Policy and the Economic Council of Canada have made recommendations in this regard. But again, the federal position will be determined only after the review of CPP financing has been completed.

FINANCE

INTEREST RATES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on December 16 by Senator Doody concerning Canada's policy on interest rates.

(*The answer follows:*)

This government has no complaints that the U.S. government and the Federal Reserve Bank want to pursue a policy of controlling inflation by tightly restraining the growth of the money supply. The Bank of Canada is also following a policy of monetary restraint. The Minister of Finance, in his Budget Speech, gave his commitment to support the Bank of Canada in its pursuit of a monetary policy that will not accommodate inflation. We continue to believe that monetary restraint is an important ingredient of an anti-inflation policy. What this government is concerned about is the extreme volatility of U.S. short-term interest rates of the type exhibited during 1980. We have seen short-term interest rates in the U.S. first shooting up in the spring of 1980 to historically high levels,

then plunging in the summer to very low levels before beginning their second steep ascent in the later part of the year to record levels, with the prime rate even going above 20 per cent. This volatility of short-term interest rates in the U.S. places a major burden on the Canadian economy. It also puts a severe constraint on the operation of monetary policy in this country.

The Canadian and U.S. capital markets are highly integrated. This fact puts our country in a dilemma in the face of rapidly rising U.S. interest rates. Regardless of the method selected to deal with this situation, the Canadian economy suffers certain costs. We can let the Canadian dollar fall, or initiate matching increases in our interest rates by amounts matching those in the U.S. This would maintain the value of the Canadian dollar but would depress Canadian economic activity further. The alternative of letting the Canadian dollar slide even more by resisting interest rate increases can make our already serious inflation problem even more severe by increasing the prices of imported and exported goods in line with a falling dollar. Canada, as a member of a community of large trading nations cannot insulate itself from what happens across the border.

On the question of what can be done to alleviate the impact of high interest rates, I would refer the honourable senator to the new budget introduced by this government. The budget does not make an effort to provide quick-fix solutions to our problems. Rather, it establishes a strategy to effectively deal with the underlying causes of our problems. Interest rates can only come down on a sustained basis if inflation is brought under control. Therefore, we need measures which can bring inflation down. The new budget has provided these measures. It envisages policies of tightly controlling the growth of expenditures, a steady reduction in budget deficits and financial requirements, avoidance of tax increases insofar as possible, and restraining the growth of the money supply. These policies, designed with the express objective of reducing the rate of inflation, would ultimately bring down interest rates. In addition to these policies the government has decided to extend the provisions of the Small Business Development Bond to March 31, 1981. Interest payments on these bonds are treated as dividends which are non-taxable to the lender. This offsets the impact of high interest rates on small business to a considerable extent.

FEDERAL-PROVINCIAL RELATIONS

FISCAL ARRANGEMENTS—RENEGOTIATION OF ESTABLISHED PROGRAMS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Honourable Senator Murray on December 3 of 1980. It concerned federal-provincial fiscal arrangements.

[Senator Olson.]

Although the Established Programs Financing Arrangements in Part VI of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 have no expiry date, it is open to the federal government to modify the arrangements as necessary at the end of the current fiscal arrangements period on March 31, 1982.

The EPF arrangements will be reviewed with the provinces prior to that date in the context of the overall review of fiscal arrangements which take place every five years. Indeed, discussions began yesterday at the federal-provincial meeting of Ministers of Finance. Because the current fiscal arrangements period has some 15 months to run, there will be ample time for full discussions among all interested parties.

This chamber will have an opportunity to debate legislation which the government may introduce to amend the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977.

FINANCE

FLUCTUATIONS IN INTEREST RATES—REACTION BY CANADIAN BANKING SYSTEM

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator McElman asked a question on December 16 concerning fluctuations in interest rates and the reaction by Canadian banks. Reference was also made to other financial institutions and to the profitability of the banks.

The current volatility of interest rates and the uncertainties surrounding their future levels make it extremely difficult for the financial institutions to adjust their rates so as to maintain the differentials ruling in more stable circumstances. I have been advised there will, of necessity, be variations in the spreads. The basic policy of this government has been to avoid direct intervention in the detailed price-setting mechanisms of individual industries such as the banks, but rather to rely upon policies to ensure competitive conditions in the markets. It should be noted that the Canadian banks, the trust and loan companies, the credit unions and caisses populaires are highly competitive, and this competitiveness is the surest way of keeping these institutions efficient and interest margins as low as possible.

NATIONAL REVENUE

EMPLOYMENT TAX CREDIT PROGRAM

Question No. 7 on the Order Paper—**By Hon. Jack Marshall:**

1. How many jobs were created in each province under the *Employment Tax Credit Act* since its inception?

2. How many businesses received subsidies in each province under the *Employment Tax Credit Act* since its inception?

Reply by the President of the Privy Council:

I am informed by the Departments of Employment and Immigration and National Revenue as follows:

1. Between its inception on March 8, 1978 and March 31, 1980, there have been 67,617 jobs created under the Employment Tax Credit Program. The number of jobs created by province were:

Province	Jobs created
Newfoundland	872
Prince Edward Island	471
Nova Scotia	1,493
New Brunswick	2,030
Quebec	27,061
Ontario	22,856
Manitoba	1,584
Saskatchewan	999
Alberta—N.W.T.	2,107
British Columbia—Yukon	8,144
	67,617

2. The most recent information available on the number of businesses claiming an Employment Tax Credit is for the 1978 taxation year. As the credit can be claimed by any business, incorporated or unincorporated, the statistics provided are compiled from individual and corporate tax returns.

For 1978, 559 individuals claimed an Employment Tax Credit. A breakdown by province is not available.

For corporations with fiscal years ending in 1978, the number claiming an Employment Tax Credit is 697, by province as follows:

Province	Number of Corporations with an Employment Tax Credit
Newfoundland	26
Prince Edward Island	13
Nova Scotia	25
New Brunswick	43
Quebec	290
Ontario	176
Manitoba	22
Saskatchewan	26
Alberta	22
British Columbia	54
Yukon, N.W.T.	—
Total	697

FISHERIES AND OCEANS

NEWFOUNDLAND—FISH HOIST INSTALLATIONS

Question No. 28 on the Order Paper—**By Hon. Jack Marshall:**

What are the locations, by federal district, of all fish hoist installations provided in the Province of Newfoundland in the fiscal years 1978/79 and 1979/80?

Reply by the Minister of Fisheries and Oceans:

The following list documents the locations of the fish hoist installations completed on the west coast of Newfoundland during the fiscal year 1978-79 and 1979-80 under the Newfoundland Fish Handling Program:

Parsons Pond (Cape Onion)	Blue Cove	Trout River
Ship Cove	Brig Bay	Cox's Cove
Cooks Harbour	Reefs Harbour	Littleport
Green Island Cove	Shoal Cove	Fox Island River
Sandy Cove	New Ferolle	Blue Beach
Flowers Cove	Bartletts Harbour	Stephenville
Anchor Point	Cow Head	St. George's
Black Duck Cove	St. Pauls	St. Davids
Forresters Point	Rocky Harbour	Codroy

VETERANS AFFAIRS

NEW DISTRICT OFFICES

Question No. 41 on the Order Paper—**By Hon. Jack Marshall:**

1. What are the locations of new district offices established across Canada by the Department of Veterans Affairs since January 1, 1980?

2. Give the (a) date each office was opened and (b) the function and case workload of each office since opening.

Reply by the Minister of Veterans Affairs:

1. There have been no new district offices established by the Department of Veterans Affairs since January 1, 1980.

2. N/A.

• (2040)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before proceeding with the Orders of the Day, may I ask leave that Inquiry No. 1, standing in the name of Senator Lamontagne, be called immediately after Order No. 2, which stands in my name and which I will yield to Senator Croll.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

On the Order:

Resuming the debate on the consideration of the Report of the Special Committee of the Senate on Retirement Age Policies entitled: "Retirement Without Tears", tabled in the Senate on 15th April, 1980.—(*Honourable Senator Frith*).

Senator Frith: Honourable senators, I yield to Senator Croll.

Hon. David A. Croll: Honourable senators, I feel I owe the house an explanation as to why this item has remained on the order paper since April 22. I have been waiting for the report on the pension study which is being made by the Province of Ontario. It has been two years in the making and was supposed to be ready last fall; however, it was not. The press reports that it is now ready, and I thought I should see it before making my final comments.

That is not to say that the report we made has been lost sight of. Indeed, the matter of age has been picked up and is now part of the Bill of Rights. That is rather important. Moreover, a landmark decision on compulsory retirement has recently been handed down in Manitoba, and the government has said that it will propose the setting up of a pension committee composed of representatives of the province and the people involved, which is something that has been badly needed.

However, I thought that before I spoke to the Senate committee report I should see the Ontario report, because it should be most interesting.

I therefore move the adjournment of this debate until February 17.

On motion of Senator Croll, debate adjourned.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—DEBATE

Hon. Maurice Lamontagne rose pursuant to notice of Wednesday, November 26, 1980:

That he will call the attention of the Senate to the Report of the Standing Senate Committee on Legal and Constitutional Affairs entitled: "Certain Aspects of the Canadian Constitution", tabled in the Senate on 26th November, 1980.

He said: First of all, honourable senators, I should like to congratulate Senator Grosart on the honour recently bestowed on him. I remember very well that, when we were in a different league, Senator Grosart authored a pamphlet called "The Conservative Facts," and I answered with another entitled "The Liberal Truth."

Senator Flynn: Oh, gee whiz! That was the best joke you ever made.

Senator Lamontagne: That was a long time ago. It is still true, though.

Senator Flynn: It is still "Trudeau"!

Senator Lamontagne: I will also long remember my association with Senator Grosart in his capacity as minority leader in the Senate Special Committee on Science Policy. He was at that time most co-operative and was of great assistance to me. [*Translation*]

Now, honourable senators, I would like to refer to the Orders of the Day and I am sorry that the full activities of the Joint Committee on the Constitution led to a delay in discussing the report that Senator Goldenberg tabled in the house in late November 1980.

In launching this debate tonight I must warn honourable senators that I have very little to add to the contents of the report and that to a large extent I will restrict my comments to the major points.

First of all I want to express my gratitude to the members of the subcommittee, particularly to Senator Neiman and to Senator Stanbury, as well as to the other senators on the Standing Committee on Legal and Constitutional Affairs, and especially its Chairman, Senator Goldenberg. I also want to thank the Honourable Eugene Forsey, Mr. R. L. du Plessis, our law clerk and parliamentary counsel, and the research branch of the Parliamentary Library.

As honourable senators are already aware, the substance of this report was unanimously approved by the committee members before the federal-provincial conference of September 8 last. We could enlarge on it but I think that that conclusion became a matter of record when we held our hearings.

As we all know many things have happened since. To get back to the initial stage I would like to recall one of the main reasons which prompted me to move the motion I did in this house last June.

In recent years several proposals had been made to replace the Senate. In 1978 the government itself had advocated the creation of a House of Federation in its Bill C-60. That formula has since been rejected outright and the Prime Minister referred to it last September 8 at the federal-provincial conference calling it "the ill-fated Bill C-60".

On the other hand even last June there seemed to be a certain consensus about a House of the Provinces as suggested by the Government of British Columbia, the Pepin-Robarts Task Force and other organizations as important as the Canadian Bar Association. This new chamber, which would have replaced the Senate, would have been composed exclusively of provincial representatives who could have been replaced at will by the provinces and would have been compelled to vote as a block, according to the instructions of the provincial premiers.

On June 12 last, speaking in this house about those proposals I said this in the other official language:

• (2050)

[*English*]

They are not compatible with federalism. They would replace federal tutorship by provincial tutorship. They would introduce a confederal chamber into a federal Parliament. They would introduce into a legislative body, the Canadian Parliament, a second chamber composed exclusively of representatives of the executive branch of another sphere of government.

[*Translation*]

Therefore last summer I presented my motion mainly because I was strongly opposed to these proposals and I was convinced at the time that their chances of being accepted were increasing rapidly. I humbly believe that the arguments I put forward in my speech of June 12 against the House of the Provinces have been accepted in some official circles. At any rate in the so-called "best effort" document prepared by the ministerial committee last summer there was a recommendation to set up a Council of the Provinces with three members from each province. In spite of the support of British Columbia this document was given a rather cold reception at the federal-provincial conference last September. As soon as the discussion on the Senate started the Prime Minister of Canada then raised the three following points and I quote, even if it is a rather lengthy quotation:

[*English*]

First, we are, as you are, committed to reform of the Senate as a crucial aspect of the constitutional reform. Second, we believe that such a revision must strengthen the voice of Canada's distinct and varied regions in the national capital. In other words, the Senate should perform a role of representing the regions. The third point, I think, is one on which we will disagree, at least for the time being, and it is the question of how does the Senate speak for the regions in the national capital or at the level of the national parliament? Should the Senate represent the provincial governments or should it represent the people of the provinces? I think that is a very important distinction. There have been reforms, and I believe British Columbia has tended in that direction, which suggest that the Upper House, the Senate, should be the place where the provinces, the provincial governments as such can speak, and, of course, one calls to mind immediately the Bonn system of government of the Federal Republic of Germany, but one also has to remember that goes with a division of power wherein the Federal Republic of Germany, the national government, has practically all the areas of jurisdiction.

[*Translation*]

Recently, in a speech he made in Toronto on November 5, the Prime Minister once again rejected the proposed House of the Provinces, when he said:

[*English*]

Parliament would be like the American Congress, presenting measures to be vetoed or approved by a President—with the Council of Provinces filling the role of President.

[*Translation*]

The immediate danger that I foresaw in June when I moved my motion therefore seems to have been avoided. On the other hand, while the proposal for a second legislative chamber made up solely of provincial government representatives, seems to have been definitely rejected, this does not resolve the grievance of the provinces which we underline in our report and which goes back to 1867 when, in accordance with the wishes of Sir John A. Macdonald, our Constitution subordinated in many areas the provincial legislatures to the central Parliament. This subordination is still characterized by the allocation to the federal level of government of extraordinary powers which transcend the distribution of constitutional jurisdictions. We state in the first part of our report that some of these federal powers, such as the power of disallowance and of reservation over provincial legislation, are now outdated, but that others, such as the power to spend and the emergency power, while they should be maintained, should no longer be used unilaterally by the federal Parliament, at least as concerns some of their aspects.

We recommend that, from now on, these powers be invoked only with the preliminary approval of a certain number of provinces representing the majority of the Canadian population. This recommendation is not really revolutionary since it reflects a practice and a custom which are well-established in our country. We would simply like this practice to become official and be entrenched in the Constitution.

We also recommend that the well-established institution of first ministers' conferences be recognized in the Constitution under the name of Federal-Provincial Council and that the functions of this institution include being responsible for approving the use of extraordinary powers by the federal government, such as the power to spend for provincial purposes under the cost-sharing program and the use of emergency power in peacetime.

Once again, this is not such a revolutionary recommendation in view of our present practice, but it would still establish in our Constitution a truer federation than that of 1867 and would constitute an important step towards a renewed federalism.

I would like to underline this last point by quoting the comments of two Canadian experts who wrote to me about our report. First of all, we have the comments of Professor Richard Simeon, head of the Intergovernmental Relations Institute at Queen's University, about this aspect of our report. His letter reads as follows:

[*English*]

I believe it is a very valuable contribution, and that in particular you have for the first time correctly stated the best way of representing provincial interests in Ottawa. I have, as you know, been a supporter of the "Federal Council" or "House of the Provinces," but I always thought of it as growing out of the intergovernmental

mode, as an institutionalization of federal-provincial relations. I believe it was a serious political and conceptual error to see such a council as a "new Senate", or indeed as part of Parliament at all. I think all these proposals have been groping towards the model your committee has set forth.

[*Translation*]

I should also like to mention the comments of Professor McWhinney, of Simon Fraser University, who has this to say about our report:

● (2100)

[*English*]

It is cogently argued and lucidly presented—the only really solid piece of thinking we have had to date, on the matter of Senate reform, from any of the mass of Parliamentary special committees, Task Forces, or other Commissions on the Constitution (public or private) in the past few years.

I think you have successfully demonstrated the inherent absurdity of the foreign Bundesrat model for Senate reform, and the intellectual confusions between the legislative review function and the executive federalism functions involved in its sponsoring by various strangely assorted political and lobbyist groups.

[*Translation*]

In view of last September's events and present circumstances, I doubt that our recommendations concerning the surpervisory role, the "overseeing role" which the First Ministers Conference should play has much of a chance of being accepted, at this time.

Like Senators Croll, Hayden and doubtless many others here in the Senate, I have observed throughout my life that good ideas are not always accepted immediately and without a fight. Perhaps it is unfortunate; on the other hand, it might perhaps otherwise be too pleasant to launch into the fray.

I should like to give here a few examples of that truth as I have lived it. I developed, for the first time, a specific equalization formula in the summer of 1955, but it was not without a bitter fight that it was accepted in 1957. Only today, in 1981, is consideration given to enshrining its principle in the Constitution. The National Arts Council was suggested in 1951; it was not set up until 1957.

I suggested a general option formula for cost-sharing programs in the fall of 1961, yet it was not applied until 1965. When here, in the Senate—and Senator Grosart can vouch for that—we undertook our study on a science policy in 1968, several people thought it was an exercise in futility; still, over 60 of the 85 recommendations we made throughout the years have been implemented.

In the light of my own experiences and yours, I therefore remind those of you who might be pessimistic at this point, of the well-known and wise advice given once by Lafontaine:

Patience and time will achieve more than force and frenzy.

[Senator Lamontagne.]

For my part, I am convinced that is one very important aspect of renewed federalism, and I surely intend to continue advocating it.

The Prime Minister has already announced, on October 16 last, that if the Canada Act were proclaimed on July 1st, 1981, the federal-provincial negotiations on the sharing of powers and other aspects of the constitutional reform would start as soon as July 2. I hope that our positions concerning the federal-provincial conference or a federal-provincial council and its future responsibilities will then get all the attention they deserve.

[*English*]

I now come to the second part of our report. It attempts to answer the following question: Since the idea of a confederal chamber, composed exclusively of representatives of provincial governments seems to have been abandoned, should we continue to have in Canada a bicameral Parliament, and if so, should the Senate, envisaged as a genuine federal chamber, be elected or appointed?

The case for a bicameral Parliament, especially in a federal system that we are presenting in our report, is based partly on the experience of other countries and on the past record of this chamber. Basically, we claim that Canadians need an upper house not to duplicate what the House of Commons is mainly intended to do and can do efficiently, but to complement it and to correct its deficiencies. We indicate in our report five main reasons why an upper house, properly constituted, can complement the House of Commons.

First, a second chamber, less subjected to party discipline and more independent from the cabinet, can offer a guarantee against arbitrary decisions and for a more detached consideration of legislation.

Senator Flynn: Is that the case?

Senator Lamontagne: Yes.

Secondly, as the Senate is assisted by less partisan and more independent committees and is less preoccupied with the daily obligations of politics, it can devote more time and expertise to the detailed consideration of legislation.

Thirdly, a second chamber, having more time to scrutinize legislative proposals, is in a better position to consider the particular impact of legislation on regions, minorities and individuals, and to exercise a watchdog role in those respects—

Senator Flynn: It should, but it does not.

Senator Lamontagne: —if it is properly designed for that purpose.

Fourthly, a second chamber, with greater stability and continuity in its membership, can compensate for the inevitably high turnover of the Commons.

Finally, a second chamber, with the particular features that I have mentioned, can place a much higher priority on long-term investigation of complex issues, and, on this basis, improve existing government programs and inspire new policy initiatives. This has been proven over the years in this chamber.

These five main reasons which, in our view, justify a bicameral Parliament with two complementary houses, especially in a federal system, have also led us to the conclusion that the second chamber should be appointed rather than elected. Indeed, we state in the report:

> The choice between an elected and an appointed Senate is straightforward: either Canadians want a second chamber as a replica of the House of Commons with the same powers, in which case the Senate should be elective, or they want a complementary and largely advisory second chamber, in which case an appointed Senate seems preferable. The ideal situation, in our view, would be to have an appointed Senate with only suspensive veto powers.

As to the future functions of the Senate, we believe that its legislative and investigative roles should, of course, be continued, but we put great emphasis on what we think should be its new and specific responsibilities as a protector of regions and minorities, including linguistic groups and human rights.

I do not intend to list all the recommendations we make to reform the Senate, but I wish to refer to those that appear to me as the most important. We propose that the number of senators be increased from 104 to 126 mainly to improve representation from western Canada. We believe that all appointments should continue to be made by the federal government, but that every second appointment should be made from a list of names submitted by the government of the province concerned. We recommend that in the future senators be appointed for a fixed term of ten years, renewable for further terms of five years, upon the recommendation arrived at by secret ballot of a Senate committee set up for that purpose.

● (2110)

We also claim that, within an appointed Senate, the elected members of the House of Commons should have supremacy in the last resort in our democratic system. That is why we believe that the Senate should not have an absolute veto. The six-month suspensive veto would give it all the power it needs.

Senator Flynn: Like section 44.

Senator Lamontagne: I do hope that honourable senators will carefully consider all of the other comprehensive recommendations contained in that report.

Before concluding, I wish to raise a point about the inconsistencies that may exist between our report and the content of the resolution which is now being considered by the Special Joint Committee on the Constitution.

Honourable senators will undoubtedly wish to refer to these matters during the course of this debate. However, I do not intend to discuss them until the report of the Special Joint Committee on the Constitution has been presented, together with any amendments to the resolution that that committee may decide to recommend.

In my concluding note, I should like to express my conviction that the implementation of Part II of our report would go a long way towards making the Senate a more efficient chamber and a better complement to the House of Commons, for the benefit of all Canadians. As we say in our report:

> The reform of the Senate has been discussed for too long. The time has now come for action.

I hope that the Leader of the Government, after proper consultation with the Leader of the Opposition, and with the government when required, will soon initiate the changes that the Senate can bring about by its own action.

Hon. Daniel A. Lang: Honourable senators, I wonder if I might be permitted a question.

The report recommends that the Senate maintain only a suspensive veto power. Does that include only a suspensive veto over constitutional matters?

Senator Lamontagne: As the committee accepted this proposal, it covered all matters, including constitutional matters.

Hon. Andrew Thompson: Honourable senators, I wonder if I might put a couple of questions to Senator Lamontagne.

One of the reforms you mentioned as being most important for the Senate was that every second appointment would be from a list provided by the provinces. Would you still be agreeable to that if a certain province were to submit a short list comprised of three cabinet ministers?

Senator Lamontagne: We were not writing the Constitution, and we were not endeavouring to define the number that such a list would include. To my mind, this would be a subject of discussion. In any event, I would presume that there would be more than three names on the list.

Senator Thompson: My second question relates to the secret ballot by members of the Senate concerning the continuity of a senator after a 10-year period.

Do you feel that there could be a situation where perhaps, with a small opposition in the Senate, some effective opposition member, or perhaps even an opposition member, might find he is not getting the continuity because of the interest on the government side in not seeing him there?

Senator Lamontagne: We tried to cope with this problem, and we certainly did not have any partisan view in arriving at this particular recommendation. There were some members of the committee who wanted to go much further, but the general feeling was that the Senate, in a non-partisan way, would be in a better position to recommend renewal for a second term than would the Prime Minister.

Senator Lang: Honourable senators, I wonder if I might ask one more question of Senator Lamontagne.

In advocating the retention of an appointive Senate as opposed to an elective Senate, you state the former would be less partisan, more independent. Are you talking about the Senate as it is today; or by what means would you make it less partisan and more independent through your recommendations?

Senator Lamontagne: We considered the proposals for an elected Senate. If we had an elected Senate based on the model proposed by Senator Roblin, we would have lists of

candidates for election to the Senate, which lists would be set by each party. We discussed that proposal, and the feeling was that such lists would make honourable senators much more dependent on their respective leaders than would the proposal calling for 10-year appointments.

If we want to opt for the American system, which is one of direct election of senators, we would, in my view, reproduce the main weaknesses of that system.

Senator Flynn: It is a choice of weaknesses.

Senator Lamontagne: Yes. There is no ideal system.

Hon. Allister Grosart: Honourable senators, I wonder if I might address a question to Senator Lamontagne arising out of what I took to be a reference to a once rather well-known pamphlet, the authorship of which he attributed to me and to which he made a distinguished reply in another pamphlet.

Would the honourable senator not agree with me that the title was not, as he suggested, "The Conservative Facts", but "Here Are The Facts"?

Hon. Jack Austin: Honourable senators, Senator Lamontagne has given us a most erudite and fascinating address on a subject of great moment to us. The dilemma that I constantly come back to, representing as I do a part of Canada that does not have representation in the government party in the House of Commons, is that I am constantly being asked, and indeed challenged, to represent my regional interests, the interests of the people of British Columbia, in this federal parliamentary process.

Senator Flynn: Why not.

Senator Austin: At the same time as I endeavour to do so—not always with the agreement, I am sure, of the Leader of the Opposition—I find that my mandate—

Senator Donahoe: Not always with the approval of the Leader of the Government.

• (2120)

Senator Austin: I would hope that would be the case also. If I may come back to my thesis—

Senator Grosart: Your question.

Senator Austin: —I find that my mandate to do so as a member of this chamber is constantly being challenged by members of all parties in the House of Commons wherever my view of regional interest conflicts with theirs. I have endeavoured, Senator Lamontagne, to consider whether any appointive process simpliciter would ever provide the degree of mandate required to support those responsibilities, which are regional in nature, in terms of the role of senators in this chamber. That led me to the consideration of the possibility of some form of proportional election.

You have referred quite often in your answers this evening to direct election, and I would ask you whether, in your consideration of a form of proportional election, you gave thought to this question of regional representation and its authority in the Senate and in the entire federal process?

Senator Lamontagne: Well, of course, we did not envisage reform of the House of Commons. I think proportional representation, if it ever comes to this country, should be decided there. As far as we as a committee were concerned, we considered the possibility of increasing the proportion of representation from the western provinces, and we also added the additional condition, in order to provide for a better representation of political parties in this house, that every other appointment in the Senate should be made on the basis of a list provided by provincial governments, so that there would be a more realistic representation in this house.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, January 14, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on operations under the *Regional Development Incentives Act* for the month of October 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—GOVERNMENT AMENDMENTS TO PROPOSED RESOLUTION FOR JOINT ADDRESS—RESULTS OF GALLUP POLL

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, last evening the Leader of the Government stated:

> —the proposed amendments presented last evening by the Honourable Jean Chrétien do not necessarily constitute the final number of amendments which the government may be prepared to support.

We were very comforted by this statement which followed a question relating to Mr. Chrétien's statement that the government was listening to all Canadians.

In today's Ottawa *Citizen* the results of a Gallup poll are shown. Part of this article reads as follows:

> Only 22 per cent support the process Trudeau is advocating of having the Charter of Rights entrenched by the British Parliament before the Constitution is brought home.

It goes on to state that:

> —64 per cent of Canadians support simple patriation but are opposed to asking the British Parliament to add a Charter of Rights to the British North America Act before it is returned to Canada.

Bearing in mind the fact that the Minister of Justice stated that the government has been listening to all Canadians, and the fact that 64 per cent of Canadians support simple patriation, is the government prepared to accept the views of those Canadians, who represent a large majority of the population?

Hon. Raymond J. Perrault (Leader of the Government): This question is, of course, not totally unexpected. The publicity given to this Gallup poll has been quite extensive. However, I should like to remind honourable senators that the question asked was:

> As you may know, the federal government, under Prime Minister Trudeau, is planning to ask the British Parliament to pass legislation bringing the British North America Act—that is, the Canadian Constitution—to Canada.
>
> Which of these alternatives would you prefer to see?

The replies given were in response to that question.

I ask honourable senators to consider what kind of response would have been elicited from the Canadian people had the wording been something like this:

> As you may know, the federal government, under Prime Minister Trudeau, is attempting to patriate the Canadian Constitution after 53 years of deadlock, frustration and failure to obtain agreement from the provinces. Do you support action now on patriating the Constitution?

May I suggest, honourable senators, that the answer overwhelmingly would have been that they do want the Constitution patriated.

Senator Grosart: Of course.

Senator Perrault: The people would say they want it in this country.

• (1410)

With the kind of background it has—53 years of attempts to negotiate with the provinces—I am certain the people would support the method the government has chosen to undertake this very important task. Furthermore, I reiterate what I said last evening, that the government is prepared to consider further amendments to make these constitutional proposals acceptable to Canadians.

Senator Flynn: Quite apart from the irrelevant comments of the Leader of the Government with respect to the polls, do I understand that he is telling us that the Prime Minister has changed his mind and is not prepared to look at these polls in the same fashion as he suggested before Christmas—that being that polls are for dogs?

Senator Olson: No, it is a crooked question.

Senator Perrault: Of course the attitudes of Canadians are always given careful and serious attention by this government, and supporters of this government, but, honourable senators, I suggest that a government is abdicating its responsibility if its actions are going to be dictated solely by polls which are produced from time to time by survey organizations. The

government has a much higher responsibility than to be guided by polls.

Senator Grosart: Or referenda?

Senator Flynn: I suggest to the Leader of the Government that the majority in Parliament should not be led by the fancies of one man.

Senator Olson: That has never happened with this government.

Senator Perrault: I say to the Leader of the Opposition that that is not the case. To suggest that somehow this constitutional package has been developed by one person is clearly ludicrous. It represents a consensus developed across the country.

Senator Flynn: Over 53 years?

Senator Perrault: It is interesting to note that the Canadian Civil Liberties Association now supports these amendments. We have had support from the Honourable Richard B. Hatfield, the distinguished Conservative Premier of New Brunswick. The Leader of the Opposition should confer more frequently with his Conservative friend in New Brunswick to determine the many reasons why he, the premier of that province, is so supportive of these proposals.

The amendments are now supported by the Canadian Bar Association—

Senator Flynn: No, no.

Senator Perrault: —of which the distinguished Leader of the Opposition is a member.

Senator Flynn: I disagree entirely.

Senator Perrault: You may disagree with the Canadian Bar Association, but I suggest—

Senator Flynn: No, I disagree with your interpretation.

Senator Perrault: I suggest that the Leader of the Opposition read the statement issued last night by that organization.

Senator Flynn: I was at the meeting of the special joint committee when the Canadian Bar Association presented its brief, and that association did not have the courage to say whether the method employed by the government was legal or otherwise. They simply discussed the Charter of Rights, saying that it was a good thing—and, of course, it would be a good thing if the provinces agreed—but on the unilateralism of the action of the federal government, the Canadian Bar Association withheld its support. They did not have the courage to criticize it, but certainly they did not support it.

Senator Perrault: You are attacking the Canadian Bar Association?

Senator Flynn: They did not support it, and I deny the statement by the Leader of the Government.

Senator Perrault: The honourable senator may choose to carve out any position in the political spectrum that he may wish, but I suggest that he is going to find himself in a very lonely position standing in opposition to these great advances in human rights.

[Senator Perrault.]

Senator Flynn: That, of course, is the strategy of the Canadian government—to tell the Canadian people that we in the Progressive Conservative Party are opposed to the Charter of Human Rights and Freedoms. That is not the problem. There is the Canadian Bill of Rights, and each of the provinces has a bill of rights. The question is whether, when it comes to the question of entrenching those rights, it is only the federal government that is going to say what is going to be in the Constitution. That is where the government is wrong, and that is where the Leader of the Government, and those who support the government, are wrong.

Senator Perrault: The action of the Minister of Justice the other evening in bringing forward a whole panoply of suggested amendments to the constitutional package indicates that the government is listening to the Canadian people.

Senator Frith: And to the provinces.

Senator Perrault: I remind the Leader of the Opposition that the late great Prime Minister, the Right Honourable John Diefenbaker, as he may well recall, had hoped to extend his Bill of Rights into some more entrenched form. The Leader of the Opposition may well remember the frustrations Mr. Diefenbaker experienced at that time, and the frustrations that he, as a member of that cabinet, experienced at that time.

Surely there should be some recognition given to the fact that we now have a Prime Minister who is willing to proceed, with substantial support from the Canadian people across the country, to give meaning and substance to many of Mr. Diefenbaker's visions.

Senator Flynn: The Leader of the Government speaks of substantial support across the country. Given that 64 per cent of Canadians oppose the method chosen by the present administration and the present Prime Minister, I suggest to him that he is certainly off base in that regard.

Senator Perrault: His own leader said just a few months ago that the only poll that is really important is the poll taken on election day.

Senator Donahoe: That is the next election.

Senator Flynn: Yes. It will come in due course.

• (1415)

Hon. Lowell Murray: Honourable senators, may I be permitted a supplementary? I was extremely interested in the statement by the minister a moment ago that the government is still open to amendments. Am I to take it then that the Right Honourable the Prime Minister was misquoted in today's newspapers where he is reported to have told journalists on his aircraft that the government has gone as far as it can go and would probably not be accepting further changes?

Senator Perrault: Honourable senators, I am reflecting the view of the government that further amendments will be considered if they clearly appear to be in the public and national interest. I have not seen a transcript of the Prime Minister's reply, and I would like to have the total transcript—

the question he was asked and his reply—before commenting further.

Senator Murray: Does the leader think there is room for further amendments?

Senator Perrault: There is always room for further amendments in the considerations of this government which has demonstrated its great flexibility on matters of this kind.

Senator Murray: Then the minister does not believe that the government has gone as far as it can go with this project?

Senator Perrault: The expression "as far as it can go" should be reworded. The government will consider amendments if they serve the national interest. It is not a matter of adopting a negotiating position which somehow is going to achieve an immediate strategic advantage.

TRANSPORT

DOUBLE TRACKING OF RAILWAYS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. Yesterday in my home city, Winnipeg, the Minister of Transport told the Manitoba Farm Bureau that if nothing is done about railway losses the Canadian Pacific main line to Vancouver will become overburdened by late 1983 or 1984, and that traffic rationing will become necessary. So that the government will perhaps avoid what could be a serious problem of rationing of track space, can the Leader of the Government tell us how close we are at this time to the implementation of the double tracking?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is an obvious need for increased Canadian rail capacity. The western economy, despite the adverse economic climate in the world generally, is doing very well in many of its phases of activity. Of course, there will have to be an increase in double tracking. The CPR at the present time is planning the construction of, I think, four or five new tunnels in the Rocky Mountains to accommodate increased activity on the line. However, I have not seen the complete text of the minister's speech. Perhaps one of my colleagues will wish to add any information he has on this subject. It is certainly no mystery that, largely because of policies adopted by this government, the economy out west is booming these days and we are going to need more rail capacity.

Hon. Duff Roblin (Deputy Leader of the Opposition): Well, if ever I heard an outrageous inaccuracy, that has to be it. How can I sit here and listen to this?

Hon. Jacques Flynn (Leader of the Opposition): Well, we have no choice. We should be used to it by now.

GRAIN

EMBARGO ON SALES TO U.S.S.R.—COMPENSATION TO FARMERS

Hon. Martha P. Bielish: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. I am happy to see him present in the chamber.

Senator Donahoe: A novelty.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am glad to be here.

Senator Bielish: Is it still the government's policy to compensate grain farmers for the period during which Canada participated in the embargo of the Soviet Union? Would the minister responsible for the Wheat Board indicate when we can anticipate an announcement of those compensation payments?

Senator Argue: Honourable senators, the question of compensation for the loss that took place because of Prime Minister Clark's going along with the partial embargo—

Hon. Jacques Flynn (Leader of the Opposition): And you accepted it subsequently.

Senator Argue: No, we got rid of it subsequently and removed—

Senator Flynn: You took some time.

Senator Argue: —the albatross that a western Conservative had hung around the necks of the western producers. So the Canadian Wheat Board has gone over to the Soviet Union and recovered the situation and put another—

Senator Flynn: But there is no loss.

Senator Argue: —$500 million into the pockets of western farmers. So it has been a wonderful success.

• (1420)

Regarding the question of compensation—I do not want to get on to something else, but I welcome the interruption from my distinguished friend, the Leader of the Opposition—the matter is under very active consideration. It is being considered and, so far as I am concerned, there is a substantial case to be made for compensation; but I have to say that a final decision has yet to be made.

ENERGY

OIL—SUSPENSION OF SYNCRUDE PLANT EXPANSION—DOMESTIC PRICING POLICY IN WORLD PRICES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a couple of questions, one of which is directed to the Minister of State for Economic Development and relates to the government's so successful economic policies in western Canada that the Leader of the Opposition—

An Hon. Senator: The Leader of the Government.

Senator Roblin: Well, he should be in the opposition—that the Leader of the Government had brought to our notice. As my honourable friend probably expects me to say, I am referring to the announcement that the Syncrude plant expansion is now to be suspended.

I draw my honourable friend's attention to the statement he made yesterday about the government's policy of pricing oil from these unconventional sources at $38 per barrel plus an

amount tied to the CPI, and our exchange of views as to the effectiveness of this policy.

It is now perfectly clear, if we need any more demonstration, that for the third time we have a major unconventional oil producing source placed in the deep freeze because of the economics of the present government, the oil economics of the national energy policy. I ask my honourable friend what proposals he has to break this log jam.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is a matter of repeating over and over again what needs to happen to break this log jam; that is, to come to an agreement with another government in this country that has a great deal of jurisdiction in this regard.

My honourable friend is trying to do something that, in my view, he should not try to do, which is to specifically identify the price of $38 per barrel plus escalation as the reason why it is not going forward. I believe that, on reflection, he will agree with me that it is a pretty narrow view, almost to the point of misleading as to what is the real difficulty in holding up those mega-projects which this country needs so badly in order to bring on more supplies from inside Canada.

I should draw to the honourable senator's attention that if he is now suggesting that the price should be something in excess of $38 per barrel plus escalation, then, of course, he is not in tune with the people involved in it, because, for his information, the world price has not yet reached that point.

He is suggesting to me that whatever increases there may be over $38 will not be as rapid as OPEC-led price increases. The honourable senator can rest assured that this government meant it when it said that we would have "made in Canada" prices based on costs in Canada.

We can have some argument about whether or not it should be the CPI inflator or some other, but if he is suggesting that $38 plus an escalator is insufficient, then he is also continuing to say that we will rely on someone outside of this country to set the basic framework for our energy prices, and we do not agree with that.

Senator Roblin: On the contrary, I am saying that I am not relying on someone outside of this country to set the price; I am relying on the government to set the price. What does he think they are there for, with their national economic policy? They said they are going to set the price. My honourable friend accuses me of misleading the house, or coming close to an inaccurate statement in this matter. It is not my statement; it is the statement of the Syncrude people, and I shall read it to my honourable friend. It says:

> The new reference price of $38 a barrel, plus indexation with the consumer price index and other budget measures such as the new tax on revenue, have made the expansion uneconomic,

My honourable friend tells me that he is going to sit there and let that situation cook, I presume, until such time as he feels he is ready to do something about it. Meanwhile, the evidence that has been adduced before the National Energy Board hearings indicates that the cost of the present policy has been to set back the development of these major oil projects by two years, with a loss of 200 million barrels of production, at an additional cost to Canadians of $18 billion to cover the increased volume of imports of foreign oil that are necessary to meet domestic demands.

● (1425)

I am not saying that I endorse those figures without question, because they are not my figures; but I am saying to my honourable friend that, whether he accepts them dollar for dollar or barrel for barrel, or not, they still reflect the truth and accuracy of the matter, that my honourable friend's policies are disastrous for this country, and I ask him what he is going to do about that.

Senator Olson: Well, my honourable friend can raise all the steam he wants. He is now moving into another area, and he knows very well that it is against the rules of this chamber to ask whether or not a statement made in the press is accurate.

Senator Flynn: Where is that?

Senator Olson: That is clear. Well, do you want me to read chapter and verse to you?

Senator Flynn: Yes.

Senator Olson: I can understand why my honourable friend wants me to do that, because it has been clearly demonstrated that there are a whole lot of people on his side of the house who need to read the rules, since they violate, in particular, the rules with regard to Question Period all the time.

To get back to the substance of what is involved—

Senator Flynn: Read it.

Senator Olson: I can do that; that's no problem. We will have the quotation here in a minute.

Senator Flynn: No, no. Those are not our rules.

Senator Olson: I will identify this very clearly. It is *Beauchesne's Parliamentary Rules and Forms,* the Fifth Edition, at page 130. Citation 357 says:

> "A question oral or written must not: . . .
>
> (e) inquire whether statements made in a newspaper are true.

Senator Roblin: A point of order, honourable senators.

Senator Flynn: Give the date.

Senator Roblin: Honourable senators, I never asked my honourable friend whether those statements were true. He is flogging a dead horse. I never asked him that. I told him that I did not accept the accuracy of those statements. He is the one who raised that point. This is typical of the technique employed by the gentlemen opposite. If you cannot win the argument on the facts, produce some straw man and knock the hell out of it.

Senator Olson: Honourable senators, my honourable friend is trying to use the tactic he used a couple of minutes ago. I can, however, tell him in advance that it is not going to succeed. I am not intimidated by that kind of action. If the

honourable senator does not accept the thought expressed in the press statement to which he referred, and if at the same time he is not asking whether it is true or not, why is he bringing it up at all? He can have it one way or the other, but not both, and if that is the status of what is in the report that he read, he has no business taking our time with it at all.

Senator Roblin: I do not think, really, that my honourable friend's argument is worth my answering it. I merely say to him—

Senator Olson: Why don't you obey the rules?

Senator Roblin: I have been paying as much attention to the rules as my honourable friend ever does, and perhaps a good deal more. Let me tell him that.

In any case, my honourable friend has given me the answer—or, at least, has failed to give me the answer—that deals with the question at issue, which is: What is the policy of the government with respect to these major oil projects in western Canada which are stymied?

Senator Olson: Honourable senators, the answer to this has been given over and over again. As my honourable friend knows, we have offered, for those kinds of projects, a price that is equal to, or more than, the world price of oil now, followed by escalation at least by the CPI. It is negotiable whether we use that or the cost of construction index. My honourable friend knows that. It has been said a dozen times in here.

Now, however, the honourable senator is coming along and reading something out of a newspaper for which he will take no responsibility, not even to the extent that he will agree with it, and is saying that it is not enough, and is asking what we are going to do about it. That is a pretty stupid question, in my judgment.

Senator Flynn: If that is so, it's only because it matches your answers.

Senator Roblin: My friend, in his usual interesting way, has put words in my mouth which I am really not inclined to swallow. What I am saying to him is that he has a policy; he says he has told us what the policy is; but the policy does not work. He is, I suppose, going to sit there and stonewall this question until the cows come home.

However, while this is obviously a matter of concern to international oil companies—which, I have to admit, are quite big enough to look after themselves without any assistance from me—what does my friend have to say about those aspects of government policy which affect the small Canadian-owned oil companies? The president of the organization known as the Independent Petroleum Association, speaking in this city to the Canadian Club the other day, made it perfectly clear that in his opinion, at any rate, the impact of government policy is tougher on the small Canadian-owned oil companies than it is on the multinationals. I have to ask my honourable friend if he is willing to invite Mr. Earl Joudrie, the President of the Independent Petroleum Association, into his office and discuss these matters with him, because obviously, if his policy is no good on the big projects and is no good on the small projects, it leaves something to be desired.

Senator Olson: Well, honourable senators, I am way ahead of my honourable friend, because I did meet with Mr. Earl Joudrie in my office at 8 o'clock this morning for an hour and a half, at which time we went over a number of those things.

• (1430)

I can tell my honourable friend that we never claim to be perfect, but we are substantially better than the members opposite and their colleagues when they are in office. That is clear, and the Canadian people agree with us on that. We said, when the policy was announced on October 28, and in subsequent explanations that were given, that we were open to negotiation. What we also indicated was that this policy and some of the details of administration, including the regulations, were negotiable. As a matter of fact, there is a committee in Calgary, an Alberta technical advisory committee, reporting to me, and another one reporting to EMR, which are going over the program very carefully and making suggestions to us with respect to the question of application insofar as the regulations are concerned. It is very important that that happen because, of course, those are the people who have to live with the practicalities of what comes out of the policies and the regulations that are part of that administration. So, we are doing that all the time, but there may be some additional adjustments to be made.

I find it rather interesting, honourable senators, that the honourable member went down the other road until he ran into the difficulty that we had a few minutes ago, and then he changed course. But what he failed to do was state the obvious, and that is that it has been stated by the Premier of Alberta that he does not intend to proceed with any of those mega-projects until the totality of the energy package is put together. If that is not the whole reason, it is the major reason, and it has been stated. That is why I was criticizing him for trying to drag this red herring in, that the $38 plus inflation is the reason, when he knows, as well as I do, that it is not true.

Senator Roblin: The reason that the matters are not going ahead in western Canada is very simple. It is the government's policy. That is what has brought about the whole problem with the industry and Alberta. It is simple. It is the government's policy, and until my honourable friend is willing to change his policies, he has to accept responsibility for the result of that policy.

Hon. Lowell Murray: Last evening I asked the minister a question in this regard. I asked whether he, personally, was going to take a hand in the negotiations with the producing provinces, in view of the importance of the energy sector to our national economic growth and in view of his position as Alberta's representative in the federal cabinet. I was very interested to hear him say a few minutes ago that he had met with Mr. Joudrie, the President of the Independent Petroleum Association of Canada. That being the case, I wonder whether he would now answer the question that I put to him last night, and to which he responded at considerable length without

answering it: Is he, personally, going to take a hand in negotiations with the producing provinces?

I have another question in this general area arising from something the minister said a moment ago to the effect that the world price had not yet reached $38 a barrel.

Senator Olson: Yes, for some of our imports, that is right.

Senator Murray: "For some of our imports," he now says. I wonder whether the minister would state what the world price is at the moment, including the premiums that are imposed by almost every one of the oil-exporting countries and which, according to some authoritative estimates, have brought the average price, certainly of a barrel of OPEC oil, to $39 U.S.

● (1435)

Senator Olson: My honourable friend will know that he has almost answered his own question by saying that it is an average of $39 a barrel. Obviously, there is some over, and there must be some under as well.

I guess the only answer I can give to him is that I will try to obtain a list of the various prices that are charged for imported oil. He can then run it up and take out some averages. However, he ought to be a little careful when he takes out those averages, and not just simply add up ten different prices and divide the total by ten. That may not be the average—

Senator Roblin: Well, you do it.

Senator Olson: That may not be the average, because we do have different volumes coming in at those various prices. At any rate, I will have a look at that.

I should like to get back to the first part of the question, however, and assure him and others that I have taken a keen interest in the energy program and the representations made by interested people in the industry, such as IPAC, CPA, and a whole raft of others, and I can assure him and those others that I will continue to do so.

It is not a question of the Minister of Economic Development having no interest in the matter; but I can tell him that the Minister of Economic Development does not presume that he is the Minister of Energy either.

CANADA PENSION PLAN

NON-FUNDED LIABILITY—GOVERNMENT ACTION

Hon. Orville H. Phillips: Honourable senators, I should like to direct a question to the Leader of the Government in the Senate. The last report of the Canada Pension Plan, for the year 1978, projected that by 1985 the costs would exceed the contributions. The Auditor General, in his report, has stated that the Canada Pension Plan has a non-funded liability of approximately $100 billion.

What action does the government propose to take in order to put the Canada Pension Plan on a sound actuarial basis?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senator, the question will be taken as notice.

[Senator Murray.]

FOREIGN AFFAIRS

POLAND—CRISIS—PROPOSED COMMITTEE STUDY

Hon. Stanley Haidasz: Honourable senators, I should like to address a question to the Deputy Leader of the Government. Has he had the opportunity of holding any talks with the Chairman of the Standing Senate Committee on Foreign Affairs with regard to a review or study of Canadian foreign policy, in particular as it pertains to the Polish crisis?

Hon. Royce Frith (Deputy Leader of the Government): No, honourable senators, I have not. Senator van Roggen is not here this week. I have been talking to him by telephone, but we have not really explored that question. I hope the three of us will be able to discuss the matter on Senator van Roggen's return next week.

Senator Haidasz: In such discussions could the deputy leader arrange for a briefing perhaps—*in camera*, if necessary—of any senators interested in the Polish crisis? If there is such a briefing, perhaps it could be made by the Secretary of State for External Affairs. I think it would be appropriate, especially in view of the ominous visit to Warsaw yesterday of Soviet Marshal Viktor Kulikov, Commander-in-Chief of the Warsaw Pact forces.

Senator Frith: Honourable senators, I will see that those comments are brought to the attention of the committee chairman, Senator van Roggen.

INDUSTRY

ASSISTANCE TO CHRYSLER CORPORATION

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. It is reported that the Chrysler Corporation has told the government that it cannot meet its planned investment commitments in Canada. Would the minister indicate whether his government regards the package negotiated with Chrysler last year as unalterable, or is the government, as reported, prepared to change the provisions of that agreement?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, that matter is now under consideration by the Minister of Industry, Trade and Commerce. With respect to whether that package is unalterable, the fact is that conditions have apparently changed rather significantly in the United States vis-à-vis the parent company. In other words, the level of financing and the timeframe needed to revive the company, if "revive" is the word, or put it on a firm financial footing for the future have now changed, and my honourable friend will therefore know that negotiations are and have been underway. It is quite likely that the Chrysler Loan Review Board, as I believe it is called in the United States, will hand in a decision tomorrow which may change even that part of the package.

Whether or not it is unalterable, it seems to me we must look at the changing conditions. I shall not go farther than that now, except to say that we do have to take all of those things

into account. Certainly, we believe the kind of proportionality involved in the first offer is as valid today as it was then, but there may be some changes.

My honourable friend will also realize, of course, that that offer was made because there had been no drawdown and there would not be for some time with respect to the offer that was made.

● (1440)

Senator Donahoe: Having discovered that "unalterable" does not necessarily mean "unalterable" and that certain aspects of this agreement are, because of changed conditions, to be subjected to change, is the government determined—no matter what else it may change—to insist on holding Chrysler to the fulfilment of all of the investment commitments contained in the loan guarantee agreement?

Senator Olson: Honourable senators, I do not believe I can add very much to what I have already said. I probably answered the question before the honourable senator asked it.

THE ECONOMY

IMPORTATION OF AUTOMOTIVE PARTS—TRADE DEFICIT

Hon. Peter Bosa: Honourable senators, could the Minister of Economic Development tell us why there has been a drop in vehicle parts imports which has resulted in the narrowing of Canada's auto trade deficit with the United States by as much as $761 million in the first seven months of 1980?

Hon. H. A. Olson (Minister of State for Economic Development): I thank the honourable senator for giving me notice that he intended to ask a question of this nature.

It is true that the trade deficit for the first eleven months of 1980 has decreased by approximately $800 million or perhaps some $700 million. I am informed that one of the reasons for this improved trade picture relates to the kind of automobiles Canadians are now producing. Our manufacturers are concentrating more on producing trucks and passenger cars. These vehicles are more adaptable to the U.S. market, as the increase in the surplus of trade illustrates. In fact, our overall assembled vehicle surplus stood at $557.4 million for the first eleven months. Of course, the depressed state of the U.S. market has meant that our total trade with them has declined from $23 billion to about $19 billion, so that the U.S. has undergone cutbacks in their production resulting in fewer of their cars being exported. Although it is difficult to predict, this trend seems to be continuing. The decrease in our auto trade deficit for the 12 months of 1980 could reach about $1 billion.

THE CONSTITUTION

MINORITY GROUPS—SUPPORT OF GOVERNMENT AMENDMENTS TO PROPOSED RESOLUTION

Hon. Peter Bosa: Is the Leader of the Government aware of the enthusiastic support with which the constitutional amendments have been received by the minority groups with respect to the inclusion in those amendments of a reference to multiculturalism?

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): A number of representations have been received from people in minority groups indicating their great enthusiasm for the changes.

The honourable senator may have received other messages which he may wish to communicate to the Senate concerning the enthusiastic support coming from the multicultural community.

Senator Bosa: Perhaps I will mention them in my next speech.

INDUSTRY

GOVERNMENT POLICY RE AUTOMOTIVE MANUFACTURERS

Hon. Richard A. Donahoe: Honourable senators, I have a supplementary question which I had hoped to address to the Minister of State for Economic Development following my earlier questions but, unfortunately, Senator Bosa intervened.

Is it the government's view that in making concessions to Ford last week it has placed itself in a position of having to reconsider the terms which it extracted from Chrysler in exchange for the loan guarantees given to that company?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that part of the question as notice and refer it to the minister directly responsible.

As I tried to explain—and I probably answered the question before it was asked—when there is a very significant change in certain conditions, this government is flexible and intelligent enough to recognize that those changes exist and must at least be looked at. No decision has been made as to what amendments may be made.

I believe it would be better if I answered the question after we know whether the United States Loan Board and Chrysler Corporation International are going to change some of the terms or conditions.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

EDUCATION OF INDIANS IN SASKATCHEWAN AND MANITOBA—REPORTS OF AUDIT SERVICES BUREAU

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. In December a newspaper article appeared dealing with a report prepared by the government's Audit Services Bureau which, I understand, is a branch of the Department of Supply and Services. The Audit Services Bureau produced a scathing report against the Department of Indian Affairs, dealing with Indian education in the province of Saskatchewan.

I understand further that a report in almost identical form is about to be brought down in connection with the province of

Manitoba, dealing with the same criticisms, such as quality of education being totally ignored, 80 per cent absenteeism, and excessive drop-out rates.

Can the Leader of the Government in the Senate indicate what, if anything, is being done by the government to deal with these sorts of criticisms?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have the detailed information requested by the honourable senator and, therefore, the question will be taken as notice.

ENERGY

GOVERNMENT POLICY—EFFECT OF DEFERRAL OF COLD LAKE AND ALSANDS PROJECTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have four delayed answers to questions.

On December 4, Senator Doody asked a question regarding budget provisions in the light of Alsands' announcement that the pricing policy offered by the government in its energy package is insufficient to ensure continuation of the project.

I have a rather long reply from the Honourable Marc Lalonde, and I would ask that this be incorporated in the record of today's proceedings.

(*The answer follows:*)

> On December 4, the Honourable Marc Lalonde explained that the federal government is fully committed to the Alsands project but that he could not give absolute assurance that satisfactory negotiations would be completed to ensure that the project would proceed, simply because he could not speak for the government of Alberta. However, he reminded the House that the record showed that the federal government has always been very forthcoming and ready to make sure that oil sands and heavy oil projects will take place. In this context, honourable members will recall that the federal government took the initiative in February 1975 to save the Syncrude project. At that time the governments of Alberta and Ontario, and the three private participants responded, and the project went ahead on schedule.
>
> Examination of the recently issued report on the National Energy Program will show the emphasis being placed on oil sands and heavy oil development through such measures as the maintenance of the depletion allowance, the provision of special tax incentives for heavy oil upgrading plants, and the application of reference prices at or close to international prices to encourage the opening up of these resources.
>
> The government will continue to welcome constructive comments on all aspects of the National Energy Program and will give each one careful consideration. At the same time, we will be issuing Discussion Papers and guidelines on the various incentives including the Petroleum Incentives Program to assist in the policy dialogue.

[Senator Nurgitz.]

Many constructive comments have been received to date and they will all assist in the implementation of an effective program to the benefit of Canadians in all regions of the country.

I must stress the importance of getting further oil sands and heavy oil into production to ensure adequacy of oil supply for all Canadians. The Alsands project is an important element in the energy supply plan for this country in this decade. Canadians are relying on a fair and reasonable response on the part of the government of Alberta in support of this highly important resource development project.

With regard to the supplementary question raised by Senator Doody, as to whether the government's estimates of self-sufficiency by 1990 will be met in view of the Cold Lake and Alsands deferral, we have every confidence that these projects will be back on schedule within a period of time that will ensure achievement of the self-sufficiency objective. That objective depends on steady progress in conservation, in substituting away from oil, and in active resource programs in western Canada, the oil sands, the Arctic, and off the east coast. The National Energy Program is strongly supportive of all of these initiatives.

HOME HEATING—CONVERSION GRANTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I also have a reply to a question asked by Senator Muir on December 4 asking for an indication as to how soon provisions respecting conversion grants would become effective, and as to how long they would remain in effect.

This answer is in the same detailed category as the previous delayed answer, and I would also ask that this be incorporated in today's record of proceedings.

(*The answer follows:*)

> The Canadian Oil Substitution Program (COSP) is designed to reduce oil consumption by 1990 to 10 per cent of our total energy requirement in the residential, commercial and industrial sectors of our economy.
>
> COSP is a long-term program which will be in effect until the end of 1990. It will consist of grants to consumers to help cover the costs of converting their homes from heating oil to natural gas, electricity, propane and renewable sources of energy, such as solar and wood. Consumers will be eligible for grants of 50 per cent of their conversion costs, up to a maximum grant of $800.
>
> This conversion program will be administered in cooperation with provincial and territorial governments or designated authorities such as provincial Crown Corporations. It will take several months for full details of the program to be developed. However, consumers who convert their heating systems after October 28, the announcement date of the program, should save their receipts as they will be eligible for assistance once payments com-

mence, as long as they meet the criteria set out in the program.

Federal and provincial officials are currently conducting discussions with respect to specific details of the program's application in each province. It is hoped that all provinces will participate, and the program is being designed flexibly to make that possible. For example, special provisions have been made for Newfoundland and Prince Edward Island, provinces which do not currently have access to natural gas. In these provinces COSP will apply to renewable energy sources such as solar and wood, and as an alternative to conversion the federal government will permit consumers to receive a taxable grant of 50 per cent, up to $800, of expenditures resulting in lower heating oil consumption such as upgrading oil furnaces and home insulation. Entitlements under ongoing energy-savings programs are not affected by this grant.

I would like to assure the Senate that full details of this exciting new program will be widely available once agreements are reached with provincial governments.

HOME HEATING—APPLICATION OF CONVERSION GRANTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I also have a reply to a question asked by Senator Phillips on December 4 asking if the government had, for the third time, altered its position on conversion grants under the Canadian Oil Substitution Program, as applied to electricity generated by oil burning plants.

Honourable senators, the reply is rather lengthy, so I would ask that it be taken as read.

(*The answer follows:*)

In recognition of the fact that the Atlantic region of Canada is totally dependent on offshore oil supplies, the National Energy Program provides this area with a variety of special measures, over and above those available to Canada as a whole, to ensure that a resolute shift to more abundant fuels will be made within the next decade.

For example, the federal government is prepared to act to resolve regulatory issues in an expeditious manner so that construction of the natural gas pipeline may begin as soon as possible.

With reference to the Canadian Oil Substitution Program, grants will be provided for conversion or replacement of oil-fired heating systems to enable homes and businesses to utilize natural gas, propane, wood, solar or other regionally appropriate fuels. However, the National Energy Program initially excludes conversion to electricity, as so much of this energy source is generated by oil.

Some 140,000 homes in New Brunswick are currently oil-heated. The program target is to convert a maximum of 114,000 homes by 1990. While encouraging conversion from oil, the NEP will provide increased support for the upgrading of home insulation. Since its inception in 1977, the Canadian Home Insulation Program (CHIP) has made available approximately $10 million to 24,000 households in New Brunswick.

Since oil is the source of 63 per cent of the electricity generated by utilities in New Brunswick, in an effort to reduce this oil dependency, this province will be eligible for a share of $175 million in federal funds which will help finance the conversion of oil-fired electrical generating plants to coal. To this end, the maritime provinces will share in the benefits of a $4 million expanded program of research to support development of regional coal resources. New Brunswick will be eligible for a share of $150 million in federal funds for the demonstration of improved coal-use conducive to the utilization of coals with a high sulphur content, but with minimal environmental impact.

With various regionally-specific measures, the federal government has shown that it is particularly sensitive to the energy problems facing Canada's maritime region. It cannot be cited for dereliction of responsibility because it has placed a temporary moratorium on providing electrical conversion grants to households in New Brunswick until a shift from oil-generated to less costly and more abundant energy sources takes place in the production of electricity.

FOREIGN AFFAIRS

POLAND—STATEMENT BY SECRETARY GENERAL OF NATO

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a brief answer to a question asked by Senator Haidasz on December 16. I would advise the members of the chamber that on January 12, the Polish Ambassador presented, on behalf of his government, several specific requests for economic assistance from Canada. Honourable senators, that was only two days ago. I can report that these requests will be given prompt and serious consideration by the Canadian government.

ENERGY

SASKATCHEWAN—OIL PRODUCTION—FEDERAL EXPORT TAX

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for Economic Development. Last evening Senator Roblin asked the minister a question regarding Saskatchewan heavy oil and the problems associated with that. At that time I thought he was referring to the price increase instituted by the National Energy Board. I see now that he was not.

As the minister is aware, there has been serious reaction in Saskatchewan to a ruling of the National Energy Board that increased the federal export tax by $6 a barrel on Saskatchewan oil going to a United States customer located in Minnesota which is able to process that particular grade of heavy oil.

Because of that ruling, that industry, Koch Industries of Minnesota, has cut its imports of medium and heavy Saskatch-

ewan crude oil by 25,000 barrels a day from the normal winter level of about 90,000 barrels a day.

The Province of Saskatchewan, of course, is quite irate about this and has stated that it was not involved in any prior consultations. It has been indicated that the National Energy Board's policy branch is trying to find a new buyer for the shut-in Saskatchewan oil, and that it hopes to have something done on this by Friday.

My question is as to whether in fact something has been done. I have heard rumours to the effect that something has been done, that there has been a reversal of this situation, so I wonder whether the minister would look into this matter and report back to the Senate, because it is a matter of real concern to the economy of Saskatchewan.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that specific question as notice and try to answer it later this day. I wish also to say that, having read the question raised by Senator Roblin last evening, while he may have intimated that it ought to be, it did not contain that specific matter. I certainly will look into that with respect to both questions.

Hon. Duff Roblin (Deputy Leader of the Opposition): I was not addressing myself to that particular point. I was addressing myself to a broader point.

Senator Olson: The low production.

Senator Roblin: That is right. I was not addressing myself to the Koch deal which my honourable friend is talking about.

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"—QUESTION OF PRIVILEGE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I rise on a question of privilege which has just come to my notice. It is a matter of correction.

When Senator Lamontagne was speaking yesterday, in his introductory remarks he said:

> As honourable senators are already aware, the substance of this report—

That is the report on the future of the Senate.

> —was unanimously approved by the committee members before the federal-provincial conference of September 8 last.

Speaking for myself, I emphatically did not lend my approbation to the state of affairs of September 8, nor do I now. Therefore, I wish to disassociate myself from that unanimity.

Hon. Maurice Lamontagne: I should like to add that we had our more-or-less final meeting of the committee at the beginning of September but, unfortunately, Senator Roblin was not present. A motion was moved in due form and it was carried unanimously, and that, as I said yesterday, is contained in the report of the committee.

I know that at an earlier meeting Senator Roblin had expressed some objections to the general orientation of the report but, unfortunately, when that motion was put to the committee he was not present.

● (1450)

Senator Roblin: I should like to make it clear that, while I was not there on the particular date mentioned, I was there before and after, and both before and after that date I expressed my consent to some important features of this report. While I can understand my honourable friend's explanation, it is important to me, at any rate, that I record what I believe to be the facts.

[*Translation*]

Senator Lamontagne: I should like to add simply that unfortunately, under the circumstances, those who are absent are always wrong.

Hon. Jacques Flynn (Leader of the Opposition): We should get things straight however. As far as I am concerned, I do not know to which committee meeting Senator Lamontagne is referring when he speaks of unanimity. I do know that at a given time it was agreed that the report would be tabled but that no one was bound by it and that everyone would be free to criticize any aspect of the report. That was the decision taken at the time. Was another decision reached in the absence of opposition senators, I do not know. But, in my opinion, those were the conditions under which the report was to be submitted to the Senate.

Senator Lamontagne: As I said, I believe that Senator Flynn was at the meeting when the motion was put to the committee. If my memory serves me well, that motion was moved by Senator Smith. At that time we agreed to give unanimous consent to the motion because no objections were raised concerning the substance of the report. As a matter of fact, this sentence appears at the very beginning of the report itself.

Therefore, all the committee members had the opportunity to read this introduction before the report was published and no objections were raised at that time.

[*English*]

Senator Roblin: I just cannot agree with that, because I was there on one occasion when Senator Smith moved a motion to approve some activities of the committee. I most specifically reserved my position, and that was understood by the members of the committee and, I think, by my honourable friend. I think that fact should be recorded.

Hon. John M. Godfrey: Honourable senators, I think that I also should say that I disagree with the statement made by Senator Lamontagne. It is true that the substance of the report was agreed upon before the First Ministers' Conference, and I understood that there would be no changes except in the actual drafting.

At the last meeting held some time after that, two recommendations that I thought to be of considerable importance were deleted from the report. I had no warning prior to the meeting that the committee would be considering deleting

those two matters, two matters I was very much in favour of. I objected to that procedure at the time and said that if it was intended to consider changing the substance of the report which had been agreed upon, then all members of the committee should be given prior warning and an opportunity to be present, but they were not given that opportunity.

As I said, at that meeting these two recommendations were deleted and I objected strenuously at the time not only to the procedure but to the deletions, and I still object strenuously.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I hope not to add difficulty to this matter but to straighten it out. However, I find myself agreeing with both sides. I was present at the meetings and remember clearly that we agreed to the substance of the report. We did not attempt to define what "substance" meant, but certainly there were various ideas put forward as to what "substance" might mean. It is also true that each individual was left with the right to pick any particular part of the report with which he or she disagreed. When the report was presented in the Senate every senator, notwithstanding that he or she had signed the report and supported its substance, reserved the right to disagree with parts of it.

Incidentally, while dealing with this, I hope, because of the importance of this report to us in particular, that every senator will make an intervention in the debate on this inquiry, be it short, be it substantial, be it nitpicking, or be it disagreement with phrasing. The Senate should benefit from the report of this committee and, therefore, I think every senator will try to make some intervention on it and, no doubt, in the course of that, will exercise the rights that we have been talking about.

Senator Roblin: Honourable senators, I must object to my honourable friend's statement that there was agreement in substance, because that covers a lot of territory. I made what I thought was a well reasoned and relatively short intervention in connection with the way in which the Senate was constituted. My views on that subject are known. How could I agree with the substance of a report which reaffirms its interest in an appointed Senate, to say nothing of the right of senators to reappoint themselves when their term is up? How could I be said to agree in substance with the whole report containing that clause when, manifestly, by the words from my own mouth in the committee, I did not? So, I must say that the agreement in substance was not in question at all. It was just not there.

Senator Frith: Honourable senators, as I recall it, that is precisely what happened and the very reservation Senator Roblin is making was made by Senator Smith himself when he moved the motion, namely, that everyone have the right to disagree with parts of the report.

Senator Roblin: How do you get unanimous approval out of that?

Senator Frith: I did not speak to that; I spoke to the agreement in principle.

• (1500)

ENERGY

GOVERNMENT POLICY—DEBATE CONTINUED

The Senate resumed from Wednesday, December 3, 1980, the debate on the inquiry of Senator Argue calling the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular:

1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;

2. the advantage of Canadianizing the industry;

3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;

4. the advantage to Canada of the provisions concerning conservation; and

5. the advantage of other aspects of the policy.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in participating in this debate let me remind you, as an opener, of the wording of the inquiry. It is in five parts, and I propose to speak to two of them. The inquiry of Senator Argue calls the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular:

1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;

2. the advantage of Canadianizing the industry;

3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;

4. the advantage to Canada of the provisions concerning conservation; and

5. the advantage of other aspects of the policy.

By way of further introduction, I think it important to say that I regard this policy as being well named, and that it depends on a return of attention to its title for an understanding of its substance. It is called the National Energy Program—and I underline those words, because I do not think it purports to be a national oil policy exclusively, or a provincial energy policy, or a local energy policy in any respect. For that reason, it must, as do all great pan-Canadian programs introduced by this or any other government, reflect, and naturally reflect, the tensions, the regional interests and the diversities that make up Canada—those things that make it a difficult country to govern and a great country to live in.

Parts 1 through 3 of the inquiry were, in my opinion, well and thoroughly dealt with by Senator Argue. I should like to deal with parts 4 and 5 of the inquiry, being the advantage to Canada of the provisions concerning conservation and the advantage of other aspects of the policy. In conservation aspects I include renewable energy, improving the efficiency of crude oil use, and conversion programs.

With reference to other aspects of the policy—and that, in effect, will comprise the second part of my remarks addressed to the Senate today—I will outline some of the impacts of this program on the province of Ontario, the province which I,

along with some other honourable senators, represent in this chamber.

Senator Argue outlined—I thought very well and persuasively—the advantages of Canadianization and the need for a reasonable distribution of wealth in Canada. In that way Canadianization was a part of another program, one which I have always conceived to be a fundamental program and policy of the Liberal Party, and particularly of its present leader—the need and wish to distribute the benefits of living in this country as widely as possible among Canadians.

Senator Argue also spoke of the incentives for the industry, which are now greater than before, whether companies in that industry are foreign-owned or Canadian-owned.

I have before me a table which sets out in three columns, respectively headed "Canadian", "Foreign" and "Previous Plan", a breakdown of exploration costs by incentive, tax savings, and net cost. It can be seen that under the previous plan the net cost was 37 cents, whereas under the present plan it is 28 cents for foreign companies and 7 cents for Canadian companies. So, clearly there is an advantage to both Canadian and foreign-owned companies, with a very substantial and deliberate margin in favour of Canadian companies.

I ask the permission of honourable senators to have this table form part of today's record.

Hon. Senators: Agreed.

(*The table follows:*)

	Canadian	Foreign	Previous Plan
Explorations costs—			
Incentive	80 ¢	25 ¢	
Tax savings	13 ¢	47 ¢	63 ¢
Net cost	7 ¢	28 ¢	37 ¢

Senator Frith: All regions of Canada, we feel, will benefit from this plan, with the lion's share of the benefit still, and rightly, going to the producing provinces.

I have another table which I ask permission to include in today's record. This table sets out National Energy Program initiatives from 1980 to 1983, and the gross and per capita benefit to each of the provinces in millions of dollars. It supports the statement I just made to the effect that the lion's share goes, as it should, to the producing provinces—Alberta, British Columbia, Saskatchewan and Manitoba.

Hon. Senators: Agreed.

(*The table follows:*)

NEP initiatives 1980-83—Federal Spending*

	Millions		Per Capita
N.B.	$ 290		$ 400
N.S.	$ 330	$ 954	$ 400
Nfld.	$ 300		$ 550
PEI	$ 34		$ 279*
Alta	$2300		$1130
B.C.	$ 550	$3340	$ 200*
Sask.	$ 490	producing	$ 500
Man.	$ 67*	provinces	—
Ont.	$ 925	$2725	—
Que.	$1800		$ 280
Total	$7086 million		

*Research, conservation, industry incentives, etc.

Senator Frith: The total is $7.086 billion. This is federal spending by way of research, conservation, industry incentives, and so on. The table divides that amount as follows: to the Atlantic provinces, $954 million; to the producing provinces, $3.340 billion; and to Ontario and Quebec, $2.725 billion.

Honourable senators, we have had some interesting and, I think, edifying interventions already in this debate on Senator Argue's inquiry, and I thank him for having brought this subject to our attention. I take it we will have the opportunity, in due course, of considering particular pieces of legislation arising out of the National Energy Program, but through this inquiry we have had a chance to take a run at this national energy policy in advance. As a result of this inquiry, we had the intervention by Senator Argue, as well as interventions by Senator Murray and Senator Balfour.

Senator Murray's main point, it seemed to me, was that the government could not achieve its goals without increasing supply and that the supply would have to be increased principally, though not entirely, by pricing mechanisms. That, of course, is where Senator Murray and the Liberal government disagree on this energy policy. In essence, it seems to me that Senator Murray and other critics of the program are saying to the government, "You cannot make it work your way, so stop trying and do it our way,"—essentially, by way of price increases.

That is, if I may say so—and I do not say it in any patronizing, or sarcastic way—

Senator Murray: Or through taxation.

Senator Frith: That is correct. That view of Senator Murray's is, in my opinion, perfectly respectable. It is not nonsense. It is not, to use one of Senator Murray's words, huckstering—that is, his view is not huckstering. It is a responsible point of view. However, it is one with which we on this side disagree. The government is determined to achieve its goals through other methods, and the principal one that I wish to talk about is that of a reduction in demand.

The way by which we hope to achieve that reduction in demand—and I believe we will achieve it—is, first, by the

energy conversion program; secondly, by expanded conservation efforts; thirdly, by improving the efficiency of crude oil use; and fourthly, by renewable energy programs.

We wish to combine these various elements to achieve the three main objectives of the National Energy Program, those being security of supply, self-sufficiency, and Canadianization of the industry. Security, opportunity, and fairness are the touchstones of this program.

Keeping in mind the interventions of Senator Murray, Senator Balfour, and others, can we on the government side say, with the same conviction, with the same determination and certainty, that it will be easy? The answer is: No. Is this program an ambitious program? Yes. Senator Murray would say it is overly ambitious. We say it is not. Is it a Canadian program? Yes. Is it a difficult program? Yes.

• (1510)

But, honourable senators, it seems to me that everything we have achieved in this country has been characterized by being uniquely "Canadianly" difficult. The very putting together of the country seemed like madness. If there had been a Senate at that time—that is, before 1867—I suggest that in it, in the House of Commons and in the newspapers there would have been eloquent and strong arguments that it would be madness to try to put this country together, even the part that was being put together in 1867 before the western provinces entered Confederation. Even at that time, any objective observer would have said, "You are really trying to put together and pull together into some homogeneous whole regions that are too heterogeneous. The maritime provinces, Quebec and Ontario are sufficiently different regions that you cannot make one country out of them. Are you really serious in trying to do it also with two languages?" You can imagine the speeches that could have been made against trying to continue with that difficult undertaking.

Would we have built the transcontinental railways if we had looked only for the easy way? The same question can be asked with respect to the trans-Canada pipeline, bilingualism, and so on. When I was a member of the B and B Commission, Canadians, as well as people from other countries, said to us, "You know, this is a noble experiment, but you are really out of your minds. Do you not realize that the easy way to run a country is to have one language, even a small country, let alone a huge country like this?" There is no question that they were right. We on the Commission never tried to persuade anyone that establishing bilingualism, and dealing with majority-minority relations by giving attention to language rights, was the easy way to run a country, and people told us that at our hearings. They said, "Do it the United States way. Have a nice melting pot, have lots of multiculturalism, but one language. You Canadians are crazy. Why do you insist on trying to do difficult things?" We did insist and we succeeded, as we have with all other undertakings of that kind.

I respectfully suggest that as long as we are trying to achieve national objectives it will be difficult, because of the very nature of the country, and it will always require effort to reconcile regional differences with national differences and inter-regional differences. That is why this difficult program is, in my view, a characteristically great Canadian undertaking. As the minister said today, there will have to be adjustments, but the outlines, objectives and ambitions are noble and worthy of the Canadian nation.

I come now to the last two points which are the particular ones that I want to deal with. The first is the elements of the conversion program. Here, too, we must have the kind of national support that is necessary to make this kind of undertaking work.

I want to refer, honourable senators, although I know you have all seen it, to the program itself, and in some cases I will be referring to particular pages in this program because I do not want to read at length from it. Those of you who are interested in the background of, and the technical basis for, the statements that I am making will find them here. As Billy Graham and others would say, "It's in the Book." You might even call it the Gospel according to Saint Marc.

Hon. Jacques Flynn (Leader of the Opposition): Or Saint Peter.

Senator Frith: Honourable senators, on the elements of the conversion program, I shall deal first with amount. Remember, the context is that this is a part of a National Energy Program, not just a local oil program. The oil part, of course, is of vital importance but it is not the only part. In the elements of the conversion program, which totals $1.62 billion, there are consumer grants of up to $800 to cover 50 per cent of the cost of conversion to gas, electricity or renewable energy sources. That is in the book at page 56.

Senator Flynn: It is not working.

Senator Frith: You don't have anything working right the minute it is launched. A program of this size never works immediately. Take, for example, the building of a railway. We would say, "We have just started construction. You cannot travel to Vancouver today because it is going to take three years to complete." It is a long range program.

Other elements of the conversion program are:

—No federal financial assistance to new oil-heated homes.

—Off-oil conversion of federal buildings.

Those two are at page 57.

—Attractive national gas pricing regime.

—Federal financial assistance for new gas transmission facilities.

—Market-development bonuses to gas distribution companies and extensions to electricity and propane.

—Grants of up to $400 a vehicle for conversion of commercial fleets to propane.

—Conversion of 8,000 federal vehicles to propane within five years.

—Federal assistance to develop and demonstrate other alternatives to gasoline, such as compressed natural gas.

Then come expanded conservation efforts which amount to $1,075 million. So we have conversion and conservation.

—Increased funding for CHIP.

—Restrictions on federal financial assistance to new homes not meeting energy efficiency standards after July 1, 1981.

—Demonstration of super-efficient residential housing.

—Development of energy-efficiency standards for construction in the north.

—An enhanced conservation program in Newfoundland, Prince Edward Island and the Territories to provide up to $800 grant covering 50 per cent of eligible costs.

—Federal building retrofit.

That is on page 68.

—Expanded industrial conservation.

—Tougher automobile fuel-efficiency standards.

—A municipal energy management program to combine the goals of job creation and energy conservation.

—A small projects fund.

Improving the efficiency of crude oil use—$310 million. This program includes refinery modifications to reduce output of heavy fuel oil, a 75,000 barrel-a-day reduction in heavy fuel oil by agreement with Petrosar, Suncor, Imperial Oil and Ultramar.

—Petro-Canada is studying an 80,000 barrel-a-day heavy fuel oil upgrader in Montreal.

—Saskatchewan heavy crude oil upgrader: price and tax incentives should lead to increased production of heavy crude; joint Canada-Saskatchewan venture to build heavy crude oil upgrader in Saskatchewan (I imagine that is in the Lloydminster field on the border of Alberta and Saskatchewan); and the cost-of-service related to incentive for upgrading.

—Minimizing the expansion of oil-based petrochemicals.

Those, honourable senators, are perhaps the less frequently dealt with aspects of this policy—the conversion program, the expanded conservation efforts and the improvement of efficiency in crude oil use. I understand them to be those aspects of the program that are referred to in part 4 of Senator Argue's inquiry.

● (1520)

The program deals also with renewable energy, which is $75 million. Conversions to renewables are eligible for federal grants, as are solar water heating demonstrations covering 1,000 homes and demonstrations of renewable energy options in a remote northern community.

The reason I am mentioning them seriatim is because none of them, taken individually, is as gigantic as some of the problems that I admit exist with reference to oil, but, taking them together, they are part of this National Energy Program dealing with all forms of energy. Seeking the objectives we have talked about and putting them all together, they constitute these first steps that every long trip has to start with. So, to reiterate, in renewable energy there are the conversions to renewables, solar water heating demonstrations, and the demonstration of renewable energy option in a remote northern commuity. There is also the expansion of fire—that is, forest industries renewable energy—to include organic materials other than wood, to apply to all establishments in all areas, and the removal of the upper limit on grants that exist at the time. There is then the establishment of Enertech Canada, a subsidiary of PetroCan, that is to deal with and support the production of renewable energy equipment.

Honourable senators, I move now to the next branch of my submissions, which is the impact of the energy program on Ontario. The program recently announced by the government, contains material of special interest to each province.

With reference to prices, the National Energy Program's "made in Canada" oil price provides for increases in the wellhead price of conventional oil. We have been discussing that today, so I shall not go into the detail of prices. Under this policy the consuming regions will pay substantially less for oil than they would have under the previously proposed policy linking oil prices to the world oil price. The program will limit the adverse impact on economic growth in those regions and will soften the inflationary impact.

The new federal energy initiatives under the NEP in Ontario, including reserve expenditures, will total $925 million over the next four years. Annual fuel expenditures in 1984 by the typical household in Ontario will be substantially less under the National Energy Program than they would be if international prices prevailed.

I have available figures showing the breakdown of home heating by oil and gas, and also motor gasoline, under such headings as "At International Prices" and "National Energy Program", and indicating the total saving—

Hon. Lowell Murray: International prices are not at issue. We were talking about 75 per cent in one case and 85 per cent in another.

Senator Frith: I understand that; but if you are taking a percentage of something, then that something is an issue. That is the bench mark. I do not suggest—

Senator Murray: Does your chart show 75 per cent of the international price, or does it show 100 per cent?

Senator Frith: It is an easy computation as to whether you make the 75 per cent. I understand quite clearly that the opposition—at least, Senator Murray and Senator Balfour—at no time suggested that the increases in prices should follow slavishly the OPEC prices. That was never suggested, I agree.

Senator Flynn: No.

Senator Frith: But the difference that exists concerns whether the prices are based on or are related to prices made by a cartel that makes them for different purposes, and whether the prices are simply discounts of those prices or whether they are "made in Canada" prices. That is the difference that exists between the two parties on the issue.

Senator Flynn: The main difference is that between the price of your so-called energy price policy and ours.

Senator Frith: I am sorry, I did not hear the first part.

Senator Flynn: I said that the main point is the difference between the price that we suggested and the price that you are suggesting; that is all. Give us the difference between the two. That is the only relevant factor.

Senator Frith: That is the difference that exists between us—exactly; I appreciate that.

Senator Flynn: Tell us what it is.

Senator Frith: You did not have your price set, and neither did we, but we are trying to negotiate a price that is based on a "made in Canada" price. Therefore the principle, or the difference between us, is the basis upon which it is computed.

Senator Flynn: I do not care about the principle. I want to know what the difference is in cents.

Senator Frith: I cannot tell you what the difference is in cents, and neither can you tell me, because we are not yet dealing with certainties.

Senator Flynn: I know, for instance, that we are paying 28½ cents more per gallon this year than we did last year. Tell us what our price would have been.

Senator Frith: Whatever that is, the difference that exists between the two parties on the question of price is a difference as to computation and as to the price that is eventually negotiated. The figures I am presenting here are the international price, the National Energy Program price, and the saving. I am not raising the matter of the difference that exists between your price, whatever it was, and our price, whatever that might be.

Senator Flynn: The impression you tried to give during the campaign was that it would be much lower. Prove to us that you are right.

Senator Frith: First, I do not know what impression might have been given during the campaign; secondly, I am not at present talking about the campaign; and, thirdly, I am talking about the National Energy Program. The part of the program that I am talking about is its impact on Ontario; and the price issue that I was talking about, including the chart to which I was referring, dealt with international prices and was not about campaigns or about the Conservative or Liberal price. It is the National Energy Program price, and there is a 25 per cent saving as a result of the expanded CHIP, and a 20 per cent saving as a result of improved fuel efficiency. They do not deal with Conservative versus Liberal prices.

When the Leader of the Opposition makes his intervention, as I hope he will, if he wants to talk about campaign matters, he can do so; but I am not talking about them at the moment.

Concerning the conversion from oil, the goal is that through the national conversion program oil will provide no more than 10 per cent of Canada's non-transportation energy needs within a decade. In Ontario, oil accounts for 36 per cent of the energy consumed in residences, 23 per cent consumed in commercial buildings, and 18 per cent consumed by industry.

Under the National Energy Program, grants will be provided for conversion or replacement of oil-fired heating systems to enable homes and businesses to use natural gas, electricity, propane, wood, solar or other regionally appropriate fuels.

Senator Flynn: There is nothing new there.

Senator Frith: The taxable grants of 50 per cent of conversion costs, up to a maximum grant of $800, will be payable for conversions made from October 28, 1980. Some one million homes in Ontario are currently oil heated. The program target is conversion of at least 700,000 homes by 1990.

In recent years the movement away from residential oil heating has been accelerated. Twenty-eight per cent of the new houses in Ontario are electrically heated, and 70 per cent are heated by gas. In 1979 an estimated 2,000 units converted to electric space heating and approximately 23,000 converted to natural gas. An additional 50,000 conversions were projected for 1980.

In the transportation sector grants of $400 per vehicle will be available to commercial fleet operators to assist in the conversion of motor vehicles from gasoline to propane.

Concerning conservation by way of home insulation, $139 million has been provided for about 407,000 Ontario households.

Regarding distribution, under a federal-provincial agreement Ontario will be eligible for funding which the federal government will make available over four years to assist in the financing of expanded distribution systems for natural gas and electricity.

Hon. Andrew Thompson: I wonder if I might ask the honourable senator a question. Regarding home insulation, you said that $139 million has been spent. On how many homes?

Senator Frith: Under the Canadian Home Insulation Program (CHIP), established in 1977, $139 million has been provided for 407,000 Ontario households.

Senator Thompson: Thank you.

Senator Frith: Consideration is also being given to providing financial assistance for propane distribution or storage facilities where that would facilitate the conversion program. Remember that I am dealing particularly with the conversion program as it concerns savings and conservation, as distinct from the aspect of the inquiries that have been particularly raised by other senators on this point. The impact of that program on Ontario is significant and beneficial.

• (1530)

I would now like to respond to more of the points raised in the interventions by Senator Balfour and Senator Murray. In particular, I have been looking at revenue sharing. It seemed to me that when Senator Murray pointed out that the new split in revenue ignored the petroleum compensation charge and the natural gas tax, he was ignoring the fact that provincial revenues will accrue significantly as a result of the national government's concessions on indirect taxation. If I accept, as I do, a substantial difference of opinion between Senator Murray, Senator Balfour and myself on this entire program, I

still have some difficulty in understanding why Senator Murray would find an advertising program that attempts to support a position of that kind of huckstering, or, to quote other words that he used, as trying to deceive, hoodwink, mislead or brainwash. He may have felt that he was unable to agree with some of the allegations that were made, and of course he disagrees with the program itself; but I know that he, in his time, has subscribed to and supported national policies that he felt were for the benefit of the country, and has not found himself unable to see the advantage of attempting to explain such a program by means of advertising.

Generally, I found that Senator Murray was uncharacteristically intemperate and hyperbolic in his attacks on this policy, a policy whose goals I am sure both he and Senator Balfour support, and one with so many qualities that I thought would attract particularly Senator Murray's natural enthusiasm for programs that, like this one, are bold, imaginative, comprehensive, challenging and Canadian.

Senator Flynn: You are worse than the Prime Minister and Marc Lalonde.

Senator Frith: As I have said, like so many important Canadian undertakings, this program will be difficult, and it will call on all Canadians to join in a co-operative and supportive national effort.

Senators Murray and Balfour, and other critics, have underlined the difficulties of the program and have warned of its problems. I think we should be grateful for their analysis but, having studied their negative predictions and weighed their caveats, I urge the Senate to add its support to this great Canadian undertaking.

Senator Murray: Honourable senators, I wonder if I might ask the Deputy Leader of the Government a question.

The details of the conservation program are not really very much at issue between us. In fact, most of that program was worked out in the Department of Energy, Mines and Resources during the period when my party had the honour to be in government, and it may well be, as I said when I spoke earlier, that the substitution and conservation measures will succeed, as Mr. Lalonde says they will, in reducing demand very considerably.

My question is, however: Reducing it from what? The Deputy Leader of the Government has not addressed himself to the question I raised in my speech as to what the base demand projections are. The government, in the National Energy Program, has reduced the base demand projections by about 200,000 barrels of oil per day from its previous projections. I would like to know why they have reduced those base projections by that amount. If the deputy leader does not have the answer to that question today, I would hope that he, or one of his colleagues, might obtain the rationale and place it before us at a later stage of the debate.

Senator Frith: Honourable senators, if the details of the conservation program were worked out by the Department of Energy, Mines and Resources during the time of the Conservative administration, then I congratulate that department, and if they were accepted by the Conservative administration, I congratulate them also.

With regard to the question of the basis upon which the reduction was made, my understanding is that, as is often the case with regard to such programs, it was necessary to make a prediction. If the question is as to on what exact arithmetical and statistical base that prediction was made, I will have to try to get that information, since I do not have those facts available to me at the present time.

Senator Thompson: I wonder if I could ask the deputy leader a question. He may not have the details at his fingertips.

I was interested to hear him say that 36 per cent of the heating of Ontario residences is done by means of oil. The projected figures the deputy leader gave were to the effect that by 1990, 700,000 of these residences will have converted either to electricity or gas. I am wondering how he arrived at the $800 that would be the maximum for conversion from an oil furnace to one operated by gas. I ask that as a result of my own experience in asking for estimates of the cost of converting a home from oil to gas. I think there will be a number of people that even $800 will not help a great deal.

On another point, I had no idea that CHIP had spent $139 million in Ontario, or that 407,000 homes had had better insulation installed through CHIP. In my experience, there is a certain amount of apprehension on the part of some people with regard to both the materials that are sometimes installed—

Senator Flynn: Certainly.

Senator Thompson: —in the process of insulation, and secondly, with regard to the contractors who are going around telling people that they can get a government grant for this.

I would hope, when the government is putting more money into CHIP, that they will at the same time insist on setting up standards that must be adhered to by the contractors who will be carrying out the installation of the materials.

Senator Frith: Honourable senators, I will try to find out how the $800 figure was arrived at. I do know that the last time I checked, which was some time ago, the demands for conversion from oil to gas were ahead of the ability to fulfil them. The gas companies, in many concentrated areas, are having trouble keeping up with the number of requests they are receiving.

With regard to the other part of Senator Thompson's question, I do not think I am asked to do more, really, than pass on to the department, and those who are administering the program, the concerns the honourable senator has expressed, both as to the quality and reliability of the materials being used and as to the grants that would be received.

● (1540)

Senator Murray: If I may be permitted one more question, the Deputy Leader of the Government referred to a table and some information that I placed on the record when I spoke on December 3, in which I included the petroleum compensation

charge and the natural gas tax and came up with a new revenue distribution as between the industry, the federal government and the producing provinces—a distribution which shows that in 1983 the federal government would be getting 45 per cent of the revenues, the producing provinces 31 per cent, and the industry 24 per cent. I presume that the Deputy Leader of the Government does not quarrel with that information. The criticism he made of my table was that I had not attempted to calculate the benefits of indirect taxation to the provincial treasuries.

Senator Frith: The concessions.

Senator Murray: Yes.

Can the Deputy Leader of the Government say whether the government has calculated that, and, if so, would he bring in, or have one of his colleagues bring in, the result of those calculations?

Senator Frith: Yes. The answer, briefly, is no and yes.

On motion of Senator Charbonneau, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, January 15, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of message, see today's *Minutes of the Proceedings of the Senate.*)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Postmaster General respecting Olympic coins for the period ended September 30, 1980, pursuant to sections 17(2) and 17(3) of the *Olympic (1976) Act,* as amended by Chapter 68, Statutes of Canada, 1974-75-76.

Order in Council P.C. 1980-3502, dated December 18, 1980, amending Part I of the Schedule to the *Hazardous Products Act,* pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, the 20th of January, 1981, at 8 o'clock in the evening.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, we have no objection because it was expected, obviously. But could the Deputy Leader of the Government tell us whether we will receive any legislation? What will be before the Senate next week? We had a very interesting week with the famous speech that Senator Frith gave yesterday, but I doubt that another speech like it justifies our coming back next week.

Senator Frith: I agree about the justification. However, according to the information we have so far, we cannot expect any legislation from the other place next week. That means we shall pursue the debate on the matters now before us and which, I believe, are important enough to justify our presence here next week—although I must express my regrets regarding my own attendance next week. I am acting as counsel in an appeal before the Ontario Court of Appeal and I shall have to appear before it next week. I am sure the Leader of the Opposition is deeply disappointed to hear that.

Senator Flynn: That is reason enough for us not to be here next week. It seems to me that in the circumstances the deputy leader should amend his motion to say that we will not come back before the 27th.

The Hon. the Speaker: Is the honourable senator moving an amendment?

Senator Flynn: No; it is not for me to say whether he must stay away or not.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

OIL—REDUCTION IN EXPLORATION ACTIVITY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to continue the discussion initiated yesterday between myself and the Honourable Minister of State for Economic Development in connection with the oil industry. Yesterday we had an exchange about the large oil companies followed by an exchange about the smaller Canadian oil companies and the government's policy with respect to them. I now ask my honourable friend if he is acquainted with the latest report of the Canadian Association of Oilwell Drilling Contractors, which reviewed the situation that is facing their industry, and whether he has any statement to make with respect to it.

● (1410)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not have a statement, as such, to make about it. I know there is some apprehension concerning the exploratory and development program later on in 1981, but we have been attempting to obtain some better statistics on, or make an analysis of, the activity that is now going on, and indeed there is some disagreement from people who are directly involved in it as to the number of rigs operating and how long they will be operating.

Senator Roblin: I could perhaps help my honourable friend by reminding him of the allegations, if he wants to put them on that basis, made by the Canadian Association of Oilwell Drilling Contractors, that 43 drilling rigs have been removed to the United States in the last 43 days, and that 174 other rigs simply went out of service in Canada. They give their view that this has already resulted in the loss of almost 10,000 jobs, both directly and on a downstream basis. They also provide their forecast as to what will happen by the end of March, when they say a total of nearly 40,000 jobs will have disappeared from the Canadian economy as a result of the government's activities.

I should like to know if the minister is willing to monitor this situation and bring a report to the house on where we stand at the present time, and if he will also give the forecast that the government would like to present with respect to the future of this industry, so that we may at least have the opinion of the government on which to assess their policies.

Senator Olson: Honourable senators, to put this matter in perspective, I should perhaps refer to my notes. I would draw to the attention of the members of this chamber this analysis of active drilling rigs for the period from 1978 to 1980. One of the figures that I have was taken in mid-December, 1980, and is as close as we can get. In mid-December 1978, there were 388 what are described as "active drilling rigs" in Canada; in 1979, on the same date, there were 461; and in 1980 there were 512.

We have to take into account the variation in statistical reporting within the industry, and I wish to do that because some of the figures I am about to give were taken from *Oilweek* which I believe is a highly respected publication within the industry, and some were provided by the Canadian Association of Oilwell Drilling Contractors.

These figures are for mid-December 1980, when it is estimated that there were 512 active drilling rigs—the same figure that I gave a few moments ago. There were also 46 rigs idle on that date, for a total of 558. According to the drilling contractors there were 462 active rigs and 96 idle rigs, so there is no disagreement on the total number.

As we look at those figures, whether we agree with one or the other, there is no question but that there were more rigs actively operating in mid-December 1980 than at that time the year before and the year before that. So the other conclusion that the honourable senator reached—that there has been some unemployment created, and so on—many have arisen from some anticipation. There is certainly no decrease in the situation from what it was a year ago.

I know, however, that there is some apprehension as to what may happen to exploration budgets later on in the year, after they get through the winter drilling program. Of course, in some of the topography—muskeg areas and so on—those programs can be more effectively carried out in the winter, when the ground is frozen. However, we come back to the same difficulty that we have talked about a number of times in this chamber, and that is that an agreement between the producing provinces and the federal government is obviously highly desirable, so that we can remove the uncertainties, and so that these rigs can be active during the rest of 1981 and even beyond. Until we come to the point of having that agreement, however, there is going to be uncertainty in that business.

• (1415)

Senator Roblin: I would certainly agree with the last statement, that there is a good deal of uncertainty. The problem, as I see it, is that the industry is unanimous in its opinion that government policy is not producing the results that are hoped for. The large companies are saying that, the Canadian companies are saying that, and the oil well industry is saying that.

I have some figures here from the Canadian Association of Oilwell Drilling Contractors, and although they do not quite agree with what the minister has said, and there is no point in trying to reconcile them here, I am saying to the minister that three important segments of the oil industry are looking to the federal government for action. They are looking for adjustment and change in the policy. Is my honourable friend prepared to give any undertaking that such adjustment and change will take place?

Senator Olson: Honourable senators, it is not a question of giving any new undertaking that there will be some adjustment. The spokesmen for the government—the Minister of Energy and the Minister of Finance—began, even as far back as the budget, to indicate that what was in the budget and the national energy policy was put there in the absence of an agreement between the producing provinces and the federal government. It was said then, and has been repeated many times, that we are willing to negotiate.

Some modifications have already been effected, as a matter of fact. There was an announcement on December 23, 1980, I believe, respecting some of the tax deductions in connection with drilling activity, and so on. It is, therefore, not a matter of giving a new undertaking that something will be done. We have already indicated that we are ready, willing and anxious to negotiate and come to an agreement, so that the uncertainty can be removed, and so that the total capability of the industry can be applied to self-sufficiency as soon as possible. This is what we want to do.

Senator Roblin: I am not going to pursue the matter any further, because the honourable minister keeps telling me that the government is getting on quite all right, thank you very much, though I think that all the evidence shows that that is not the case.

GRAIN

CROWSNEST RATES

Hon. Duff Roblin (Deputy Leader of the Opposition): I would like to address a question to the Honourable the Minister of State for the Wheat Board. This concerns the Crowsnest rates. Perhaps my honourable friend can furnish me with a little information.

Speaking recently in Winnipeg, the Minister of Transport referred to the "battle of the giants", to use his phraseology, in the cabinet, with respect to the policy that should be followed with regard to the Crowsnest rates. I think he was referring particularly to the clash between certain elements of the grain industry that had opposing views. I am not going to ask him who the giants are. I am sure he was expecting the question but I shall refrain from asking it.

Senator Phillips: Perhaps the expression "battle of the pygmies" might be more appropriate.

Senator Roblin: Well, I hesitate to endorse that suggestion, because I am such a warm friend of the minister.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I did not hear the suggestion.

Senator Roblin: It is perhaps just as well that you did not hear it. I am not going to repeat it.

Anyway, with regard to the remarks of the Honourable Jean-Luc Pepin in Winnipeg, the *Globe and Mail* of Wednesday, January 14, 1981, reports as follows:

> He said the federal Government has no magic plan to resolve the issue and asked Western farmers to reach a consensus on how to end the dilemma.

I quite agree that the federal government has no magic plan to deal with the Crowsnest rates. What I want to know is, have they any plan at all, and if so, what is it?

Senator Argue: Honourable senators, I gather from the honourable senator's question that he feels that dealing with the Crow at this time is a matter of great urgency, and that it is something that should be attended to in a matter of weeks or days.

The whole question of policy with regard to the Crow itself has been under discussion for a very long time, and I am not at all sure when another step in that discussion, or that process, will take place. I have not read all the reports on the matter.

With regard to the question of the battle of giants in the cabinet, and eastern interests, and so on, I really do not know what that is all about, but I can tell my honourable friend that if and when there is an announcement to be made with regard to any further procedures in the matter of the Crow rate, it will be given in due course.

Senator Roblin: I thank my friend for that very helpful response. If he wants to know about the battle of the giants why does he not ask his colleague, since he is the one that used the expression and alerted us to the problem. Perhaps my honourable friend can tell us on another occasion what his colleague meant by that remark.

Senator Guay: One of those giants is a good friend of the Honourable Senator Roblin.

Senator Roblin: I have a giant for a friend, it seems. I am not just sure who he is, or where he is. I will be happy to be told about it later, but what I am getting at is this: It was the Minister of Agriculture who told us that we were going to get a decision on the Crow before the end of this fiscal year, and now my honourable friend seems to indicate that that is no longer the policy of the government. Is it not the policy of the government to give us a decision on the Crow by the end of this fiscal year?

• (1420)

Senator Argue: Well, I did not know that that was the policy in the first place, if it was stated. I do not know that there has been a decision of any kind as to dates or precise policies or anything else about the Crow rate. As far as I am concerned, I am not convinced that things in the mind of my honourable friend with regard to the Crow rate are necessarily correct. I think the transportation system is coming along very well. I think it is adequate to move the grain. There is consideration being given to future expansion of the railways and double tracking in the mountains, but I am not going to try to help my honourable friend in this chamber interpret what Mr. Pepin is alleged to have said by the press.

Senator Roblin: Well, so much for collegiality and cabinet solidarity, when the Minister of State for the Wheat Board cannot tell me what his colleagues mean when they announce government policy with respect to the Crow.

Senator Argue: I do not know that the policies were announced. That is my point.

Senator Roblin: Well, they are on the record, and my honourable friend can look them up. The quotation from the Honourable Eugene Whelan is on the record in this house, and if he disputes what I quoted with respect to the Honourable Jean-Luc Pepin, he can satisfy himself as to accuracy of that easily enough. Obviously, he has nothing on his mind with respect to the Crow.

Senator Argue: Who hasn't?

Senator Roblin: You. That is the impression I get.

Senator Olson: That is Tory talk.

Senator Roblin: That is Tory talk, is it? Well, I would like to get a little information from the minister as to when we are going to deal with this matter of the Crow, because he leaves me with the impression that he does not regard it as a matter of any urgency and he does not intend to deal with it at the present time. Can he give us any idea of what the policy of the government will be with respect to reaching a decision?

Senator Argue: I can give my honourable friend no indication as to date. I can give my honourable friend no indication as to any refinement of policy. The question of the Crow rate is being considered on a continuing basis, and was so considered by the former administration. One of the first briefing sessions I ever attended showed the almost hundreds of pounds of technical material on the Crow rate that had accumulated over many, many years. The Conservative administration took no great action on the Crow rate, as far as I know.

Senator Roblin: So that excuses us.

Senator Argue: Well, I think there is much to be said in favour of the Crow rate and the obligation of the Canadian nation to provide that rate to the producers. The whole ques-

tion is still under consideration. I am sure that if and when Mr. Pepin has something material to announce, he will do it within hours.

Senator Perrault: Certainly.

ENERGY

EASTERN CANADA—SECURITY OF SUPPLY

Hon. C. William Doody: I have a question for the Minister of State for Economic Development, while my colleagues are digesting that mound of information on the Crowsnest rates. The energy situation in eastern Canada is a matter of some concern at this point, for various reasons. I know that we have been assured that there will be no energy shortage this winter, but complications have arisen since that assurance. I think of the unusually cold winter in parts of eastern Canada, the difference of opinion, perhaps, on the exodus of oil rigs from Canada, the closedown and mothballing of various new sources of alternative supplies in western Canada and, more recently, perhaps, and just as ominous, the disruption in supply of the Mexican contracts. Could the honourable senator tell us what alternative plans have been made with respect to the security of supply arrangements for eastern Canada? Perhaps he could give us an update on the situation as it now exists.

• (1425)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will be glad to have my officials prepare a detailed answer for such an update. It would be helpful, I think, if we could know what is of concern to my honourable friend, rather than just addressing ourselves to his general concern that there may not be sufficient supplies.

All I can do is repeat the answer I gave some time ago, the validity of which I believe he acknowledged, namely, that we have already given the assurance that there will be adequate supplies for the rest of this winter season. If something has arisen, which he knows about and on which we ought really to focus, I would like to hear what it is.

Senator Doody: I would not want the honourable senator to suppose for one minute that I think his assurances are not completely well founded. I have always had good reason to believe every word the honourable senator has ever uttered; but some people, who are somewhat more cynical than I, feel that changing circumstances may well have changed the security of supply situation with respect to eastern Canada. Perhaps that is not so, but, if the absence of supply from Mexico does not make any difference, maybe we should not be involved in that contract at all. I don't know. I simply ask our more knowledgeable colleague, the Honourable Senator Olson, to bring us up to date when he has the opportunity.

THE ECONOMY

STATUS OF ATLANTIC DEVELOPMENT COUNCIL

Hon. C. William Doody: Honourable senators, I should like to direct a question to the Honourable Senator Olson. I will be pleasantly surprised if his answer is immediately forthcoming, because I rather suspect he will take it as notice.

Shortly after the creation of the Department of Regional Economic Expansion an advisory body known as the Atlantic Development Council was formed, through the Parliament of Canada, to advise and report to the Minister of Regional Economic Expansion. Its mandate was to report on the programs and policies of the department and on their impact on Atlantic Canada and on economic conditions generally in that part of the country. It was a good, non-partisan organization which represented the various provinces in Atlantic Canada. The council had a good range of representation. In addition to people from the business community, there were three union members on that council, and there was other representation as well.

To the best of my knowledge, that board has not met for quite a long period of time, perhaps a matter of years. Although the dedicated and capable staff is still in St. John's, they are without direction because at the present time there is no president of the council, and as a result they have not had the opportunity to do the work they were set up for; consequently, the board has ceased to function.

In view of the fact that it is a legislated body which does have a function under law, would the minister look into the matter and report on it to the Senate?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the question as notice, specifically with respect to that board. I can advise my honourable friend, however, that last week I had meetings with a number of businessmen and some labour union officials, as well as with the Governments of both Prince Edward Island and New Brunswick; and, as soon as the arrangements can be confirmed, I intend to have meetings with the Governments of Newfoundland and Nova Scotia as well.

Perhaps as part of the report I will bring back to the chamber I could include some indication of what came out of those meetings and, indeed, the assessment of the economic situation in that part of Canada.

Senator Doody: Thank you.

[*Translation*]

THE CONSTITUTION

ONTARIO—BILINGUALISM

Hon. L. Norbert Thériault: Honourable senators, my question is for the Leader of the Government, because the Standing Orders do not allow me to direct it to the Leader of the Opposition in the Senate, although it deals with what I would call the need to recognize the French fact in Canada. So that my English-speaking colleagues may better understand, I shall put it in English.

• (1430)

[*English*]

Honourable senators, my question arises from a headline in the Montreal *Gazette* of this morning and an article published

in *Le Devoir* which states that four M.P.s from Quebec have decided to try to meet with the Premier of Ontario in order to see if the premier will live up to a commitment he made last year at the time of the referendum in the province of Quebec. Apparently, at that time and at some other time, he stated that he was prepared to have section 133, as it applies to the rights of French-speaking people in Ontario, recognized.

Would the Leader of the Government in the Senate use his good offices in discussion with the Leader of the Opposition in the Senate to ascertain whether some of his colleagues—English-speaking colleagues, especially—in this house and from the other place wish to join with these four M.P.s in waiting on Mr. Davis to have him change his mind?

Hon. Raymond J. Perrault (Leader of the Government): Certainly, the matter will be considered, honourable senator.

Hon. Lowell Murray: By way of a supplementary, would the leader agree that a far more effective course to take would be to get the first ministers back to the negotiating table?

Senator Perrault: Honourable senators, if the opposition party in this chamber believes that it has some influence with Premier William Davis—who, after all, is the Conservative premier of the largest province in Canada—it seems to me that a constructive action would be for them to make their views known directly to the Premier of Ontario. Certainly, the official opposition in this chamber is in a unique position to advance its views on this subject of language rights.

Hon. Jacques Flynn (Leader of the Opposition): On a point of order, I think it is quite clear where our party stands, and I am quite sure that Mr. Davis knows this.

Senator Perrault: May I urge the Leader of the Opposition to re-emphasize the views of his party on the subject? There seems to be a substantial difference of opinion between two outstanding Conservative premiers, Mr. Hatfield of New Brunswick and Mr. Davis of Ontario, and perhaps the representatives in this chamber of the great Conservative Party can eliminate all doubt in their minds by scheduling a meeting with Mr. Davis.

Senator Flynn: In any event, still on the point of order, it was the government and Mr. Trudeau who agreed not to impose section 133 on Mr. Davis in order to get his support.

Senator Perrault: I take it, then, that the Leader of the Opposition is proposing that language rights be imposed on every province in Canada, which is, again, a position at variance with the representations made by Conservative representatives on the Special Joint Committee on the Constitution.

Senator Flynn: I am only pursuing the matter raised by Senator Thériault. The Leader of the Government should not try to stand on both sides of the question. He can speak from both sides of his mouth, but he cannot defend both sides of the same issue.

Senator Perrault: The Conservative Party has been quite successful in speaking on both sides of this question.

Senator Flynn: Wrong again.

[Senator Thériault.]

Senator Perrault: When one looks at the pronouncements made by Mr. Hatfield and Mr. Davis, and at statements made on one side or the other by certain other Conservative premiers in this nation—

Senator Flynn: The federal Conservative Party speaks with one voice.

Senator Perrault: I am on my feet, and the honourable senator should have learned the rules by now. One does not rise, as one would on a Friday night at the fights, in an attempt to engage in combat when another senator is on his feet.

The senator's question was asked in perfectly good faith. He has a point of view which he would like to see advanced in certain political chambers in this country—specifically, in this case, in the office of the Honourable William Davis.

The Leader of the Opposition is a Conservative, and a passionate Conservative at that. Surely, he must feel he has certain rights with respect to Mr. Davis, and communication with Mr. Davis may be of some interest to that premier.

Senator Flynn: On a point of order, I think the Leader of the Government is again confused and is seeking to confuse others. The Conservative Party of Ontario speaks for itself; the federal Conservative Party speaks for itself; Mr. Trudeau speaks as the leader of the federal Liberal Party; and Mr. Ryan, the leader of the Liberal Party in Quebec, does not share the views expressed by Mr. Trudeau.

When I speak for the federal Conservative Party I speak only for that party. Mr. Davis can take whatever stance he wants; that is his own business. Mr. Hatfield can do the same; Mr. Ryan can do the same, except that he does not have the courage to come out cleanly against the constitutional package presented by the government.

• (1435)

Senator Perrault: Let the Leader of the Opposition be fair, and let him be frank. The leader of the Liberal Party of the province of Quebec suggested that it would be wrong to impose those language requirements on any Canadian province. The Government of Canada stated that it regretted very much the Province of Ontario reversing its position on this matter, but stated that it was not prepared at this time to impose language requirements on any Canadian province.

Senator Flynn: On Quebec.

Senator Perrault: In the case of the province of New Brunswick, the premier of that province stated emphatically that he wanted this language requirement entrenched.

Senator Thériault: Honourable senators, I am learning every day what a point of order is in this chamber, by listening to the Leader of the Opposition. However, I have a supplementary question to put to the Leader of the Government, based on the answers that I expected this house to receive through the Leader of the Opposition.

I was really hoping that the senator from Ontario who sits in this house—who has been a resident of New Brunswick for three years and knows what importance the French-speaking

people of New Brunswick and Quebec attach to this question—might use his good offices, as a senator from Ontario, to approach the Premier of Ontario on this matter.

Senator Murray: It is suggested that the Government of Canada get the provincial premiers back to the negotiating table, and I feel that that is a far more effective course than sending four backbenchers to Toronto airport to ambush the Premier of Ontario, or anybody else.

Hon. H. A. Olson (Minister of State for Economic Development): That's a terrible comment.

Senator Perrault: Honourable senators, that truly is a dreadful comment to be made by one of the leading strategists of the Conservative Party of Canada whose mentor is Mr. Joseph Clark, the leader of the Conservative Party.

Senator Flynn: Why do you say that?

Senator Perrault: This mentor certainly would be offended by a statement of that kind. Those four members are not being sent to Toronto by any level of government. They are acting as members of a parliament, in their own right, who have decided to make representations to one of the provincial premiers. For the honourable senator to frame his remarks in that style is really most destructive and not to his credit.

Senator Flynn: They are being sent by the Liberal caucus because it is unhappy with the present situation.

Hon. Orville H. Phillips: I have a question to put to the Leader of the Government in the Senate. I wonder if he, Senator Thériault and other supporters interested in bilingualism in Ontario would call on the Prime Minister and the Minister of Justice to persuade them to include this in the legislation. After all, it is the Prime Minister and the Minister of Justice who are introducing this legislation in this Parliament; it is not the Premier of Ontario.

Senator Perrault: The position of the government is clear: the government will not impose it. May I suggest to the honourable senator that he use his persuasive abilities to encourage Conservative representatives on the special joint committee to be more forthcoming, and, furthermore, that he contact the Premier of Ontario, who is one of his great Conservative allies, to see if he can convince him to live up to the commitment he made a few months ago?

Senator Phillips: I have been using my persuasive powers on the Leader of the Government in the Senate for some time, with very little effect. I do not think I have any persuasive powers left to use on the Premier of Ontario.

Senator Murray: Honourable senators, I was going to ask a question on another matter, but if Senator Roblin has a supplementary, I will defer to him.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to draw the attention of this house to the nature of the government's policy on this matter, because I think it requires some explanation. We were told by the Minister of Justice yesterday that it was not the policy of the government to impose section 133 on the Province of Ontario. He went on to challenge the committee, by their action, to impose section 133 on the Province of Ontario. He stated that if the committee did so he would support it.

I ask honourable senators what the government's policy is in this respect. That is what the Minister of Justice told us yesterday. He does not want to be regarded as the person committing the act, but apparently he is willing to be regarded as an accessory after the fact. That is the situation that was presented to us in the committee the other day, and you can see the headlines in the newspapers which reflect that. The minister said, "I won't do it"; but he said to the committee, "You should do it, and if you do, I will support it."

• (1440)

Now, what is the government policy in that respect?

Senator Perrault: Well, of course, the Deputy Leader of the Opposition is again engaging in unparliamentary language.

Senator Flynn: Oh!

Senator Perrault: To attack a minister for a statement made in a joint committee without the statement being available to all members of this place in its entirety, and without the minister being here to defend himself, is most unparliamentary. It flies in the face of a ruling which was made on November 13, as follows:

> A question, oral or written must not seek information about proceedings in a committee which has not yet made its report to the House.

We are getting into a statement made by the minister to that committee. You have ascribed to him what I suggest are incorrect motives, and you have construed that statement in a style which is totally contrary to what the minister was attempting to say.

Senator Flynn: How do you know? You haven't got the text in front of you.

Senator Perrault: There is no mystery about the position that the government is taking on this.

Senator Flynn: You do not have the text—

Senator Perrault: Honourable senator, would you mind sitting down.

Senator Flynn: Come on; that's enough!

Senator Perrault: Would you sit down.

For the Conservative Party, which has placed itself in a very dishonourable position in this entire issue—

Senator Flynn: You are in no position to speak of anyone else's being dishonourable—

Senator Perrault: —to attempt to place blame for this position on the government—

Senator Flynn: You are misleading the house.

Senator Perrault: —is most unworthy of that great party, and is certainly unparliamentary.

The fact is that this government commended the Government of Ontario months ago for stating that, voluntarily, they

would subscribe to the notion that language rights be enshrined in the courts and in these other matters. The Province of Ontario, for policy reasons known to itself, has changed its position, and the government states that it is not going to impose this on the Province of Ontario.

If there were an attempt by the Government of Canada to impose these language requirements on the Province of Ontario, the opposition would be up on their feet screaming about unilateral action by a national government contrary to the interests of provincial governments, and so on.

Here is the opposition, which in recent weeks has interminably been stating that provincial rights are not being taken into account, that there is an attempt by the national government to circumvent the legitimate rights of provincial governments, today asking, "Why doesn't the national government impose this on the Province of Ontario?"

Senator Flynn: Senator Thériault said that. Stop distorting everything.

Senator Perrault: This is what the substance of—

Senator Flynn: You are completely out of order. I rise on a point of order.

Senator Perrault: Sit down.

Senator Flynn: I rise on a point of order.

An Hon. Senator: Sit down.

Senator Flynn: You are making a speech, and this is not the proper time to make it. You are making a speech, and you are entirely out of order.

Senator Perrault: That is not a point of order at all.

Senator Thériault: Honourable senators, I rise on a point of order—

Senator Flynn: There is one point of order already before His Honour the Speaker. Once that is disposed of, you can then rise on your point of order.

Senator Thériault: Who said there was a point of order?

Senator Flynn: I rose on a point of order, and I want His Honour the Speaker to decide whether the comments made by the Leader of the Government are proper at this time. If you have a point of order, you can raise it afterwards.

Senator Thériault: I rise on a point of order with respect to a statement you made in your point of order. You got up and said that I stated something which I did not state. That is my point of order.

Senator Flynn: When I rose on my point of order, I criticized only what the Leader of the Government was saying, not what you said.

Senator Thériault: Look at the record.

Senator Flynn: You can look at the record.

[*Translation*]

The Hon. the Speaker: Honourable senators, I would like things to come back to normal. If you want to know, according to my estimates, our rules have been disregarded at least 15 times since this discussion was initiated. In any case, I will not rule on this point of order and I would like us to go on in a more proper manner.

[*English*]

Senator Roblin: A quiet and humble word in self-defence, honourable senators. My honourable friend, the Leader of the Opposition, I think on reflection and on reading *Hansard*, will agree with me—

Senator Perrault: Leader of the Government.

Senator Roblin: I am sorry, the Leader of the Government. I apologize. The wish is father to the thought. That is obvious enough. I think that once he reads in *Hansard* what I said, he will agree with me that I really did not propose the unilateral imposition of language rights on the Province of Ontario, or on anybody else. I did not propose that, and I think that on looking over *Hansard* he might agree that that is so.

Senator Perrault: Perhaps I am confused, then. Mr. John Fraser, the member of Parliament from British Columbia, advanced that idea of imposition, then. I could be wrong.

Senator Flynn: Irrelevant again.

Senator Roblin: It is perfectly true that various members had various things to say, but I happen to be speaking for myself.

As to my friend's point that I indulged in dishonourable conduct—I think that was his expression—I am not going to challenge that as being unparliamentary. If my honourable friend wishes to think that, it is no use my trying to disabuse him of that notion. I certainly do not intend to act in a dishonourable manner. However, I would say to my honourable friend that if he will take the trouble to read the committee proceedings tomorrow, I think he will find that my description of what went on there is not inaccurate. While it may be that in the heat of the committee proceedings the minister said things that he perhaps would like to change later on—and he has the right to do so—he did leave that impression with me, and I think if my honourable friend will read the committee proceedings he will find that I am not too far off the mark.

So, in that respect I think I have given the Senate correct information on the matter, and I would not like to be accused of improper conduct in that respect.

Senator Perrault: The point that I think is rather essential here is that it is improper for members of this chamber to discuss deliberations in the other place to which we have not had direct access, and to ascribe motives to a minister when he is not here to defend himself. I suggest that that is unparliamentary.

Senator Flynn: There are no motives.

Senator Perrault: The ruling that we received on November 13, when a question was asked about the limits of discussion on this matter in the Senate—and perhaps I should quote again the question asked by the Leader of the Opposition. It was as follows:

> Honourable senators, now that we are blessed with the presence of Senator Hays, the Joint Chairman of what I suppose I can call the Constitution Committee, I wonder if I could ask him to inform the Senate of the main decisions taken at this morning's meeting, and whether they are positive or negative.

This is similar. This is a discussion about what transpired in that joint committee yesterday.

I quote from the Speaker's ruling of November 13:

> Whereupon the Honourable Senator Frith raised a point of order based on citation 357, paragraph (1) subparagraph (hh) of *Beauchesne's*, Fifth Edition, found at page 130, which reads as follows:
>
> > A question, oral or written must not seek information about proceedings in a committee which has not yet made its report to the House.

Senator Flynn: Look at the decision given by the Speaker. Look at it!

Senator Perrault: Honourable senator, you have conducted yourself like a third-rate carnival barker this afternoon—

Senator Flynn: But in your company, it doesn't show.

Senator Perrault: Would you please maintain your decorum. I urge you to do so.

May I suggest that on page 1216 there are words which should be helpful to all of us on the question of how appropriate it is to discuss the events in a committee—

Senator Phillips: I am sure that the Honourable Leader of the Government in the Senate will realize that the rules apply to him, too. I am thinking of his reference to the remarks made by the Honourable John Fraser.

GRAIN

EMBARGO ON SALES TO U.S.S.R.—COMPENSATION TO FARMERS

Hon. Lowell Murray: Honourable senators, I have a question that is in order in the most classic sense. I am going to ask the Minister of State for the Wheat Board to clarify the government's policy with regard to the payment of compensation to grain farmers for the period during which Canada participated in the embargo on sales to the U.S.S.R.

Senator Bielish asked yesterday whether it is still the government's policy to compensate grain farmers for that period, and the minister said that the matter is "under very active consideration," and he went on to say:

> —and, so far as I am concerned, there is a substantial case to be made for compensation; but I have to say that a final decision has yet to be made.

On January 13, in the other place, the Parliamentary Secretary to the Minister of Transport, in making a statement on behalf of the government, said:

> —the government has one outstanding commitment in this regard, and that is with respect to the level of compensation to be paid to producers for losses attributable to the policy of export restraints.

And a little later in the same statement, the Parliamentary Secretary said:

> —let me point out that the government remains committed to compensation and expects to be able to make an announcement very soon.

I got the impression from the minister yesterday that no decision had yet been made on the principle of compensation.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Well, I believe, along with the parliamentary secretary, that that commitment has been made. The whole question of compensation is under active study, and I am not sure when a decision will be made, but my impression is that it will be fairly soon.

● (1450)

Senator Murray: To clarify that, the only decision that remains to be made is the amount of compensation that will be paid, is that correct?

Senator Argue: I would trust that is correct.

Senator Murray: The honourable senator speaks on behalf of the government in this place. He is the minister responsible for the Wheat Board, and while it is nice to know that he trusts that that is the case, I am asking him whether in fact the statement made by the parliamentary secretary is correct, that the government remains committed to compensation and that only the amount remains to be determined.

Senator Argue: I believe that statement is correct.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—LABOUR REPRESENTATIVE

Hon. Robert Muir: Honourable senators, I would like to direct a question to the Minister of State for Economic Development that has occupied the attention of many of us for quite a number of years.

Is the government contemplating appointing a labour representative to the board of directors of the Cape Breton Development Corporation, and, if so, how soon will he or she be appointed?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will have to take that question as notice.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION

Hon. Guy Charbonneau: Honourable senators, I would like to ask a question of the Minister of State for Economic Development. The president of Chrysler Canada has announced that his company will cut its investment by 40 per cent, to $600 million, from the $1 billion agreed to last year with the government. Mr. Closs, the president of Chrysler,

mentioned that if the government withdraws its loan guarantee the future of the company's Windsor plant could be affected.

What is the government's position as to maintaining or altering the loan guarantee in light of these developments?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe I answered a question similar to that earlier this week, but I regret to say that it was not a complete answer because the matter was under negotiation, and when I answered that question, of course, the Loan Board had not made a decision with respect to the additional $400 million that Chrysler Corporation was seeking there. I do not have it officially, but I have heard that that has been approved. Obviously, that was part of the whole picture that had to be known before any further negotiations would take place with Canada. I will take the question as notice, but I think that at this point in time it is safe to say that any amendments to the terms and conditions of the first undertaking have not been made as of this date.

Senator Charbonneau: Is the minister telling us, then, that all the concessions that were won from the Chrysler Corporation are now up in the air? In other words, the government will just follow what the United States government is going to do?

Senator Olson: Honourable senators, I do not want to leave that impression. What I said the other day, and what I am now seeking clarification on for my honourable friend and others who have asked questions on this subject, is that circumstances have changed, apparently, so that the Chrysler Corporation in the United States has gone back to the Loan Board asking for an additional $400 million. When that is so, certainly it has to be known whether they are going to proceed with that.

In addition to the statement that my honourable friend read about some assertion by the president of Chrysler in Canada, and so on, if that changes the commitments, then we at least have to look at them, discuss them and negotiate them before we can modify them. What I am saying to him is that that process, whatever the discussion on it, has not reached the stage of any modification as of today, but I will try to get an answer as soon as I can concerning what Chrysler Canada is trying to negotiate respecting terms and conditions.

FEDERAL-PROVINCIAL RELATIONS

QUEBEC AND NEWFOUNDLAND—DEVELOPMENT OF HYDRO-ELECTRIC POWER

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on December 17, 1980, concerning the development of hydro-electric power and discussions between Quebec and Newfoundland.

Honourable senators, I can only reiterate my original answer to the senator that the route of a negotiated solution is still the preferred option for the federal government. If the two provinces, namely, Quebec and Newfoundland, cannot find a basis for such negotiation, then some form of federal intervention may be appropriate. Several options are being actively considered but, hopefully, federal intervention will not be necessary.

FINANCE

SMALL BUSINESS—AVAILABILITY OF LOW INTEREST BONDS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on January 13, 1981 by Senator Bosa concerning the availability of low interest bonds.

The honourable senator might want to refer to a lengthy answer tabled Tuesday evening which outlined the government's monetary policy insofar as interest rates are concerned. He will, no doubt, be pleased to learn that the government has decided to extend the provisions of the Small Business Development Bond to March 31, 1981. Interest payments on these bonds are treated as dividends which are non-taxable to the lender. This will offset the impact of high interest rates on small business to a considerable extent.

ENERGY

AUDITOR GENERAL'S REPORT—ENERGY CONSERVATION PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on December 17, 1980 by Senator Roblin.

(*The answer follows:*)

The Auditor General's report recognizes the very effective efforts of the Department of Energy, Mines and Resources in the area of energy conservation and notes that significant progress has been made in the implementation of measures to economize on energy use and that, due to the dedication of EMR's staff, there is growing appreciation of the importance of energy conservation.

The report recommended that EMR provide strong leadership and co-ordination to the Internal Energy Conservation Program. I am informed the department has already taken positive steps in this direction by hiring a program manager at the Director level, and is currently in the process of hiring four additional professional engineers. EMR has also expanded the scope of "Save 10" by committing almost $150 million to projects designed to make crown-owned properties more energy efficient, and to facilitate the use of fuels other than oil in such properties.

Both EMR and the Auditor General agree that the government, including DND, has saved approximately $100 million since the "Save 10" Program began. The only disagreement stems from the fact that the Auditor General has employed a different method of calculating the per cent saving than that used by EMR.

EMR has not attempted to disguise the fact that in its annual reports on the Internal Energy Conservation Program, a large part of the energy savings were realized by

the application of conservation efforts by DND in the period 1973-75. It is appropriate that a base year be established that represents a pre-conservation level of consumption—in DND's case, that year was 1973-74, and for other departments, agencies and crown corporations it was 1975-76. Were the year 1975-76 also applied to DND, it would disguise the very effective conservation effort mounted by that department.

TRANSPORT

NEWFOUNDLAND—GULF FERRY SERVICE

Question No. 26 on the Order Paper—**By Hon. Jack Marshall:**

1. What are the names of the ships operating the Gulf ferry service to the Province of Newfoundland?

2. What is the classification of the ships as to (a) ownership charter, (b) crew, and (c) cost per day?

3. What is the disposition of the ships owned and operated by CNR?

Reply by the Minister of Transport:

1. *Marine Atlantica*

Marine Nautica

Stena Nordica (summer only)

Frederick Carter

Sir Robert Bond (relief vessel)

2. Operating costs include all costs for crew wages, overheads, fuel, maintenance costs, supplies, charter costs and depreciation.

a) M.V. *Marine Atlantica* owned by Roylease Limited, Montreal Port of registry Nassau, Bahamas, Bahamian flag.

b) Canadian crew—83 summer—66 winter

c) operating costs $28,600/day

M.V. *Marine Nautica*

a) owned by Roylease Limited, Montreal Port of registry—Nassau, Bahamas, Bahamian flag.

b) Canadian crew—83 summer—66 winter

c) operating cost $28,600/day.

M.V. *Stena Nordica* (summer only)

a) owned by Stena Line A/B, Goteborg, Sweden, Swedish flag.

b) Canadian crew—76

c) operating cost $39,600/day.

The *Stena Nordica's* operating cost is significantly higher due to high charter costs for a summer only charter. This, however, is much cheaper than chartering the ship for the entire year.

M.V. *Frederick Carter*

a) owned by CN Marine Inc., Moncton, N.B. Port of registry St. John's, Newfoundland Canadian flag.

b) Canadian crew—43

c) operating cost $17,000/day.

M.V. *Sir Robert Bond*—(relief vessel)

a) owned by CN Marine Inc., Moncton, N.B. Port of registry—Ottawa, Ontario Canadian flag.

b) Canadian crew—46

c) operating cost $19,564/day.

3. No vessels owned by the CNR are operated on the Gulf ferry service to Newfoundland, but vessels owned by C.N. Marine Inc. are deployed as noted in Part 1 of the question, namely, the M.V. *Frederick Carter* and the M.V. *Sir Robert Bond*.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—DEBATE ADJOURNED

The Senate resumed from Wednesday, November 12, 1980, the debate on the inquiry of Senator Smith calling the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (The British Columbia Reference case, (1967)), Supreme Court Reports, 792 and (1968) 65 Dominion Law Reports (2d), 353, and submitting that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, let us begin, as we did yesterday on another inquiry, by refreshing our memories on the nature of this inquiry. It is an inquiry by which Senator Smith calls the attention of the Senate to the decision of the Supreme Court of Canada in the case entitled *Reference re Ownership of Offshore Mineral Rights*, commonly referred to as the *British Columbia Reference* case, reported in (1967) Supreme Court Reports, beginning at page 792, and (1968) 65 Dominion Law Reports (2d), beginning at page 353, and submits—this is the important part—that it does not decide the ownership of minerals off the shores of Nova Scotia.

This is the second part of an inquiry introduced by Senator Smith on this whole question of the ownership of Nova Scotia's offshore resources.

His inquiry might be referred to as: The case for Nova Scotia's ownership of offshore resources. I suppose that in that sense my intervention could be called: Offshore resources—the case against Nova Scotia and for federal ownership of those resources.

Hon. Jacques Flynn (Leader of the Opposition): Are you speaking on behalf of the government there?

Senator Frith: No, I am making a case for the government, I hope, and for the federal interest—and if it were a Conservative government, or any other government, it would not matter.

It is not a party question, but a question of federal ownership versus provincial ownership.

I should also say that further research has convinced me that my earlier intervention on this subject was too generous to provincial rights in this matter, and in case of any inconsistency I prefer and stand by the position that I am taking today.

Honourable senators, the essence of the question is the application of the judgment of the Supreme Court of Canada in (1967) S.C.R., 792 (*The British Columbia Reference* case) to Nova Scotia's claim to ownership of its offshore resources. In that judgment the Supreme Court of Canada found that British Columbia had no rights to the resources off its shores, and that the same belonged to the Crown in right of Canada.

● (1500)

The essence of Senator Smith's position is that the judgment of the Supreme Court of Canada, in the *British Columbia Reference* case, does not apply to Nova Scotia because of differences in the constitutional history of Nova Scotia and British Columbia. I agree that there are those differences.

The essence of my position is that despite such differences, the legal principles, enunciated and adopted by the Supreme Court of Canada and applied to British Columbia's facts, when applied to Nova Scotia conclusively defeat Nova Scotia's claim to ownership of or jurisdiction over its offshore resources.

To paraphrase the court in another famous case—the trial of the Knave of Hearts in *Alice in Wonderland*—let us begin at the beginning, which is the *British Columbia Reference* case. We should know something about that case in order to analyze its application to Nova Scotia's claim.

The first point is that it is a reference. In other words, it concerns answered questions that were put to it pursuant to an order in council. It was not what is called a *lis* between two parties, but, rather, a reference.

The legal effect of such a reference, because it is advisory in character, is, as I understand it, that the said reference procedure prevents the ensuing opinion from having any conclusive binding results for other provinces. I believe the former Minister of Justice will agree with that. I do not recall that he referred any cases during his administration, but I think it is accepted in principle—

Senator Flynn: I was not there long enough.

Senator Frith: —that a reference would not have a binding effect on other provinces. So the mere fact that the Supreme Court of Canada decided against British Columbia does not automatically settle the rights of any other province.

But that does not mean that the principle and logic of that opinion cannot apply equally well with respect to other provincial claims to offshore resource ownership and jurisdiction. That is exactly what we are trying to determine with regard to Nova Scotia's claim.

The second point is that it dealt with offshore resources. The reason I underline that is because it seems to me that to understand the judgment we must have a picture of the geography that we are talking about; we cannot understand the application of these legal principles if we do not have a picture of the geography concerned. Therefore, let us start far away from the sea and talk about the actual land territories of a province. As I understand it, there is no doubt whatsoever that they belong to the province.

Moving a little more closely to the water, and dealing with what are called the inland waters—the bays, estuaries, and so on—according to my understanding there is no doubt that they belong to the province.

Moving a little further away from the shore, from the low water mark to a distance of 12 miles out—I will explain later why the 12 miles is important—that is known as the territorial waters. Then beyond the 12 miles we move to the continental shelf.

Those are the four basic areas that are of concern with respect to ownership of resources.

Senator Flynn: Is there any difference between the three-mile limit and the 12-mile limit?

Senator Frith: I do not think so, because of the amendment. There could be a distinction in historical terms, but the distance of three miles established by section 3 of chapter T-7, Revised Statutes of Canada, 1970, was extended to 12 miles by chapter 45 of the 1st Supplement, and I believe that is generally recognized internationally. I shall have a few words to say about that later.

We are talking now not about the resources within the territorial boundaries of the province—they clearly belong to the province—nor about the inland waterways. That is the last time that we shall have to deal with those, because we are concerned with the other two. However, it is important to note the distinction between the territorial waters—that is, 12 miles out from the low-water mark—and the continental shelf.

The next point, as we proceed to deal with the judgment, is to remember that pursuant to an order in council under the authority of section 55 of the Supreme Court Act, the court was asked to answer two questions, which were:

> 1. In respect of the lands, including the mineral and other natural resources, of the sea bed and subsoil seaward from the ordinary low-water mark on the coast of the mainland and the several islands of British Columbia, outside the harbours, bays, estuaries and other similar inland waters,—

Already we have those two distinctions with reference to inland waters:

> —to the outer limits of the territorial sea of Canada, as defined in the Territorial Sea and Fishing Zones Act, Statutes of Canada, 1964, Chapter 22—

That was the statute alluded to by the Leader of the Opposition with reference to the three miles and 12 miles. The first part of the question concerned the territorial waters, 12 miles out:

> (a) Are the said lands the property of Canada or British Columbia?

(b) Has Canada or British Columbia the right to explore and exploit the said lands?

(c) Has Canada or British Columbia legislative jurisdiction in relation to the said lands?

They sound like the same thing, but they are not. One is property; the second is the right to explore and exploit, which will be important with reference to the continental shelf; and the third concerns jurisdiction. In other words, to understand that distinction, it is possible to have jurisdiction over lands even though you do not own them. For example, we, the Parliament of Canada, can legislate with reference to certain property in a province even though that property is owned by the Queen in right of the province.

So the first question dealt with the territorial sea and asked about the property—Canada's or British Columbia's; jurisdiction—Canada's or British Columbia's; and the right to explore and exploit.

(2) In respect of the mineral and other natural resources of the sea bed and subsoil beyond that part of the territorial sea of Canada referred to in Question 1, to a depth of 200 metres or, beyond that limit, to where the depth of the superjacent waters admits of the exploitation of the mineral and other natural resources of the said areas, as between Canada and British Columbia,

(a) Has Canada or British Columbia the right to explore and exploit the said mineral and other natural resources?

(b) Has Canada or British Columbia legislative jurisdiction in relation to the said mineral and other natural resources?

So with regard to the continental shelf, the question concerned the right to explore—Canada or British Columbia?; and legislative jurisdiction—Canada or British Columbia?

Notice that the terms of reference carefully distinguish between ownership and jurisdiction relating to land and resources of the territorial sea and the right to explore and exploit resources of the continental shelf. The continental shelf is defined in the Geneva Convention on the Continental Shelf. It is the sea bed and subsoil beyond that point to a depth of 200 metres, and so on, just as I have read it. The reference to the 200 metres is, I believe, because at 200 metres the continental shelf drops off and is no longer really a continental shelf; but if one can still explore and exploit those depths even beyond 200 metres, then, under the Geneva Convention, they are in the general area of the continental shelf.

Senator Flynn: Two hundred metres—in depth?

Senator Frith: Yes, that is right. The reason you use the figure of 200 metres is I think because after that it drops down and it is not considered to be the continental shelf; it is considered to be the international seas.

● (1510)

Why, honourable senators, is this distinction between the territorial sea and the continental shelf important? It is important because of the different rights which coastal states have over the two areas in terms of international law. As to the territorial sea, it is generally considered that the coastal state exercises what is called full sovereignty over the area; that is, it has both proprietary and jurisdictional rights over the sea bed, the subsoil and the superjacent waters and air space.

Just by way of a little parenthesis, although full sovereignty is referred to, it is not totally unlimited. There are certain limitations. Innocent passage of other countries' vessels, for example, is a limitation of sovereignty. Generally, however, the expression "full sovereignty" is used, and that refers to sovereignty over the territorial sea area.

With regard to the continental shelf, which is the further part that is defined in the Geneva Convention, the coastal state possesses a more limited sovereignty, sometimes called functional sovereignty. As stated in Article 2(1) of the Convention on the Continental Shelf, the coastal state exercises over the continental shelf sovereign rights for the purpose of exploring it and exploiting its natural resources. Please remember that those were the words in the question with reference to the territorial sea. They are interested in property rights. Do they own it? Do they have jurisdiction over it?

With reference to the continental shelf we are talking about the exploration and exploitation of natural resources. That is why, as I say, because of the limited scope of sovereign rights, rights with regard to the continental shelf are sometimes called "functional sovereignty" as opposed to "full sovereignty". These all sound like pretty fancy distinctions, but they do become important when we look at the application of the law to Nova Scotia's claim.

The next things we have to know about, it seems to me, honourable senators, bearing in mind the background, the geography and the nature of the *British Columbia Reference* case and the questions it was answering, are the general propositions that are to be gathered from the *British Columbia Reference* case and the authorities it cites. The judgment gathers them together, to some extent, on the point we are interested in, at any rate, at page 807. This judgment, incidentally, is a joint opinion of the court.

Perhaps I should recall to your minds, honourable senators, just to set the stage for this, that in order to understand boundaries we have to understand what those boundaries were when each province came into Canada. At the time that Nova Scotia came into Canada it was, of course, still subject to the laws of England. I now quote from page 807 of (1967) Supreme Court Reports:

> To express our conclusion up to this point, we adopt the summary in Coulson & Forbes on Waters and Land Drainage, 6th ed., 1952, at p. 12:
>
> 1. The realm of England where it abuts upon the open sea only extends to the low water mark; all beyond is the high sea.
>
> 2. For the distance of three miles, and in some cases more, international law has conceded an extension of dominion over the seas washing the shores.

That distance, since this case, has been made 12 miles.

Hon. Andrew Thompson: On a point of clarification, is "the realm of England" the same thing as "the sovereignty of England"?

Senator Frith: Yes. We are now talking about the realm of England in the sense not of the sovereignty of England as such, though this is perhaps too fancy a distinction; we are talking about the realm of England in the sense of where the British Crown has sovereignty in whatever right may be in question, whether it be in the right of a province or of Canada; so to that extent the realm is the area over which the Crown has sovereignty.

> 3. This concession—

That is, the concession of international laws.

> —is evidenced by treaty or by long usage.
>
> 4. In no case can the concession extend the realm of England so as to make the conceded portion liable to the common law, or to vest the soil of the bed in the Crown.

This is very important.

> This must be done by the act of the Legislature.

The cornerstone of these conclusions is the passage cited and approved by the Supreme Court in the *Keyn* case, and I quote from the judgment of Mr. Justice Lush:

> I think that usage and the common consent of nations which constitute international law, have appropriated these waters to the adjacent State to deal with them as the State may deem expedient for its own interests. They are, therefore, in the language of diplomacy and of international law, termed by a convenient metaphor the territorial waters of Great Britain, and the same or equivalent phrases are used in some of our statutes denoting that this belt of sea is under the exclusive dominion of the State. But the dominion is the dominion of Parliament, not the dominion of the common law. That extends no further than the limits of the realm. In the reign of Richard II the realm consisted of the land within the body of the counties. All beyond low-water mark was part of the high seas. At that period the three-mile radius had not been thought of. International law, which, upon this subject at least, has grown up since that period, cannot enlarge the area of our municipal law,—

I should say that the use of the words "municipal law" here is in the context of international law. In international law one speaks of international law and municipal law. When one refers to municipal law one means the local law of a country, and not that of a municipality. That constitutes another use of the word "municipal".

I shall go back to the beginning of that sentence.

> International law, which, upon this subject at least, has grown up since that period, cannot enlarge the area of our municipal law,—

This refers, in this case, to the law of Great Britain.

> —nor could treaties with all the nations of the world have that effect. That can only be done by Act of Parliament.

This will become very important in due course.

[Senator Frith.]

> As no such Act has been passed, it follows that what was out of the realm then is out of the realm now, and what was part of the high seas then is part of the high seas now; and upon the high seas the Admiralty jurisdiction was confined to British ships.

That was the issue in this particular case.

> Therefore, although as between nation and nation, these waters are British territory, as being under the exclusive dominion of Great Britain, in judicial language they are out of the realm, and any exercise of criminal jurisdiction over a foreign ship in these waters must in my judgment be authorized by an Act of Parliament.

Now, I am bound, honourable senators, to make another short digression, because Senator Smith, in his intervention, had to, and did, come up against the *Keyn* case and if you re-read his intervention you will find that he refers to it as being controversial. He is right, in that it was a split decision; but for our purposes, in my submission, honourable senators, it has now been, if you will, sanctified, or, at least, brought out of the area of controversy, by cases that have since approved it.

First of all, of course, it was approved by the Supreme Court of Canada in the very case we are talking about, but, for the record, the *ratio* of that case was followed also in England in two cases, namely, *Harris vs. Franconia* ((1877), 2 C.P.D. 173, 46 L.J.Q.B. 363), and *Blackpool Pier Co. vs. Fylde Union*, ((1877), 36 L.T. 251, L.J.M.C. 189). The reason the latter case is important is that it was heard by three of the judges who disagreed in the *Keyn* case and who then proceeded to accept that case as settling the question of the limits of the realm. Therefore, the question of the limits of the realm seems to have been settled by the *Keyn* case, particularly by the way in which it has been accepted since in the cases I have mentioned, as well as in the *British Columbia Reference* case and, by way of further reinforcement, by the Australian High Court in a case decided there in 1976.

Those two propositions are implicitly confirmed by the Supreme Court. I want to make sure I am getting the exact quotation, since this appears in two earlier interventions in this chamber by me and Senator Smith. At page 808, the Supreme Court says:

> We are not disputing the proposition that while British Columbia was a Crown Colony the British Crown might have conferred upon the Governor or Legislature of the colony rights to which the British Crown was entitled under international law but the historical record of the colony does not disclose any such action.

It is precisely on that proposition—namely, that the British Crown could have conferred upon the governor or legislature of the colony rights to which the British Crown was entitled—it is on that proposition found in the *British Columbia Reference* case that Nova Scotia relies in its efforts to prove that at the time it entered Confederation it was the owner of and had jurisdiction as to the resources off its coast. The question to be answered is, quite simply, whether the territorial sea was

within the boundary of the province of Nova Scotia at the time of Confederation.

Section 7 of the British North America Act, 1867 says:

> The Provinces of Nova Scotia and New Brunswick shall have the same Limits as at the passing of this Act.

Section 117 says:

> The several Provinces shall retain all their respective Public Property not otherwise disposed of in this Act, subject to the Right of Canada to assume any Lands or Public Property required for Fortifications or for the Defence of the Country.

Section 109 provides:

> All Lands, Mines, Minerals, and Royalties belonging to the several Provinces of Canada, Nova Scotia, and New Brunswick at the Union, and all Sums then due or payable for such Lands—shall belong to the several Provinces of Ontario, Quebec, Nova Scotia, and New Brunswick in which the same are situate or arise, subject to any Trusts—

Therefore, clearly, the rights that Nova Scotia has now are the rights it had when it entered Confederation. Should Nova Scotia be able to substantiate its claim that the boundaries, or limits—to use the word of the British North America Act—of the province extended beyond the low-water mark before 1867, then the preceding constitutional provisions would apply. If no such extension took place, the Crown in right of Canada will be recognized as the owner of the lands and resources of the territorial sea, seaward from the low-water mark, by virtue of the fact that the Crown in right of Canada has succeeded to the British Crown as the sovereign.

The legislative jurisdiction as to these lands, as well as to the resources therein, would also belong to the Crown in right of Canada, either under section 91.1A of the British North America Act or under the residual power in section 91, the relevant sections of which are:

> It shall be lawful for the Queen, by and with the Advice and Consent . . . to make Laws . . . in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces;—

It then exclusively extends to:

> —all Matters coming within the Classes of Subjects next hereinafter enumerated;—

And it refers to the public debt and property.

Therefore, it would seem, from the summary of the position of the Supreme Court of Canada in the *British Columbia Reference* case, that it is obvious that the delimitation of Nova Scotia's boundaries in 1867 is of crucial importance in determining its right to offshore resources. That is why the inquiry of Senator Smith refers to historical evidence, and that is why he has had recourse to a number of historical documents that purportedly substantiate these claims. However, in my respectful opinion, an examination of those documents, interesting as they are from an historical point of view, reveals that they do not prove an extension of the boundaries of the province beyond those it had at common law, and to repeat what those at common law were, they were just to the low-water mark.

The first and, it seems to me, fatal objection to Nova Scotia's claim is the non-existence of an act of the British Parliament extending Nova Scotia's boundaries beyond their common law delimitation so as to make the lands beneath the territorial sea part of the public lands of the province. At all material times, the dominion over the territorial sea was that of the British Crown, as a matter of international law. However, as his lordship stated so clearly in the *Keyn* case, as a matter of municipal—that is, local—law, such lands are outside the realm and are considered a part of the high seas.

Senator Flynn: Did you say from the 12-mile limit, or only at low-water tide?

Senator Frith: At this stage we are simply dealing with any extension of the realm beyond low-water, yes.

Senator Flynn: Low tide?

Senator Frith: Exactly. I repeat the words of the decision in the *Keyn* case:

> International law, which, upon this subject at least, has grown up since that period, cannot enlarge the area of our municipal law—

That is, national law.

> —nor could treaties with all the nations of the world have that effect. That can only be done by Act of Parliament. As no such Act has been passed, it follows that what was out of the realm then is out of the realm now, and what was part of the high seas then is part of the high seas now;

In the English case, what the court was trying to decide was whether certain admiralty rights existed because the realm had been extended beyond the low-water mark. What the court was finding in that case was that no act had been passed to extend the realm and, since no act had been passed to extend the realm, the realm had not been extended beyond the common law limits. That to me, as I have said, is the most fatal objection to the claim of Nova Scotia, as it was to British Columbia; namely, that no such act was ever passed extending those limits.

Senator Flynn: Do you say that the jurisdiction remains with the United Kingdom?

Senator Frith: No. At the time of Confederation, because of international law, the jurisdiction or the ownership went to the Crown in right of Canada.

Senator Flynn: Not by an act of Parliament?

Senator Frith: No, it was not necessary.

Senator Flynn: You say it is necessary for the province, but not necessary for Canada?

Senator Frith: Yes, because at that stage Canada became the entity which eventually received the extension of those rights by international law.

Senator Flynn: By the will of the former colonies?

Senator Frith: That could be, but it did not extend because of the British North America Act. One must go back to the British North America Act, which said that the limits of the provinces and their mineral rights depended on their boundaries, and their boundaries had not been extended. It seems to me that quotation makes clear the absolute necessity of an act of the British Parliament before we can conclude that boundaries, be it those of Great Britain or those of a colony, had been extended beyond their original delimitation. Nova Scotia, unfortunately for her, has never shown that such an act was ever passed with respect to her boundaries. Given that—and it is proposed that the lack of any such imperial legislation is conclusive—one must find that the boundaries of Nova Scotia in 1867 were set at the low-water mark, and that the territorial sea off the shores of the colony are to be considered as high seas as a matter of local or internal law.

● (1530)

But let us go further, nevertheless, and review the historical evidence offered on behalf of Nova Scotia. This was in the second part of Senator Smith's inquiry. I will refer first, as I believe Senator Smith did, to the Treaty of Utrecht, 1713, when the King of France ceded Nova Scotia to Britain "with its ancient boundaries." Those limits were described in *Mémoires des Commissaires du Roi et de ceux de Sa Majesté britannique.*

So that the record may be complete, and to facilitate future reference, I would ask permission to have printed as an appendix to the *Debates of the Senate* the various documents I am referring to.

Senator Flynn: Perhaps the Senate could be made aware of the number of pages involved.

Senator Frith: Perhaps 25 pages, in total.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The documents referred to by Senator Frith were tabled on Tuesday, January 20, 1981. For explanation, see pp. 1545-6.*)

Senator Frith: By the Treaty of Utrecht, then, the matter was disposed of as follows—and it is in French:

[*Translation*]

> Thus the undersigned representatives of His Majesty the King of Great Britain declare what are the limits requested on behalf of His said Majesty as the true boundaries of the said territories of Nova Scotia, or of Acadia in its entirety, in accordance to its former boundaries, that is to the west on the side of New England—

And the words I wish to underline are as follows:

> —and to the south by the great Atlantic ocean—

[*English*]

That limit will turn out to be important. That was the limit on the south by the Atlantic Ocean, just as in the case of British Columbia the delimination was by the Pacific Ocean.

The Treaty of Utrecht was confirmed by the Treaty of Paris, 1763. Article IV of the Treaty of Paris guarantees the cession of Nova Scotia to Britain "toute entière, et avec toutes ses Dépendances." The treaty also ceded to Britain: Canada, the island of Cape Breton and all other islands and coasts in the St. Lawrence River and Gulf.

Both the Treaty of Utrecht and the Treaty of Paris regulated the right of French subjects to fish in certain waters off Nova Scotia. The question of rights to fish, the hovering right to which Senator Thompson referred, turns out to be of some importance to the case made by Nova Scotia with reference to the extension of sovereignty or jurisdiction beyond the low-water mark. In the case of the Treaty of Utrecht French subjects were excluded from fishing for a distance of some 30 leagues, about 90 miles, off Sable Island, and were excluded from a similar area extending to the southwest. The Treaty of Paris allowed fishing in the Gulf of St. Lawrence, save to a distance of three leagues, about nine miles, from all the coasts belonging to Great Britain and not within 15 leagues, which is 45 miles, from all the coasts of Cape Breton.

With regard to these treaties and their possible relevance to the delimitation of Nova Scotia's boundaries, the first point is that treaties generally have no direct operation in English law—they have no direct operation. As stated by O'Connell, "... the making of treaties remained a prerogative function, but the exercise of this function had no effect internally, save through the intervention of Parliament." It is a basic principle of our law that treaties do not operate within the boundaries of the country until they have been implemented by legislation.

Let me deal now with the argument respecting the exclusion of French fishermen. Bear in mind that what I am dealing with now is Nova Scotia's claim that by these various acts of sovereignty, as they called them, we extended our boundaries beyond what they had been. Thus, as to the argument that the exclusion of French fishermen from varying areas of the waters surrounding Nova Scotia indicates that Britain exercised jurisdiction over those areas, that argument fails to take into account the international character of these documents. Nothing prevents sovereign states, as between themselves, from derogating from rules of international law. The very fact that express exclusion of French fishermen from the maritime areas defined in the Treaty of Utrecht and the Treaty of Paris was thought necessary leads us to the conclusion that, in the absence of such an expressed declaration, the greater part of these surfaces would be open to French subjects for fishing purposes given their character as high seas.

In the third place, the *Mémoires des Commissaires du Roi*, to which I referred, expressly provides that the "great Atlantic Ocean" marks the southern boundary of Nova Scotia.

The treaties comprise the first group of documents.

A second group of documents relied on are the various commissions and instructions issued to governors of Nova Scotia from time to time, the argument here being that the Crown gave certain instructions to governors of Nova Scotia to do things beyond the limits of the low-water mark, and by doing so was extending the boundaries of the province. With respect to this group of documents, I think we must underline

that a generous interpretation is required in order to read those documents as extending the boundaries of Nova Scotia beyond its limits at common law.

The first such document relied on is a Commission of the King of France to Des Monts, establishing him as Lieutenant-General of Acadia to:

> —there command in peace, rest and tranquility, as well by sea as by land; . . . do generally whatsoever may make for the conquest, peopling, inhabiting and preservation of the said land of La Cadia; and of the coasts, territories, adjoining and of their appurtenances and dependencies—

Then a charter in favour of Sir William Alexander, given in 1621, states that the grant includes:

> —all and singular the lands, continents, and islands situate and lying in America, within the cape or promontory commonly called Cap de Sable, lying near the latitude—

and so on, and he describes it and goes on to mention "Sanctmareis Bay, and thence northward," and he describes these areas and refers to the areas which, as such, are beyond the low-water mark.

But then, again, we have:

> —and thence to the cape or promontory of Cap Britton aforesaid, lying near the latitude of forty-five degrees, or thereabout, and from the said promontory of Cap Britton, toward the south and west to the aforesaid Cap Sable, where the circuit began, including and comprehending within the said sea coasts, and their circumferences, from sea to sea, all lands, continents, with rivers, torrents, bays, shores, islands, or seas, lying near, or within six leagues to any part of the same,—

Six leagues would be about 18 miles.

> —and on the southern part of the same, . . . all seas and islands towards the south, within forty leagues—

That is 120 miles.

> —of the said sea coasts of the same, including the great island, commonly called Isle de Sable, or Sablon, lying towards the Carbas,—

You may recall that Senator Smith gave us some arguments that related to and were based on the rights on Sable Island.

There was then the Commission of Governor Phillipps, 1724 to 1725, which instructed him:

> —to levy, Arm, Muster, Command and Employ all Persons whatsoever Residing within our Said Province of Nova Scotia, . . . to Embark them for the Resisting of all Enemys, Pirates and Rebels both at Sea and at Land, and to transport Such forces—

and so on.

In 1763, a Commission for Montague Wilmot to be Governor of Nova Scotia stated that:

> Our said Province shall be bounded by the Southern Boundary of Our Province of Quebec as far as the Western extremity of the Bay des Chaleurs; To the Eastward by the said Bay and the Gulph of St. Lawrence, to the Cape or Promontory called Cape Breton in the Island of that Name including that Island, the Island of St. Johns, and all other Islands within Six Leagues of the Coast; To the Southward by the Atlantick Ocean—

Again, remember that in the British Columbia case the limit was the Pacific Ocean which was found to mean only to the low-water mark as far as B.C.'s territorial claim was concerned.

● (1540)

Honourable senators will see that much is made to depend on the word "appurtenances" which appears in many of these documents. That one word, I submit, does not change the fact that as late as 1763 the southward boundary of the province was given as being the Atlantic Ocean.

Honourable senators, it seems to me that these documents fail to prove that the boundaries of Nova Scotia were ever such as to include lands below the waters of the territorial sea. It is true that in a number of these commissions the territory of the province was said to include islands situated within a good distance from the coast. In the case of the commission of Governor Wilmot, the territory of the province is said to include "all other Islands within forty Leagues of the Coast." It seems to me that that language very clearly refers only to the islands themselves as being a part of Nova Scotia and not the submerged lands to a distance of 40 leagues, because in the British Columbia case also there were islands well off the coast that were clearly part of British Columbia's territory but that did not lead to the seas between the coast and those islands or the underwaters being an extension of their realm or boundaries.

Similar grants of islands situated within a certain distance of the coast were also made to individuals and were clearly designed to vest property rights to the islands themselves. I would refer to Annex VII. In all these cases the measured maritime distances only have the purpose of identifying which islands are under consideration.

The third and last group of various legislative enactments of the province relied upon—and this includes the hovering rights referred to by Senator Thompson—are as follows:

In 1761 an act to prevent the spread of contagious distemper provided that every ship coming into the port of Halifax and, "having any person on board infected with any plague, smallpox, malignant fever, or other contagious distemper, shall anchor at least two miles below the town of Halifax towards the sea." That document will also be filed.

In 1770 an act was passed which imposed a fine on any fisherman who "throws into the sea, within three leagues of the shores any heads, bones or other offal of the fish." That is contained in the Statutes of Nova Scotia, 1767 to 1771.

Reference is then often made to a number of so-called "hovering acts" in which jurisdiction is asserted over maritime areas off the coast of the province usually for the prevention of smuggling and the protection of fisheries.

To summarize the contention in favour of the province, Nova Scotia says that it exercised jurisdiction over the territo-

rial sea before it entered Confederation—it did not claim that its boundaries were extended—and that these exercises of jurisdiction, never having been disallowed by the British Crown, must indicate that the boundaries of the province extended to those areas at the time. That would be the case where the British Crown has "... conferred upon the Governor or Legislature of the Colony rights to which the British Crown was entitled under international law." That was the quote from the B.C. case, remembering the quote from the B.C. case where the court said that it was not denying that the Crown could have done it but that it did not. It was stated in the *Keyn* case that such a conferral would necessitate an Act of the Imperial Parliament and could not be effected unilaterally by Nova Scotia. That the extraterritorial legislation of Nova Scotia was never disallowed in London does not, it seems to me, prove anything inasmuch as the power of disallowance rested with the Crown, not with Parliament.

We must not forget, either, the distinction between property and jurisdiction. The exercise of jurisdiction by Nova Scotia as to her coastal waters is not sufficient to conclude the existence of proprietary rights as to those waters. What Nova Scotia has to prove is that her boundaries—that is, the physical delimitation of the colony—extended beyond the low-water mark. In this respect, remember that in the British Columbia case the Supreme Court expressly found that the Territorial Waters Jurisdiction Act which extended the Admiralty's jurisdiction in the territorial sea "did not enlarge the realm of England, nor did it purport to deal with the juristical character of British territorial waters and the seabed beneath them."

The same could be said of the Nova Scotia legislation. That legislation is best characterized as extraterritorial.

I think it is well settled that a number of sovereign states, particularly in the nineteenth century, adopted legislation applying beyond their territory. International law recognizes many bases for the exercise of state jurisdiction. Territory is only one of them. What this means is that ownership of the territorial sea is not the only available explanation for the Nova Scotia legislation referred to earlier.

The proper conclusion to draw from the existence of this legislation is that the British Crown did not object to the exercise, by the colony, of extraterritorial jurisdiction for certain purposes such as protection of fisheries, prevention of smuggling, and the control of epidemics.

Again, it is necessary to restate the fundamental objection to Nova Scotia's claim of ownership of the solum, the soil, of the territorial sea in the light of the principles found in the British Columbia reference:

1. Rights in the territorial sea arise as a matter of international law;

2. Such sovereign rights (ownership and jurisdiction) accrue to the British Crown as the sovereign;

3. The territorial sea of the Colony of Nova Scotia also was under British sovereignty;

4. Only the British Parliament could dispose of the rights of the British Crown in respect of the territorial sea off Nova Scotia;

5. This could not have been done by virtue of the King's prerogative as that prerogative only entitled him to legislate within the limits of Nova Scotia as they existed at common law. Remember again that in the *Keyn* case only Parliament could make that provision.

As another historical footnote that is important to this background, remember that at the time all these things were taking place the big fight in England was as to whether the Queen, the King, or Parliament had the prerogative rights, and that is why these distinctions are still important as they are brought forward and applied here.

This must remain the fundamental flaw of the case in favour of Nova Scotia's ownership of the solum of the territorial sea off her coast. Even if that were not so, we must conclude that on fair interpretation of the various documents referred to previously, it is very difficult to conclude that the boundaries of Nova Scotia in 1867 included the territorial sea. While this evidence may enable us to conclude that the colony was permitted to exercise extraterritorial jurisdiction in some instances, it is quite insufficient and another matter to uphold the theory that in 1867 Nova Scotia had any proprietary rights in the territorial sea.

● (1550)

Therefore, honourable senators, the same rationale the Supreme Court adopted in the *British Columbia Reference* case becomes applicable to Nova Scotia. If the boundaries of the province did not extend beyond the low-water mark as of 1867, then ownership of the bed and subsoil of the territorial sea and of the resources there situated must belong to Canada, and it is Canada that has exclusive jurisdiction in regard to these areas. This is so by virtue of section 91.1A of the British North America Act, 1867, or the residual power in section 91.

> The mineral resources of the lands underlying the territorial sea are of concern to Canada as a whole and go beyond local or provincial concern or interests.

The Supreme Court finds further confirmation of this result in the position of the Crown in right of Canada as successor to the rights formerly recognized, in international law, to the British Crown. This is the point I made in answer to a question raised by the Leader of the Opposition.

If our conclusion that Nova Scotia did not have the ownership of the solum of the territorial sea off its coasts or of the resources there situated in 1867 is correct, it follows that it has no jurisdiction or ownership as to the resources of the continental shelf either. In the words of the Supreme Court:

> As with the territorial sea, so with the continental shelf. There are two reasons why British Columbia lacks the right to explore and exploit and lacks legislative jurisdiction:

You will remember that in respect of the continental shelf, there were just those two questions—jurisdiction and right to

exploit. On the territorial sea, it was ownership, jurisdiction and the right to exploit. The Supreme Court went on to state:

> (1) the continental shelf is outside the boundaries of British Columbia, and
>
> (2) Canada is the sovereign state which will be recognized by international law as having the rights stated in the Convention of 1958, and it is Canada, not the Province of British Columbia, that will have to answer the claims of other members of the international community for breach of the obligations and responsibilities imposed by the Convention.

Even in the event that one concluded Nova Scotia's boundaries did indeed extend to the territorial sea in 1867 before entering Confederation, it should be noted that the position as regards the continental shelf would not be changed. As the Supreme Court pointed out:

> International law in relation to the continental shelf is a recent development... The rights now recognized by international law to explore and exploit the natural resources of the continental shelf do not involve any extension of the territorial sea. The superjacent waters continue to be recognized as high seas.

Thus, rights in the continental shelf cannot be described as rights to which the British Crown was entitled in 1867, and such rights cannot therefore have been conferred "upon the Governor or Legislature of the colony". At the time at which the international community recognized the existence of such rights, Canada was a sovereign state. Therefore, those rights belong to the Crown in right of Canada.

So, to summarize, honourable senators, the boundaries are the boundaries at common law—that is, the low-water mark—unless a jurisdiction and ownership has been conferred, which it could have been but was not, by an act of the British Parliament to extend those beyond the common law limit and, in any event, anything beyond the territorial seas to the continental shelf would not have been conferrable even by Britain because those rights arise by international law.

So, it seems to me that giving to Nova Scotia the best side of all the best possible arguments, it still loses. The rights to the offshore resources of Nova Scotia must, in my opinion, be found, for the same legal reasons, to be the same as those of British Columbia, namely, no rights, because those rights belong to the Crown in right of Canada.

Hon. Jean-Paul Deschatelets: Senator Frith, I am sorry that I missed some of your remarks at the beginning, but I should like to have some explanation with respect to the distinction you make between jurisdiction and ownership. Is this distinction arrived at as a result of a decision of a court, or are you making the distinction yourself? I ask this because I cannot easily understand, if there is jurisdiction, especially on extraterritorial rights, how it is possible that one does not exercise at the same time the right of ownership?

Senator Frith: The example that I gave earlier, and that perhaps is closest to home is that there are parts of the territories of the provinces of Canada, as they exist now, that clearly belong to the provinces, yet, for certain purposes, the federal government has the power and jurisdiction to legislate with reference to those properties. So, the distinction is one found in all cases that deal with this question. It is distinguished, for example, in the very questions that were put to the court. That is the difference. It is possible that you can own property yet I might have jurisdiction to make certain laws with reference to that property and not, thereby, acquire ownership.

In this particular case, the distinction develops as we develop the legal results. In this case, we talked first of the extension of the property—the extension of ownership by extending the boundaries. When Nova Scotia finds that it cannot, in the face of the *Keyn* case and the *British Columbia Reference* case, come up with any act of the British Parliament that extended its boundaries—that is, its ownership of the underwater—it then brought forward the jurisdiction that it had to the sea. It never brought forward any documents that said it had jurisdiction to the solum under the sea, but said that it had jurisdiction with reference to smuggling and other things on the top of the sea and, therefore, said, "Since you never disallowed those acts, you allowed us to extend our jurisdiction."

That is the reason for the distinction. In order to have the ownership of offshore resources under the territorial sea, you have to have ownership of the solum. In order to have the right to exploit the natural resources beyond the territorial sea and to the continental shelf, you do not have to own it. In fact, we do not own it. None of the coastal states owns it. They only get the right to exploit from the Geneva Convention. So, they have certain jurisdiction, but that is called, as I mentioned, a limited or functional sovereignty, whereas the sovereignty over the land under the territorial sea is called an absolute sovereignty, although it is subject to some limitations, such as innocent passage.

Senator Thompson: Honourable senators, I thank Senator Frith for his lucid and erudite enunciation of this whole proposition. As a layman, I found it quite fascinating. Because of my own inability, I feel that I did not grasp how he so easily dismissed the description of Nova Scotia which was in the Royal Charter granted by the King of England to Sir William Alexander, who desired to establish New Scotland in the New World. That Charter states:

> —all... islands or seas lying near, or within six leagues to any part of the same, on the western, northern or eastern parts of the coast—

That certainly is not the low tide mark which he referred to as always being the accepted thing with the British. I think Nova Scotia and British Columbia are different historically. What we look at is the rights of Nova Scotia territorially and not jurisdictionally.

It would be interesting to know if the definition by France of its boundaries was the same as Britain's, or if that corresponds with the transfer, because the King of France apparently conveyed the same privileges to the governor that himself had. Apart from that, it seems to me that certainly it went beyond

the low-water mark in the description of what was the territory of Nova Scotia in the Charter.

Then, when we look at the Treaty of Utrecht and the Treaty of Paris, we see that Article IV of the Treaty of Paris describes Nova Scotia, and states that in handing it over to Britain, France handed over completely, if I can use that word, the boundaries described as belonging to Nova Scotia in the original document given by the King of France.

It seems to me that Senator Frith keeps the *British Columbia Reference* case and dismisses it lightly, rather than looking at the original definition of Nova Scotia by the King of France.

• (1600)

Senator Frith: There are several points raised in that question. First, I tried to take care to admit that there are differences in the constitutional history—and that includes all of the background documents—between British Columbia and Nova Scotia. What I did was to take the reasoning in the *British Columbia Reference* case, accept the differences in facts, and apply it to the Nova Scotia facts, including the facts to which you have referred. Having done that, I found that the principles in the *British Columbia Reference* case apply equally to all of the facts that we are talking about with reference to Nova Scotia, including the question of the islands.

The position I take on the islands is that there are islands that belong—and no one would quarrel with this—that belong to British Columbia too, but that the description in the treaties and in the commissions with reference to islands, in order to describe the islands, describe the distance between the mainland and the islands. So, I do not quarrel at all with the position that those islands are included in the boundaries of Nova Scotia—that is, that they are part of the territory of Nova Scotia.

Senator Thompson: Right up to Sable Island?

Senator Frith: Exactly. All of the islands that were granted are a part of the land territory of Nova Scotia. If they find any natural resources on an island that is clearly in their territory, they own those resources. The jump that Senator Smith makes is to say that included in the islands is all of the sea bed in between. That is the problem. I take the view that that is not what the Charter did. There are cases in the annex where such islands were given to individuals—

Senator Thompson: I am reading from the Royal Charter. It includes:

> —all . . . islands or seas lying near, or within six leagues to any part of the same—

And then further down, it refers to "all seas and islands." Seas come into this description a great deal as being part of Nova Scotia. But you are dismissing the seas as not being included as part of Nova Scotia.

Senator Frith: Yes, that they are not included—that is, that by including jurisdiction over the seas, they do not include the sea bed.

[Senator Thompson.]

Senator Thompson: I am not talking about jurisdiction; I am talking about a description of Nova Scotia. I quote from the Royal Charter, which appears in Senator Smith's intervention at page 1208 of *Hansard* of November 12, 1980:

> —all . . . islands or seas lying near, or within six leagues to any part of the same—

And it refers to "seas" at various times in the description of the boundaries of Nova Scotia. I am not talking about jurisdiction.

Senator Frith: Well, I will have to refer to my notes on that point. I did analyze that in my notes. I can either go back and find that analysis now or come back to it at the next sitting.

Senator Thompson: I shall be glad to talk to you later about it.

Hon. Eric Cook: Honourable senators, I wonder if I might ask a question of Senator Frith.

I must say I was more than interested in his most learned and persuasive argument. He referred over and over again to international law only recently recognizing the rights of the maritime states. Is "recognizing the rights" of the maritime states the same as "creating the rights"? In other words, did international law recognize rights which had been created and then existed, or did international law then create rights and confer them on these maritime states?

Senator Frith: I think it would depend on what rights we are speaking of. Underwater rights, and rights with regard, particularly, to the continental shelf, were rights that no one had even talked about or thought about. Rights under the sea beyond the territorial limit, or even beyond the common law limit, simply had not arisen because no one thought of there being anything under there worth worrying about. The question of creating rights and recognizing rights is a distinction that I do not think came up in any of the cases. The issue that they were concerned with was international law recognizing rights, and then creating them, also, in the sense that they were created by the Geneva Convention. The Geneva Convention itself, as I recall it, states that the rights contained in Articles I, II, and III are really a codification or a formal recognition of rights that existed before. So, I do not recall the distinction between "recognizing" and "creating" as being of importance in relation to the eventual rights that were found by the court to the natural resources lying under the solum of the sea bed.

Senator Cook: When international law created these new rights and conferred them on the United States, the United Kingdom and Canada, why did it not give a share of these newly created rights to land-locked countries as well?

Senator Frith: I cannot answer that.

Senator Cook: I cannot either.

Senator Flynn: Honourable senators, I imagine that Senator Frith will adjourn the debate. If not, I will, because it may be that Senator Smith may want to comment on some aspects of the very able and learned presentation of Senator Frith. But I

am afraid he is giving us the strict viewpoint of the federal Department of Justice.

Senator Frith: I take responsibility for it myself. I did not get anything from the Department of Justice.

Senator Flynn: You made it clear that they convinced you—

Senator Frith: No.

Senator Flynn: I want to make it clear that they do not convince me.

In the course of the honourable senator's remarks, he made objections to the case by Nova Scotia, but he certainly did not make the case for the federal government. I do not know how these rights were acquired, and that is a point that I think needs clarification. Perhaps he will do that in further explanation of the questions put to him, especially those put by Senator Thompson.

I am quite sure that my honourable friend will not be able to establish title being with the federal government, except possibly with regard to those rights which were created or acquired subsequently in relation to the three-mile limit, or the 12-mile limit, or the continental shelf. That is a grey area. But beyond that I do not see anything in the honourable senator's presentation which would give any title to the federal government.

Senator Frith: Honourable senators, I would ask Senator Flynn to read *Hansard* tomorrow, because I did deal with that directly. In my submission, those rights clearly go to the federal government on two grounds, the details of which are covered in my remarks. It may be, of course, that even after reading the detail he may still wish to quarrel with it.

Senator Flynn: As far as British Columbia is concerned, I have no problem, but not with regard to the original provinces or Newfoundland.

Senator Frith: In my submission, any province that came into Canada in the 19th century, and perhaps the one that came into Canada in the 20th century, Newfoundland, could not make a claim to the continental shelf, but would have a different argument with reference to the territorial seas. I think that there, too, they are in trouble, but at least coming into Canada in the 20th century they are in a different position.

● (1610)

I understand the point being raised by the Leader of the Opposition. He says I have taken the position that these rights never went to Nova Scotia, but have not shown how they then went to the federal government. We can get back to this, because I think it is very important and, of course, it is going to be important immediately and in the long range to us because we will be getting legislation on the subject and the work we are doing on it now might help us in discussing it.

In summary, the two reasons are because of section 91 of the British North America Act, 1867, and because Canada is, as such, a successor to the rights of the British Crown.

Senator Flynn: The last point is far from proven.

Senator Frith: Let's debate it. That is what we are here for. But, again, see also the judgment in the *British Columbia Reference* case.

I should make it very clear that while I did a good deal of this research myself, I did have some help. However, the Department of Justice had nothing whatsoever to do with it.

Senator Thompson: That is why it is so good.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until Tuesday, January 20, at 8 p.m.

THE SENATE

Tuesday, January 20, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Public Accounts of Canada, Volumes I, II and III, for the fiscal year ended March 31, 1980, pursuant to section 55(1) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Quinquennial actuarial report on the state of the Regular Force Death Benefit Account in the Consolidated Revenue Fund as at December 31, 1975, pursuant to section 40 of the *Canadian Forces Superannuation Act,* Chapter C-9, R.S.C., 1970.

Report of the Mississauga Railway Accident Inquiry (Commissioner, The Honourable Mr. Justice Samuel G. M. Grange), dated December 1980.

STATE IMMUNITY BILL

FIRST READING

Hon. Raymond J. Perrault (Leader of the Government) presented Bill S-19, to provide for State Immunity in Canadian Courts.

Bill read first time.

Senator Perrault moved that the bill be placed on the Orders of the Day for second reading on Thursday next, January 22, 1981.

Motion agreed to.

QUESTION PERIOD

[*English*]

INDUSTRY

INDUSTRIAL RESTRUCTURING AND MANPOWER RETRAINING PROGRAM

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. I am particularly interested in the recently announced program which is designed to promote industrial restructuring and manpower retraining, since there is a tremendous provincial involvement in it. Could the minister tell us what discussions were held and in what detail between the Government of Canada and the provinces in terms of the allocation of this amount of $350 million—that is, as to where and how it is to be spent?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, a similar question was asked in the other place, and the minister responsible, the Honourable Herb Gray, replied that there were a number of discussions with, for example, the automotive industry and others prior to that, although he did not deal specifically with the so-called involvement of the provinces. This is not intended to be a cost-shared program. The $350 million that is involved is a 100 per cent commitment by the federal government. I have a copy here of the announcement which, I am sure, I do not need to refer to, because it seems to me the honourable senator also has it in front of him.

Senator Doody: Honourable senators, I am very pleased to hear about the interest the Honourable Herb Gray is showing in the problems of the automotive industry and the fact that he is consulting with the people involved. It is certainly a very touching comment, but it really has very little to do with the unemployment problems and the retraining programs that we in the Atlantic provinces have, particularly in Newfoundland, the part of the country that I represent.

Could the minister specifically tell the Senate what discussions have been had, in terms of retraining programs in the Atlantic provinces, between the Minister of Manpower in Newfoundland, and perhaps Nova Scotia and the other provinces, in terms of the $350 million program?

Senator Olson: Honourable senators, I am a little surprised that my honourable friend has no interest in the unemployment problems in the automotive industry. That, of course, is not an attitude that can be taken by the government of the whole country. I know that the honourable senator has asked more specifically as to what has happened to the Atlantic provinces, but if he will read the document that I think he has

in front of him he will note that on page 2 it says that communities will be designated for one year, with a maximum of two six-month extensions. It does not say that they will be in any single region of the country, and therefore they are not either included or excluded.

● (2010)

At the bottom of that same page the honourable senator will see that for industry there is a special program of financial assistance to firms undertaking projects, the purpose of which is to establish, expand or restructure operations in these communities. It is clear from the totality of the program that it is for industrial adjustment, and not for industrial expansion. We have a number of progams designed for that purpose that are already operational. For the workers involved there are increased training allowances where the adjustment is severe, and there is more flexible mobility assistance to be provided, and so on.

I would not want my honourable friend to get the wrong impression, that this program is specifically designed to include or exclude any part of Canada.

Senator Doody: I thank the minister, and I would like to assure him that I do have a definite interest in the automotive industry. In fact, we in Newfoundland are interested in any kind of industry, should the Government of Canada be willing to facilitate us in that regard.

What I would like to say is that I understand that under questioning the ministers responsible for the implementation of this program have indicated four or five communities, including Sept-Îles and Schefferville, because of the layoffs in the Iron Ore Company of Canada. That company is very active in Labrador City as well, and I wonder if this program is going to be extended to communities other than the five named to date. I think of Cape Breton, for instance, where the steel industry is obviously in need of a great deal of help. The people who work there have been disadvantaged for quite a long time. Those who have not been working are even more disadvantaged, of course.

I wonder if the minister could tell the house if this program has been aimed at the four or five communities named, or is this $350 million to be distributed among the disadvantaged communities throughout Canada that have had serious problems for quite a long time, and not merely for the last two months, during which time not only the automotive industry but also the steel industry has been affected.

Senator Olson: Honourable senators, I can only repeat myself and say that the designations have not been completed. In fact, I do not think any of them have been specified in the announcement.

THE ECONOMY

JOB CREATION PROGRAM—FEDERAL-PROVINCIAL DISCUSSIONS

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Minister of State for Economic Development.

I read with a great deal of interest that the Minister of State for Economic Development, and his colleague from New Brunswick, the Minister of Fisheries, have met with members of the Government of New Brunswick. I wonder if the minister would care to inform this house as to any specific proposals that may have been advanced by the Government of New Brunswick to enhance job creation in that province.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the brief answer to the question is that that is not what the meeting was designed to do. I have felt for several days, perhaps even two or three weeks, that I should perhaps try to find an opportunity to make a statement, or even a speech, in this chamber—and I think it would be a good speech—about the general thrust of the meetings that I had in Prince Edward Island, New Brunswick and, indeed, in Saskatchewan yesterday. It is, to put it briefly, an attempt to consult with industry, labour and the provincial economic departments to hear what their priorities are for the regions so that we can deal with the eight constraints that are known to all honourable members with, perhaps, a view to making better use of the funding we already have.

● (2015)

I did not go to any of those three provinces, and I am not going to the other seven, with a bag of promises or goodies, if you like, or even any money; but we think that we have a responsibility to go through the consultative process, and we also believe that we have a responsibility to the Canadian taxpayer to find out whether we can make better and more effective use of the funds already being spent in economic development. That is what it was all about. We did not really discuss specific matters.

My honourable friend will realize that, when it comes down to identifying priorities, some priorities do emerge.

Senator Thériault: When the minister has had time to digest what was suggested to him by the various groups he met with in New Brunswick, especially the members of the provincial government, will he inform the Senate so that those of us who are from New Brunswick will know if the trip was worthwhile?

Senator Olson: My honourable friend does not need to wait to find out whether the trip was worthwhile. I can tell him now that the trip did, indeed, result in a good exchange of views.

Senator Flynn: In New Brunswick.

Senator Olson: Yes, in New Brunswick. And the response from the business community was good.

By the way, they have an institute there with which Senator Thériault must be familiar. It is comprised of people from business, labour and the provincial government. Our attempt to include that group of people in the development of a set of national priorities resulted in an excellent exchange of views, and we found a great deal of common ground with respect to where the thrusts ought to be in the use and application of funds in the ensuing months or even years. There is no question about that.

Frankly, I was rather pleasantly surprised that we could find such a high level of agreement on some of the identification and some of the ways for dealing with those constraints that I have already indicated in one or two speeches that I know are well known to my honourable friends. I suggest that they read them again—perhaps several times—because, as I go across the country, I find more and more support for that position. There is a great political will, I think, for the government's emphasis on economic development to be, indeed, focused on what is contained in that thrust.

Senator Thériault: Honourable senators, I wish to thank the minister for his answer, but I must tell him that I am rather surprised that he was surprised at the lucidity of the people of New Brunswick.

ENERGY

NEW BRUNSWICK—HOME HEATING—CONVERSION GRANTS

Hon. L. Norbert Thériault: I should like to put a question to the Minister of State for Economic Development which I asked two or three times in the fall. I assume it was not part of the discussions he had, but can he inform the Senate whether in fact the Department of Energy, Mines and Resources, or the Government of Canada, is any closer to agreeing with the Government of New Brunswick that the people in New Brunswick converting from oil to electricity should be entitled to the so-called $800 conversion grant?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice and refer it to the minister directly responsible. That particular matter was not mentioned in the discussions I had with the New Brunswick government.

● (2020)

THE ECONOMY

JOB CREATION PROGRAM—FEDERAL-PROVINCIAL DISCUSSIONS

Hon. C. William Doody: Honourable senators, I have a supplementary to Senator Thériault's question. This is really a point of clarification, because I must have misunderstood what the minister said in his answer. He gave me the impression that he had visited Prince Edward Island, New Brunswick and Saskatchewan, and that he had discussed matters of economic import with those provinces, and so forth, but that he had no intention of going to the other seven provinces with his bag of goodies. I am wondering what the criteria are, and why some provinces are included in these discussions while others are excluded.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, that is one of the problems of communication and the level of comprehension between members of this side of the house and members of the other side of the house. I thought I said exactly the opposite. I said that I intended to go to the other seven provinces, but that I did not carry a bag of money, if that is the expression you like to use—

Senator Flynn: A bag of goodies.

Senator Olson: —to the three I have already been to, nor would I to the seven I am going to visit.

We are looking for an agreement on the use and application of funds now being provided for economic promotion and development. To repeat, I was rather pleasantly surprised at the level of agreement as to where and how we should attack, if that is the right word, the constraints that we see in the system. The exchanges that I had with the representatives from New Brunswick, Prince Edward Island and Saskatchewan were extremely useful in that regard.

Senator Doody: A further supplementary, if I may. I think that the minister must be quite pleased with me for giving him an opportunity to straighten that out in the record. It sounded quite different to me, but I am pleased to hear that he will be going to the other provinces as well to discuss the economic strategy of the government. I can assure the minister that many of the provinces—indeed, all of us—would be interested to learn the economic strategy of the government, particularly as it relates to the less developed provinces.

Would the minister, in the same tenor, tell us what the criteria would be in terms of the economic strategy so that one could qualify to benefit from the $350 million retraining and restructuring program which was announced earlier? I know that five or six communities are now eligible, but I wonder what the criteria would be and how others might have themselves included in this program.

Senator Olson: Honourable senators, that policy and the framework or the criteria against which we would adjust a very large part of the rest of our spending capability were not discussed in the same context.

[*Translation*]

Senator Leblanc: Honourable senators, I have a supplementary question for the Minister of State for Economic Development. Does the minister intend to meet with his counterpart in the Province of Quebec, namely Mr. Landry? If so, will the meeting be held soon? Will he be accompanied by a minister who is fluent in both official languages, for I believe it might be rather difficult to communicate with Mr. Landry?

[*English*]

Senator Olson: The answer, honourable senators, is yes. I think it is on Thursday of this week that I will have a meeting with Mr. Landry in Montreal. There will be at least one. Perhaps the Honourable Mr. Ouellet will be with me. There may be more. On these visits, there has been a minister from the region with me.

[*Translation*]

Senator Leblanc: If past experience is any indication, I think that a meeting between Mr. Ouellet and Mr. Landry will make it rather difficult to hold interesting exchanges. So if you feel that Mr. Landry might not accept Mr. Ouellet, is there another minister who could replace him?

[*English*]

Senator Olson: I do not get involved in these discussions, but I can assure my honourable friend that simultaneous interpretation will be available. Not only that; there are some people who speak French in such a manner that I can understand almost all of it, but I do have a little difficulty replying. However, I really do not think we need anticipate any difficulties. As far as my position is concerned, the colleagues I have with me from the federal government are not subject to acceptance or rejection by anyone else.

ENERGY

OIL—POTENTIAL SHORTAGE IN EASTERN CANADA

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. An article appearing in the *Globe and Mail* of January 17, 1981, states in part:

> This winter a potential shortage of oil in Eastern Canada is being covered by the oil companies, in particular through Exxon's international pool. The potential shortage is mostly the result . . . of Mexico's failure to supply the 50,000 barrels of crude a day contracted by Petro-Canada.

● (2025)

My question is: Is the minister able to indicate to the Senate the government's assessment of how long certain Canadian oil refiners will have to rely upon the much-maligned international pools operated by the multinationals for an assured supply, and, in particular, how long it will be before Petro-Canada will be able to guarantee the supply which it should theoretically provide under the much vaunted deal with Mexico?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have answered a question similar to that several times before, and it seems to me that what is being asked for now is some kind of update on the situation. I do not think that the general answer, for example, that we are going to experience a severe shortgage of oil supplies in this country, will apply, because of contingent arrangements that have been made. I suppose my honourable friend has alluded to one of them, but that is not the only one. There are, of course, some quantities of oil available, in case of shortages, for peak requirements and that sort of thing. I can take the rest of the question, as it relates specifically to Petro-Canada and Mexico, and refer it to my colleague, the minister responsible, for an update on his assessment of the situation now.

Senator Donahoe: A supplementary question. I recall several of my colleagues directing a series of questions to the honourable minister with respect to the quality of the Mexican crude and the ability of the Canadian refineries to handle that quality. I also find in the article I quoted earlier a statement which reads:

> January shipments are at 20,000 barrels a day, down from 25,000 a day in December. The crude's low quality has caused problems in the refining process, say the refiners, although they are required to use it by the federal government.

Can the minister tell us if the federal government has taken that quality of oil into account in making the arrangements for that supply, which does not seem to be being delivered?

Senator Olson: Honourable senators, I will refer the specific question to the minister responsible and ask him what the situation is respecting that. I will say, though, that my honourable friend keeps raising this matter of the quality of the Mexican oil as if it were some kind of surprise. I am not sure that it is.

Senator Donahoe: It has something to do with what it is worth.

THE ECONOMY

JOB CREATION PROGRAM—FEDERAL-PROVINCIAL DISCUSSIONS

Hon. Charles McElman: As a supplementary to Senator Thériault's initial question and the reply given by the minister, the minister spoke of what I believe is a business-industry-labour committee in New Brunswick and its high calibre. Has he measured its calibre by its recommendation that the present Senate should be replaced by an elected Senate, with two elected members from each province in Canada?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can frankly and honestly say that we did not discuss that subject at all.

Senator McElman: I would ask, then, that the minister reconsider his view of the high calibre of that committee.

● (2030)

PRESIDENT OF THE UNITED STATES

CANADIAN REPRESENTATION AT INAUGURATION

Hon. Stanley Haidasz: Honourable senators, would the Leader of the Government inform this chamber whether any cabinet minister has been sent to Washington to represent Canada officially at the inauguration of the new President of the United States?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no information on that matter. However, an inquiry will go forward.

FOREIGN AFFAIRS

IRAN—DIPLOMATIC RELATIONS

Hon. Stanley Haidasz: Honourable senators, now that the American hostages have been released by the Government of Iran, would the Leader of the Government tell us whether the Canadian government will revoke diplomatic and trade sanctions imposed upon Iran before that government settles its debts with the Export Credit Corporation, and other Canadian crown corporations and private business?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a statement on the subject of Iran.

Some Hon. Senators: Hear, hear.

Senator Muir: You just happen to have your music.

Senator Perrault: I am sure that Canadians of all political persuasions are delighted that for the hostages and their families, the long ordeal of captivity and separation is over. We are all enthusiastic about the events that have taken place. A statement has been issued by the Secretary of State for External Affairs on the subject.

When it was announced that there would be a Canadian export embargo against Iran and the introduction into Parliament of sanctions legislation last May, the minister said that Canada would lift sanctions as soon as the hostages were released. Now that the hostages have actually been released, the government will review the sanctions against Iran at the earliest opportunity so that we can normalize relations with that country promptly. This will entail proclamation by the Governor in Council declaring that the Iran Economic Sanctions Act ceases to be in force, and action to lift the export embargo and other measures now in effect against Iran. Lifting measures imposed since the hostage-taking would not, however, mean that Canada would be ready to send arms or defence support equipment to Iran.

Senator Flynn: I would think not.

Senator Perrault: Our present policy on arms sales would exclude Iran, as a country involved in continuing hostilities, from receiving such equipment.

We will also be examining, in the near future, the question of sending Canadian staff back to our embassy in Tehran. In March of last year the Secretary of State for External Affairs said that we would reactivate our embassy once the hostages were released, assuming conditions in Iran were favourable. We do not expect the role Canada played in helping six Americans to leave Iran last January will prevent us from reactivating the embassy or otherwise re-establishing normal relations with Iran.

The other part of the honourable senator's question will be taken as notice.

THE ECONOMY

CONFERENCE BOARD OF CANADA FORECAST

Hon. Nathan Nurgitz: Honourable senators, my question is for the Minister of State for Economic Development. Recently the Conference Board of Canada issued its revised predictions for 1981, indicating a stark worsening in its previous estimates of some three or four months ago. For example, it cut its forecast of economic growth by almost one half.

Would the minister undertake to bring to the Senate the latest calculations or estimates of either his department or the Department of Finance to either confirm or deny the Conference Board's predictions, including its prediction that inflation in 1981 will be 11.7 per cent—the highest annual rate in over 30 years.

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators, I will undertake to bring that information to this chamber.

I may be saying more than I ought at this time, but some of those predictions have not turned out as well as some of the predictions made by the various government departments, including the Department of Finance.

OFFICIAL REPORT (HANSARD)

DAILY ISSUE—CONTENTS PAGE—DELAYED ANSWERS

Hon. Peter Bosa: Honourable senators, I rise on a question of privilege relating to the manner in which delayed answers are reported in *Hansard*. Up until last week, whenever a delayed answer was reported to the Senate by a minister, it would appear in the contents page under the subject matter, but there would be no indication of which senator asked the question.

There has been a slight improvement in that system but I feel that further improvement could be made by indexing the delayed answer in the same manner as all other oral answers, but with the addition of the word "delayed" in brackets so that the senator who put the question will be able to identify it in the event he is not in the chamber when the delayed answer is given.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to say a few words on this subject.

• (2035)

I think it should be clear that when I ask that the Senate agree to the printing of an answer instead of having it read, that answer is to be taken as though it had been read. That is my understanding. Otherwise, I would have to stand here and read them all out. I have no criticism of the way they are structured, but if they are not structured in the printing of *Hansard* in that way, then that is somewhat different from what I expected would be the case. Such answers should be taken as though they had been read.

Senator Bosa: Honourable senators, my intervention was not meant as a criticism but as a constructive suggestion. If you look at the contents page of *Hansard* for January 13, you will see under the heading "Finance" the words "Interest rates. Senator Olson." That refers to a question that I had asked on a prior date and had I not been present in the Senate on January 13, I would not have been aware that Senator Olson had, in effect, answered it.

THE ECONOMY

REVISION OF BUDGET ASSUMPTIONS

Hon. Lowell Murray: Honourable senators, I have a supplementary to the question asked a few minutes ago by our colleague, Senator Nurgitz.

Can the Minister of State for Economic Development say whether the government has revised the assumptions contained in the budget of the Minister of Finance with regard to the likely rate of inflation, economic growth, unemployment, and the budgetary deficit, among other things, and if so, could we be informed of the revised figures as soon as possible.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot answer as to whether or not that revision has been done. It is clear, of course, that there are some matters, both positive and negative, depending on your point of view, that have taken place since the budget was brought down on October 28. I am sure that such revision is going on. I am not sure when the Minister of Finance intends to make a further statement on the changes that have taken place.

Certainly, some of the energy projects have not gone forward quite as was predicted at that time. On the other side of the coin, there has been a rather significant increase in agricultural prices, and the volumes that are being realized are somewhat better. So, there are revisions on both sides of the coin.

I am trying to be helpful, but I cannot give my honourable friend a date. I am sure there are some fairly significant changes that are being dealt with.

Senator Murray: Before too long we will be dealing, I presume, with some of the legislation flowing from the budget, and I simply make the point that it would be helpful were we to have that information before addressing ourselves to the legislation.

The minister mentioned some of the assumptions in the budget concerning energy. My supplementary question concerns the extent of the government's information on the investment plans of the energy industry. For example, can the minister say whether, in fact, Gulf Canada has dropped about $200 million from its exploration and development programs for this year; whether it is a fact that Norcen Energy has cut $40 million from its budget, and that a leading Canadian independent, Canadian Hunter Exploration, which is controlled by Noranda, has switched all of its discretionary spending for next year, amounting to some $90 million, from Canada to the United States?

My question is whether the government can confirm that information and whether, in view of that and similar information that is being published on an almost daily basis, the minister will agree that the government's energy policy is a complete disaster area?

Senator Olson: No, I would not agree that it is a disaster area.

Senator Flynn: Surprise.

Senator Olson: There are some adjustments that, as we have already indicated, we are willing to consider and, indeed, to make with respect to such things as some of the rules. There was an announcement made, for example, respecting certain tax exemptions on September 23, and there is a proposal out respecting the COR, the Canadian Ownership Requirements.

The reason for putting that out as a proposal is to get some feedback from the industry. Had we not intended to make any amendments, I suppose we would have put it out as a hard set of regulations and not as a proposal. I might say that we are getting a lot of co-operation from the industry in the way of expert advice.

• (2040)

The honourable senator has asked another series of questions that disturb me a little in giving a positive reply, because what he is really identifying is a reduction from intentions, not a reduction from what happened last year or what might have been the pattern.

If he wants us to answer the questions on that basis, so that we get the level of reduced intentions from where they were perceived to be, down to the lower level of intention, I suppose he would also agree that as they understand the energy program, and as they increase their intentions, we can then demonstrate an equally significant increase in the intentions.

Therefore, the senator is talking about something that is really not fixed. When he asks us to do an analysis of that, it seems to me that he is asking for something like—I can think of a couple of similes respecting that. If he could present his questions with a little more precision, so that we can identify some targets, not simply intentions, it would be somewhat more helpful, because some of those intentions have started up again.

Senator Murray: One must take it for granted that the Minister of Finance, in making certain assumptions about the levels of energy investment, and so on, was dealing with intentions—intentions that have diminished considerably over the past two months or more since the budget and energy policy were announced.

ENERGY

SUPPLY AND DEMAND PROJECTIONS

Hon. Lowell Murray: With the indulgence of the Senate, I should like to put another question to the minister concerning energy policy. The minister will be aware that the National Energy Board has embarked, as we noted in a recent debate in this chamber, on studies of supply and demand projections in oil across the country. In view of the controversy surrounding the projections that are contained in Mr. Lalonde's paper, I wonder whether the Minister of Energy, Mines and Resources, or his officials, might agree to appear before the National Energy Board to justify and explain the basis of the projections contained in that white paper; and, if not, whether the Minister of State for Economic Development would soon intervene in one of the two debates that are on our order paper concerning energy, to outline the basis of those supply and demand projections?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there are two separate requests in that question. I can convey to the Minister of Energy, Mines and Resources the request respecting his appearance before

the National Energy Board. I am not sure whether or not that will be precedent-setting because, after all, the Natrional Energy Board does report to the minister and it is their business to hold hearings, to hear the views of the people directly involved in the industry, and so on. Whether or not the minister, or his department, should get involved in making an input into those hearings, I am not sure. I would have to check that. I am not saying that it is unprecedented, but it seems that there is the possibility of a problem there.

As to the second part of the question, yes, I will be glad to make an intervention in the debate as soon as possible.

Senator Murray: I did not mean when someone else is speaking. What I had in mind was that the minister would make a speech of his own.

Senator Olson: I would like to do that, but I would not like it to be a repetition of the last speech I made here on the Constitution. When one read through it one could not tell who was the speaker because the Leader of the Opposition had more lines than I had in my speech.

Senator Flynn: That is what made it interesting.

Senator Olson: I would hope that the honourable gentlemen opposite might extend the courtesy of allowing me to make a speech in this house, because I like doing it once in a while; but I would like to construct it along my own lines of thought. Sometimes it is very tempting to follow the lines that are interposed by the Leader of the Opposition and the honourable senator, because they bring up such weak arguments that one gets off onto those sidelines. However, I will seriously consider that, and soon.

Senator Flynn: I promise to be quiet.

Senator Murray: Me too.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question is directed to the Leader of the Government in the Senate and concerns the Garrison Diversion in Manitoba. I should again like to bring to his attention—and it has been done before by other honourable senators—our concern and that of the provincial government and the public in general about the Garrison Diversion.

Last week an American governor again requested his government to grant sufficient money to complete the Garrison Diversion project to irrigate the area. If that is done, it will affect the Red River and lakes in Manitoba, and also our fisheries.

In view of this additional request by that American governor I again ask the Leader of the Government to request the Secretary of State for External Affairs to make appropriate representations on our behalf to ensure that the diversion is stopped and no harm is done to any area of the province of Manitoba. If that project is proceeded with it will affect not only the Red River and our lakes, but also the whole of the southwestern part of the province.

In view of the general concern, I would like the Leader of the Government to take the question as notice if necessary, and ensure that we deal with the request to the American government as quickly as possible to avoid such action.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I thank the honourable senator for his continuing interest in this important subject. His views will be conveyed to the appropriate source.

The U.S. Department of State has requested that a process of bilateral consultations regarding the Garrison Diversion be initiated in March.

As a prelude to these consultations, they have invited Canadian scientific and technical experts to visit their Water and Power Resources Service Engineering and Research Centre in Colorado to review possible project design modifications. This visit is tentatively scheduled for tomorrow and the following two days—that is, Wednesday, Thursday, and Friday.

We are confident that this technical review will provide us with a basis on which to proceed to the consultation process, keeping in mind Canada's firm position that any inter-basin transfer of water is unacceptable.

That information is provided for honourable senators.

FOREIGN AFFAIRS

IRAN—DIPLOMATIC RELATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, earlier this evening I took as notice a question with respect to Iran and the Export Development Corporation. To establish a new record for prompt replies, I now have an answer.

In response to the question raised, I have been informed that the Export Development Corporation, EDC, has been receiving payment on amounts falling due in respect of long-term loans made to Iran, except for payments relating to a principal amount of approximately $2.1 million Canadian which is owed on a loan where there is a dispute as to amounts due under the commercial contract. I am advised that the arrears are a small proportion of the total payments due and made.

An additional amount of approximately $6.9 million Canadian is owed to EDC on an insurance claim paid to the Canadian exporter from the same contract. EDC is in communication by telex with the relevant Iranian authorities to obtain payment on both the overdue and the claim amounts.

I understand that EDC would take a cautious approach to considering providing new loans to Iran until these overdues have been settled and commercial relations with Iran have been normalized.

More generally, EDC's problems of arrears and claims have come about quite apart from the hostage-taking and are not directly linked to the resumption of commercial relations with

Iran. However, we will want to take all outstanding questions into account as we move to remove economic sanctions.

● (2050)

THE CONSTITUTION

ONTARIO—BILINGUALISM

Hon. L. Norbert Thériault: Honourable senators, I do not want to re-raise the storm that blew over this place last Thursday when I asked a certain question of the Leader of the Government in the Senate, but at that time I was convinced that the Leader of the Opposition had quoted me wrongly, and I asked him to look at the record.

Honourable senators, with your permission I would like to read the last paragraph of a statement made by the Leader of the Government, and I quote:

> Here is the opposition, which in recent weeks has interminably been stating that provincial rights are not being taken into account, that there is an attempt by the national government to circumvent the legitimate rights of provincial governments, today asking, 'Why doesn't the national government impose this on the Province of Ontario?

Then the Leader of the Opposition, as reported at page 1524 of *Hansard*, intervened with the remark:

> Senator Thériault said that. Stop distorting everything.

Honourable senators, my point is that I never made such a statement, and when I am prepared to make a statement on whether I feel the Government of Canada should impose the provisions of section 133 on the Province of Ontario, I will make my position clear at the proper time.

At that time I was simply asking my leader to intercede with the Leader of the Opposition to see if some of his English-speaking colleagues—including one who has resided in New Brunswick for three years and knows the situation very well—would join with four members of Parliament from Quebec who were meeting with the Premier of Ontario to see if he would change his mind and ask the Government of Canada to have section 133 imposed in the amendments to the Constitution. I want to make this point clear, that the interjection by the Leader of the Opposition was as a result of a misunderstanding of what I had said.

Hon. Jacques Flynn (Leader of the Opposition): So what?

ENERGY

OIL SHORTAGES—PRECAUTIONARY MEASURES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on November 12, 1980, by Senator Donahoe concerning oil shortages.

If Alberta proceeds with its intention to reduce supplies to eastern Canada, supplies would be decreased by 60,000 barrels a day commencing March 1 of this year. A further reduction of 60,000 barrels a day would follow commencing June 1 with a further 60,000 barrels commencing September 1.

Should this unfortunate situation occur, there is, at present, crude oil available in the international market. The price at which international oil would be bought to replace the Alberta cutbacks is not known at this time. Naturally, price would depend on the pricing conditions at the time of the purchases.

CANADA OIL AND GAS LEGISLATION—CONSULTATION WITH PROVINCES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on December 10, 1980, by Senator Doody concerning the Canada Oil and Gas Act.

(*The answer follows:*)

> I am informed by my colleague, the Minister of Energy, Mines and Resources, that the contents of this bill were not discussed in detail with the provinces before it was introduced in the House of Commons. Honourable senators will understand that the integrity of the parliamentary process would have prohibited this action.
>
> The provinces and industry, however, have understood for some time that the existing legislation governing oil and gas activity on Canada lands was outdated. The new Canada Oil and Gas Act has been in development during the past several years. Indeed, certain aspects of this proposed legislation have been discussed at length with industry and the provinces.
>
> The act has, of course, evolved over time with the most recent changes being set out in the National Energy Program. Although details of the proposed legislation would not have been discussed with interested parties prior to introduction of the bill in the house, in accordance with legislative procedure, they will now have an opportunity to make known their views on specific provisions during the standing committee stage of consideration.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on Thursday last, during the debate on Senator Smith's inquiry respecting some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores, Senator Frith requested, and was granted, permission to have certain documents appended to that day's *Debates*. It has since been found that reproduction of those documents in legible form is, to say the least, most difficult.

With Senator Frith's agreement, and on his behalf, I ask leave to table these documents so that they will be available for examination by any senator who wishes to see them.

The Hon. the Speaker: It is agreed, honourable senators?

Hon. Senators: Agreed.

Senator Perrault: Then, honourable senators, I table:

Copies of *Mémoires des Commissaires du Roi et de ceux de Sa Majesté britannique* and other historical documents relating to the boundaries of Nova Scotia.

ENERGY

GOVERNMENT POLICY—DEBATE CONCLUDED

The Senate resumed from Wednesday, January 14, the debate on the inquiry of Senator Argue calling the attention of the Senate to Prime Minister Trudeau's constructive energy policy, in particular:

1. the advantage to Canadians of having prices for oil and gas in Canada lower than O.P.E.C. prices;

2. the advantage of Canadianizing the industry;

3. the advantage of the provisions to encourage large numbers of Canadians to invest in the industry;

4. the advantage to Canada of the provisions concerning conservation; and

5. the advantage of other aspects of the policy.

[*Translation*]

Hon. Guy Charbonneau: Honourable senators, I wish to take part this evening in the debate on the inquiry of the Honourable Senator Argue calling the attention of the Senate to the energy policy of Prime Minister Trudeau. You will notice that I did not call it "constructive" because, on scrutiny, one soon realizes that its provisions will lead the country down the economic road to havoc.

Not only does that policy deal with the matter of constitutional jurisdiction over resources—upon whose damages I shall leave it to some of my colleagues to comment—it also deals with the role of the government in the Canadian economy and that of foreign investments in Canada. That the government, like its predecessor I might point out, should want to ensure the security of our supplies and reduce our dependence on foreign sources, or that it should want to encourage a greater Canadian ownership in the field of energy, everyone will agree. But the government approach to achieve those goals run counter to all those which until now have enabled Canada to become the great country that it is.

It is true that the field of energy is at once a wonderful opportunity and a great challenge to Canada. In times like these, when unemployment runs rampant, the balance of payment worsens, and our dollar weakens to the point of at times dropping below 83 cents in terms of the American dollar—and that, despite the vigorous help of the Bank of Canada—the country should turn with hope to the development of its natural resources which, fortunately, it has in abundance. It would be normal to make every effort to benefit from our competitive position in the field of energy. It would be normal as well to avoid any endeavour which might jeopardize the development of our oil wells, put off the creation of jobs in Canada, undermine our dollar, boost our deficit in relation to foreign countries and tend to dry up foreign investments.

But we are witnessing a rather peculiar spectacle. The government keeps emphasizing the significance of the energy field and its great potential. It underscores the import of the decisions to be taken and the policy it has decided to implement. Far from taking advantage of the fortunate situation in which Canada finds itself it upsets everything and strangles the chicken that lays golden eggs. Far from giving the green light to such super-projects as the development of the tar sands in Alberta the government stands right up to the companies and the administrations of the producing provinces, beats up the multinationals which have been operating here from the start and runs across the border with all the employment opportunities lost to Canada.

The methods to which the government wants to resort to Canadianize the industry are arbitrary, smack of expropriation and will have an untoward effect on Canada's economic growth. As the Informetrica group pointed out, it would cost at least $10 billion to Canadianize the industry, including between $3 billion and $5 billion which might be deducted from the amount of Canadian oil and gas sales in the next three years; the government would not allow the companies to reinvest these funds in Canada, so they would do so elsewhere thus hastening the loss of value of the Canadian dollar. It is rather ironical to imagine how the Canadian public, by paying more for its energy supplies, will contribute to help government-owned companies invest in foreign countries and at the same time spur the economy of those countries and create jobs there. And all that will not add anything to our own supplies. You see, when I used words such as "arbitrary" and "expropriation" a moment ago, I forgot I could have added the word "stupid".

The methods used are also arbitrary and confiscatory because the state is taking over part of the industry, either Canadian or foreign, by declaring that, from now on and retroactively, the Crown owns a 25 per cent interest in all rights on Canada Lands. If we study closely this part of the energy program, it becomes obvious that the Canadianization of the oil industry will not benefit the investors and the Canadian private sector, but rather the state. To my mind, this means nationalization, and this is what we are now facing. It has already occurred in several countries, with the unfavourable results of which we are all aware. Let us keep in mind that, for many years, Canada has encouraged foreign investment and received enormous benefits from these investments, especially in the employment sector. We shall need for a long time yet that foreign capital to finance our economic development; the nationalization process which the government wants to bring about will only cause this capital to dry up because the climate of confidence which is so important for the investors will no longer exist. To this, we must add an exodus of irreplaceable human and material resources.

As I said earlier, the principle of increasing Canadian participation in the development of these resources is quite commendable and I fully support it, but this objective can be

achieved through incentives for Canadian investors which would not discourage foreign capital.

● (2100)

[*English*]

A recent study shows that of the six largest companies in the industry, three with assets of $9.4 billion are controlled by non-residents, and that the other three, with combined assets of $8.9 billion, are controlled in Canada. Furthermore, the Department of Energy, Mines and Resources figures show that there has been a gradual decline in both the ownership and control of the petroleum industry by non-residents. For instance, in 1971 non-residents owned 78 per cent and controlled 90 per cent of the petroleum industry assets. By 1979, foreign ownership had declined to 62 per cent, and control to 64 per cent of assets. This trend indicates that Canadians will soon own and control more than half of the domestic petroleum industry whether or not the proposed national energy policies of the government are implemented in their present form. I cannot but conclude from this that the government is only interested in nationalizing the industry, and not in Canadianizing it.

Honourable senators, on the question of energy supplies I must contend that the government's recent performance is, to use a polite word, spotty. You will recall that last May I consistently warned the government of the pitfalls lurking behind our purchase of Mexican oil. I was told repeatedly that our negotiators were aware of possible extra refining costs due to the low quality of the product. Now it turns out that not only are we importing heavy fuel in an eastern Canadian market already glutted with it, but, as I predicted, this will add significant cost burdens to the Canadian consumer and to the federal treasury, and will displace the domestic heavy crude, the production of which is currently prorated. Furthermore, the contract contains no guarantee of receiving the contracted amount, as we have seen, no guarantee of quality and no guarantee of price.

Because of compensation payments by the government it is costing the federal treasury $170 million to import unneeded heavy fuel oil. Some deal!

Now the government wants to increase its purchase of Saudi Arabian oil at world prices, but refuses to do it in Canada, even when each Canadian family is spending the equivalent of $900 a year on OPEC oil. Honourable senators, I shudder to think what will happen to this country if the government increases its involvement in the management of its resources, as it intends to do, vigorously.

I shall end my remarks by repeating that the energy policy, as outlined, will have the ultimate result of large amounts of development capital leaving the country, as it already is doing, a dramatic decrease in foreign investments, and a real national growth projection reduced by 1 per cent annually for the next two years. Unless amended, this policy clearly calls for the eventual nationalization of energy companies. Are other resource companies next? Who knows.

[*Translation*]

Honourable senators, I support Senator Murray's motion that Senator Argue's inquiry be referred to the Standing Committee on Banking, Trade and Commerce.

[*English*]

The Hon. the Speaker: As no other senator wishes to participate, this inquiry is considered as having been debated.

[*Translation*]

Senator Molgat: I move the adjournment of the debate.

Senator Flynn: We are supposed to continue the debate on Senator Murray's motion a little later. It might be more convenient if Senator Molgat waited until then to intervene.

Senator Molgat: Very well then, I withdraw my adjournment motion.

The Hon. the Speaker: Therefore, the debate on this inquiry has now concluded.

[*English*]

NORTH ATLANTIC ASSEMBLY

TWENTY-SIXTH ANNUAL SESSION, BRUSSELS, BELGIUM—DEBATE CONTINUED

The Senate resumed from Wednesday, December 10, 1980 debate on the inquiry of the Honourable Senator Bonnell calling the attention of the Senate to the Twenty-sixth Annual Session of the North Atlantic Assembly, held at Brussels, Belgium, from 14th to 23rd November, 1980, and in particular to the discussions and proceedings of the session and the participation therein of the delegation from Canada.

Hon. Henry D. Hicks: Honourable senators, this order stands in my name, and I had intended, when the inquiry was originally introduced, to say something about it. Having read the speeches of my predecessors, and particularly that of Senator Bonnell, I do not feel that I have anything to add at this time. I was a member of the same committee, the Scientific and Technical Committee, as Senator Bonnell. The work of that committee was extremely interesting, but it was so carefully related to the Senate by Senator Bonnell that I do not think I can add anything to what he had to say.

I would underline, however, what Senator Bonnell told us about the evidence brought before the NATO subcommittee with regard to the work being done on recombinant DNA in many parts of the world. This work is of the utmost importance, and since it is a subject in which a great many people interest themselves, though in many cases without having the scientific background or knowledge to enable them to support the views that they are apt to take, I think it is important that responsible parliamentarians keep themselves in touch with the work that is being done.

It is, to me, a matter of great satisfaction that there seems to be an abundance of evidence now that the dangers of experimentation with recombinant DNA are not nearly as great as some scientists felt a decade or even five years ago, and it looks as though there may be great opportunities not

only in the field of genetic manipulation but also in the field of biomass energy, and so on, arising from this work, and I am glad that the members of the North Atlantic Treaty Organization have interested themselves in this important matter, which must be one of the most important scientific possibilities facing us today. I wish that Canada would contribute more to this research, because I do not think we want to be caught way behind in an area which may be of tremendous importance in the decades ahead.

Other than that, I can say that it was a matter of great interest to me to attend the North Atlantic Assembly. The hard work was done in committees. As I say, I was on the committee on which Senator Bonnell has so adequately commented, so I do not wish to clutter up the record by trying to repeat what he has said so well. I did not attend the other committees. If you were on one of the big committees, it was impossible to pay attention to more than one.

● (2110)

The General Assembly generally passed the resolutions that emanated from the committees, and they were generally passed with near unanimity. This was an exercise that made one feel a little sorry that the Assembly did not of its own initiative involve itself more directly in some of the vital issues, but NATO is a complicated organization and the permanent council, the ministers of defence and the permanent ambassadors to NATO from the various countries exercise many of the functions, making it unnecessary for the North Atlantic Assembly to debate vital issues at great length. Nevertheless, the resolutions which were passed showed near unanimity among the members of the North Atlantic Treaty Organization, at which we can all take satisfaction.

I am pleased and honoured to have been a representative or a delegate from the Parliament of Canada to this Assembly. The work being done by NATO and the contribution being made by the Canadian armed forces, although not as great as some of us would like, is nevertheless of great significance.

It was a matter of great satisfaction to me to find that the esprit de corps, the spirit of the Canadian NATO forces in West Germany and wherever we met them, was as good as it was, and while they badly need improved equipment and are looking forward to replacing their CF-104s with the CF-18s, which are still some years away, anyone who visited Baden-Solingen and talked with the Canadian air squadrons there would be greatly impressed and would be proud of his Canadian compatriots and the part they are playing in the North Atlantic Treaty Organization.

I have nothing more useful to say at this time about the Assembly. It was a great honour to have been one of the representatives of the Parliament of Canada to it.

Senator Thompson: May I ask the honourable senator a question? When I read Senator Bonnell's comprehensive and erudite speech, there were one or two things he was suggesting that struck me as significant. One was that constant contact should be kept with the developments that are being made in genetic research. I was glad to hear you say, senator, that you feel those are more positive and beneficial to humanity than they are harmful.

Certain of the leading geneticists in Canada, notably Dr. Simonovich of Toronto, who is an internationally known geneticist, are suggesting that the Parliament of Canada and legislators generally should start looking at the moral and ethical questions being posed by the great advances in genetics. Would you agree with them that that is a subject which should be looked into further by such a forum as the Senate, for example?

Senator Hicks: Well, honourable senators, that is a difficult question. There may well be moral and ethical problems concerned, but the history of mankind shows that, when man becomes aware of scientific possibilities, almost always inquiry into those possibilities continues. I believe that will be the case with respect to inquiry into the various aspects of recombinant DNA.

If we arrive at the stage—and we are a long way from it at the present time—where we begin trying to interfere with human genetics, then the moral and ethical problems become huge. At the moment, however, genetic manipulation has to do with bacteria which may be developed to produce insulin, for example, much more cheaply and in much greater quantities than is possible today. That is undoubtedly of benefit to mankind. It may also be used to cause the deterioration in a particular way of cellulose material in order to make it available for what is popularly called biomass energy—and I admit, honourable senators, that I am getting a little out of my depth as a scientific technician here. There is a great deal that can be done before we get ourselves into a situation where we have to worry about moral and ethical problems, although I am certainly not saying that that is not a possibility. The history of mankind shows, however, that when the possibility of learning something by inquiry is made available to us, invariably we follow it up.

On motion of Senator Hastings, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, January 21, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on the administration of Allowances for Blind Persons in Canada for the fiscal year ended March 31, 1980, pursuant to section 12 of the *Blind Persons Act,* Chapter B-7, R.S.C., 1970.

Report on the administration of Allowances for Disabled Persons in Canada for the fiscal year ended March 31, 1980, pursuant to section 12 of the *Disabled Persons Act,* Chapter D-6, R.S.C., 1970.

• (1400)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving the budget and supplementary budgets of the following committees:

Banking, Trade and Commerce; National Finance; and Transport and Communications.

(*For text of reports, see today's* Minutes of the Proceedings of the Senate.)

ENERGY

GOVERNMENT POLICY—MODIFIED MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE

Hon. Lowell Murray: Honourable senators, with leave of the Senate and pursuant to rule 23, I would modify my motion which appears as Order No. 7 on the Orders of the Day to read as follows:

That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Honourable senators will see that, as it now stands, my motion refers to the inquiry of the Honourable Senator Argue which is "presently on the Orders of the Day." The debate on Senator Argue's inquiry was concluded last evening, with the result that it is no longer on the Orders of the Day. Therefore, in consequence, I am requesting leave of the Senate to make this technical change in my own motion.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

QUESTION PERIOD

[*English*]

CANADIAN ADVISORY COUNCIL ON THE STATUS OF WOMEN

RESIGNATION OF PRESIDENT

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. After hearing this morning the scathing criticisms of the government by various women's groups in this country concerning the Advisory Council on the Status of Women, I am wondering whether the Leader of the Government can tell us what the government proposes to do to restore some credibility to the body known as the Advisory Council on the Status of Women.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I do not have before me the text of any detailed criticism of the minister or his policies by recognized groups interested in the extension of human rights. Perhaps those comments have been made, but I do not have the material in front of me. I can only say that under the auspices of this and previous Liberal governments, enormous advances have been made in respect of the status of women in this country.

Senator Nurgitz: As a supplementary, may I ask the Leader of the Government if he can advise the house as to whether, in light of Doris Anderson's resignation, a more pliable or agree-

able defeated Liberal candidate has been found to preside over that council?

● (1410)

Senator Perrault: Honourable senators, I deplore the note of cynicism which is evident in the remarks of the senator who, after all, was appointed only a few months ago.

Hon. Jacques Flynn (Leader of the Opposition): You make me cry.

Senator Perrault: Surely after such a brief period in Parliament he has not come to this deplorable state of cynicism about the appointment process.

Senator Flynn: It doesn't take long with that kind of government.

Hon. Richard J. Stanbury: It took even less time with the last one.

THE ECONOMY

EFFECT OF NATIONAL ENERGY PROGRAM

Hon. Lowell Murray: Honourable senators, my question is really by way of a follow-up on some questions I asked last evening of the Minister of State for Economic Development concerning energy policy. It arises from two reports I read today, one from Data Resources of Canada containing the almost incredible information that the energy sector, which pre-eminently should be boosting economic growth in this country, will, in fact, be a drain on the economy in the coming year. They said that the National Energy Program will collect about $4.5 billion for the federal coffers in the first half of the year, but only $2 billion will be recycled. That will make what they call a "$2.5 billion negative fiscal shot in the first half of 1981."

The second report to which I refer is that of a statement by the minister himself in Regina in which he said that westerners misunderstand and misinterpret the national energy policy. I want to ask the minister whether it is the position of the government that the fact that energy is a weak spot in the economy now, rather than the strong factor it should be, is because of a misunderstanding of the policy. With regard to the minister's statement that the problem is that the government does not have the firepower in public relations that others have, is he prepared to agree that the $3 million advertising budget in the energy field has been a waste of money?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, I am not prepared to agree to that, but I know that my honourable friend's colleagues criticize us every time we try to give the public information about government, and, indeed, parliamentary, programs because we acknowledge openly and without reservation that we do not seem to have the firepower in public relations that many of the provincial governments have. It is fairly easy to find out why. They spend much larger amounts than we do on that, and I think if we were to accommodate the honourable senator he would support us wholeheartedly when we go with public relations and public information programs so that people do know what the policies are.

I can bring a list of energy-related programs and economic activity related to them that we would project with some confidence into the near future, and I think he would agree, after examining it carefully, that the conclusions that have come out of Data Resources of Canada form their opinion, but it is not necessarily one that would be shared by me or my honourable friend. If he did an intelligent analysis of what is going on, I am sure he would come to the same conclusion.

Hon. Martial Asselin: Would you stop insulting the senator?

Hon. Raymond J. Perrault (Leader of the Government): He flattered him.

Senator Olson: It depends on an assessment of how much you want. For example, in the next three or four years we are going to have an expansion, in my view, in the coal industry which will be unprecedented in Canadian history. It will be much bigger than anything that has ever happened in the past, and the economic activity coming from that is going to be great. I can bring in the rest of the list on hydro-electric generation and all other forms of energy, but I understand my honourable friend would rather talk about gas and oil, and, if he does, that by itself is a very important part of the energy-related economic activity but it is not all. To get back to that, I maintain what I said, and that is that there is a lack of understanding of how the new energy program will apply to the oil and gas activity. We can see that is happening—

Hon. Duff Roblin (Deputy Leader of the Opposition): Tell it to the unemployed.

● (1415)

Senator Olson: I will also get to that in a minute. We can see that is happening and that there is some apprehension about the size of the exploration and development projects for later on in 1981. We agree. We also agree that it would be very helpful if the federal government and the governments of the producing provinces would come to an agreement. I do not know how many more times I or the Minister of Energy, Mines and Resources have to say that there is no one in Canada more anxious to have an agreement so that the industry and everyone else—

Hon. Jacques Flynn (Leader of the Opposition): Your agreement.

Senator Olson: —will have some of the uncertainty removed—

Senator Perrault: Hear, hear.

Senator Olson: —and so that we can get on with it.

Honourable senators opposite talk about employment, and so on. Here is the answer, that I was going to give later, to a question asked by Senator Charbonneau a few days ago about drilling activity. The government realizes that some drilling rigs are idle and that others have moved to the United States.

Having said that, however, it should be emphasized that this, in part, is a continuation of an earlier trend resulting from record drilling activity in previous years and an overbuilt drill rig fleet.

If my honourable friends do not understand that situation, they should realize that their government set out on a deliberate policy of increased tax measures to enhance the drilling for natural gas in Alberta in 1976—and oil also—which resulted in a great increase in the number of gas wells that were drilled. There are 9,000 gas wells in Alberta that are now capped, because that is all the market can take. What do honourable senators opposite want us to do—drill another 10,000 until we get the market up to the volume that will accommodate the flow from them? Of course not.

It should also be emphasized that forecasts, regardless of their source, are extremely speculative. For instance, *Oilweek,* apparently considered an authoritative trade journal, published data of drilling activity in mid-December which indicated that over 500 rigs were active. That contrasts sharply with the figure of 462 released for the same period of time by the Canadian Association of Oilwell Drilling Contractors.

Therefore we have to look at those things. Both are apparently equally credible organizations; but the bottom line is that the amount of activity in December 1980, and as late as January 8, 1981, is not down from last year.

Hon. Guy Charbonneau: Honourable senators, in light of the minister's assessment that coal production in this country is going to be increased in a dramatic manner, can he explain to us why, in his own province of Alberta, a big consortium like Elco Mining, which the minister probably knows about, has postponed, probably for the next six to eight years, mining development in Alberta?

Senator Olson: Honourable senators, I am not sure about the management decisions, but I should like to advise my honourable friend that the Manalta Coal Company at Gregg River in Alberta has recently signed a contract to deliver an additional three million tonnes per year into export position.

Senator Perrault: Hear, hear.

Senator Olson: Negotiations have reached an advanced stage for approximately six million tonnes more over the Anzac route into such places as the Quintette and Bull Moose and the area of Sukunka. In addition, there are two or three major new contracts from southeastern British Columbia that will be coming in.

That is only a partial list. There is a long list, adding up to many millions of tonnes additional in the next three years, and the federal government has committed itself to tripling, as and when necessary, the capacity of Robert's Bank to accommodate that loading. We have also given a commitment to build a coal loading facility on Ridley Island, and all of the infrastructure, all the way into the interior of British Columbia where those coal mines are located. My honourable friend should realize that this is only a partial list of what is coming on.

There is far more interest in thermal coal use all over the world, and people are looking to Canada in areas besides those that I have listed. That is why I have come to the conclusion that the economic activity that will be going on there is almost unprecedented in Canadian history.

Senator Perrault: Nothing but good news.

• (1420)

Senator Charbonneau: I admire the minister's enthusiasm, to which, naturally, we all subscribe. If what he is referring to ever comes to pass—

Senator Olson: It is already under way.

Senator Charbonneau: Yes. Well, Elco Mining, a consortium of Canadian companies and European interests, has been under way for several years. The federal government announced what it was supposed to do, but it still has not produced anything, and that happened about six or seven years ago. I certainly hope, as a Canadian, that what you are telling us now is going to happen, but if what is going to happen turns out to be the same as what happened when the federal government announced these previous projects, God help us.

Senator Olson: Honourable senators, I am suprised at what is being said. There are many factors that go into a management decision as to whether one is going to begin this year, next year, or five years from now the exploitation of a deposit; but I can tell the honourable senator that I was in Elko, B.C., a few weeks ago to be present at the opening ceremonies of a new 15,000 tonne hopper loading device which will enable them to load trains on a continuous flow basis from the Fording Mine. I am not sure about identifying the company to which the honourable senator refers, and where its deposit is, but perhaps it is near Elko. There are a number of other mines going ahead very rapidly in that same area. Why the specific company the honourable senator is referring to is not going ahead, I do not know; but I can look into it. It is not because there is no activity going on there, because there is in fact a great deal of activity going on.

Hon. Robert Muir: As a supplementary, honourable senators, may I direct a question to the new-found wash-house coal miner across the way? As Senator Charbonneau has said, I am sure we all applaud his great enthusiasm for his fantastically new interest in coal.

Senator Olson: It is not new; I have had it for months.

Senator Perrault: He was born with it as a child.

Senator Muir: I do not see much coal dust in his eyes, but let us say that, like the poor, he has always been with us. In any event, would the minister be kind enough to investigate the reason why the Cape Breton Development Corporation—whose job it is to open up new mines, provide employment, and increase coal mining—is at the moment contemplating changing to oil in one of its heating plants that has to be renovated? Would they be proposing to burn some of that Mexican oil?

Perhaps the minister could find out what the reasoning behind this move might be, and plead with them to stick with coal, since they are producing more coal now, and we can use it. Incidentally, I believe coal mining is coming back into its own because of the high cost of oil.

Senator Olson: Honourable senators, I will have to take that specific question as notice. I do not know why they are doing this. I do not even know if they are doing it. What I do know is that an addition to the coal mining prospects in that part of Canada is not only under active consideration, but I would think that major new activity there is at an advanced stage.

Senator Muir: I would agree completely with the honourable senator. Coal is coming back, and we are happy to see it coming back, through the efforts of Devco. I think they are doing a pretty good job.

The minister says he does not know if they are going to do this or not. That is why I pose the question. Will he, however, please find out and see if something is happening along those lines?

Senator Olson: I understood the question.

Senator Murray: By way of a supplementary, honourable senators, this is not the first occasion on which the minister has cited *Oilweek* by way of defence, or supposed documentation, of his own assertion that drilling activity had not declined significantly. I think that perhaps one way to help settle the argument would be if the minister would undertake to bring in government figures providing quarterly comparisons of drilling activity as between 1980 and 1979, and not just the status as of January 1, 1980.

Perhaps he would also undertake, on a quarterly basis, to give us the figures for drilling activity this year, 1981, compared to last year, because notwithstanding the assertions he made last week in reply to a question, I think, from our colleague Senator Roblin, the Canadian Association of Oilwell Drilling Contractors said the other day that while there are as many rigs operating this year as last year, the number of active rigs is probably 20 per cent below what it would have been without the National Energy Program.

● (1425)

It is true that the number of drilling rigs is about the same as it was last year, but the association said that drilling contractors had added more than 100 rigs to their fleets in the last year in anticipation that the rapid exploration pace in the first nine months of 1980 would continue. As a result, the association estimates that 60 rigs are sitting idle out there and that a similar number have moved to the United States. Therefore, I ask the minister if he would undertake to bring in the statistics that the government has, and is prepared to vouch for, as to drilling acitivity in this year and the previous two years.

Senator Olson: Honourable senators, I would be very glad to do that because I think it would clear up a few other things. The honourable senator wants me to try to make some comparisons between 1979 and 1980 on a quarterly basis. If he finds that there is some downturn, I am sure he will agree with me that it has nothing to do with the National Energy Program, because those estimates are taken from a time previous to the announcement of it. I also answered part of the question before, which is that we have had a very significant increase in the number of gas wells that were drilled, partly as a result of a policy set out in 1976, and there is a limit to the amount of capital spent on developing those gas wells unless you have a concurrent increase in the cash flow from them.

I know many places in southern Alberta where there are gas wells drilled in 1977 and 1978 which still have caps on them. The drillers knew, when they drilled those wells, that they were not going to be included in the pro-rating system because there were already enough connected gas wells to satisfy the market. Therefore, some of those wells have been sitting there for two or three years without any production. This must be taken into consideration when comparing current activity with the surge of activity which followed the stimulation and incentives resulting from the policies of the government then in office.

INDUSTRY

CHRYSLER CORPORATION—FINANCIAL DIFFICULTIES—EFFECT ON EMPLOYMENT

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development, and it is related to the automotive industry and employment therein. My understanding is that when the government made the loan arrangement with Chrysler Corporation some months ago, Chrysler guaranteed the employment of a specified number of Canadians in its plant. I wonder what the status of that employment figure is now, in relation to the present problem that Chrysler has.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, those figures have not changed. In fact, Chrysler, I understand, will negotiate further with the Minister of Industry, Trade and Commerce. Apparently there are some significant changes in the totality of the Chrysler Corporation's requirements, one manifestation of them being a request for a further $400 million from the United States government. The fact is that at present there has been no change in the commitment or the understanding that we have, although I know that they have asked for negotiations, and I think the minister has indicated his willingness to discuss it with them.

Senator Doody: My understanding is—and the minister can perhaps correct me—that Chrysler intends to reduce its planned investment from $1 billion to $600 million. Would that have an adverse effect on employment?

Senator Olson: Honourable senators, what Senator Doody is trying to do now is to get into the details of what is involved here. I read what is in the newspapers too, but I do not know whether that is part of the proposal that Chrysler Canada is going to put to the minister, and I do not expect to know until they do it.

Senator Doody: The minister seems to think it improper for me to be looking for information about the deal that the Government of Canada has made with the Chrysler Corporation.

Senator Olson: No, not at all.

Senator Doody: I think it is incumbent upon me to try to find out what is going on between the Government of Canada and the Chrysler Corporation as to where the taxpayers' money is going and how many people will be employed as a result of that stimulus. The minister surely has been in conversation with the minister responsible on an ongoing basis during that time, and under these conditions I would simply ask for the information I think we are entitled to.

• (1430)

Senator Olson: Honourable senators, I understand that and I do not resent it at all, and my reply was not intended to cast any aspersions on the question. I simply said I did not have the answer yet.

Senator Doody: I take it, then, that the minister will try to obtain the answer.

Senator Olson: Yes.

Hon. Jacques Flynn (Leader of the Opposition): That is a better answer than the previous one.

THE ECONOMY

ECONOMIC COUNCIL OF CANADA ANNUAL REVIEW—RATE OF INCREASE IN PRICE OF DOMESTIC OIL—NATIONAL ENERGY POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on December 10, 1980 by Senator Charbonneau concerning drilling activity in our producing provinces.

Senator Charbonneau asked whether the minister was able to confirm that current estimates of the number of wells to be drilled in 1981 indicate that there will be approximately 4,200 fewer than in pre-budget predictions.

The government realizes that some drilling rigs are idle and that others have moved to the U.S. Having said this, however, it should be emphasized that this is, in part, a continuation of an earlier trend resulting from record drilling activity in previous years and an overbuilt drill rig fleet. It should also be emphasized that forecasts, regardless of their source, are extremely speculative. For instance, *Oilweek,* an authoritative trade journal, published data for drilling activity in mid-December which indicated that over 500 rigs were active, which contrasts sharply with the figure of 462 released for the same period of time by the Canadian Association of Oilwell Drilling Contractors.

Beyond the question of credibility of a given set of data there is the larger and less certain issue of forecasting activity. A number of events, including federal policy decisions, have been made which will have an impact on future drilling activities. In fact, the federal government recently announced its intent to extend the current definition of exploration expense for one year, and we anticipate that this will have a positive impact on drilling activity.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—LABOUR REPRESENTATIVE

Hon. H. A Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on January 15 by Senator Muir which concerned the Cape Breton Development Corporation. He asked whether the government was contemplating appointing a labour representative to the board of directors of the Cape Breton Development Corporation.

I am informed by my colleague, the Minister of Regional Economic Expansion, that he is at the present time looking into board vacancies for the Cape Breton Development Corporation. He should be in a position, shortly, to make an announcement on this subject. In the meantime I would like to assure the honourable senator that I have referred his representations to my colleague the minister.

THE ECONOMY

STATUS OF ATLANTIC DEVELOPMENT COUNCIL

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to respond to a question raised on January 15 by Senator Doody. He asked if the minister would try to determine why a chairman had not been appointed to the Atlantic Development Council, and why the council had not met for some time.

I am informed that the Minister of Regional Economic Expansion is currently looking into the matter of the appointment of a chairperson for the Atlantic Development Council. However, I would remind the honourable senator that the board of directors continues to function and it is supported by a staff in St. John's.

Regarding the scheduling of a meeting of the council, I understand that the council can call meetings whenever it deems appropriate.

Hon. C. William Doody: Honourable senators, may I ask a supplementary question on that particular program? When I asked the question initially I mentioned the fact that there was a staff sitting in St. John's. I also mentioned the fact that, to the best of my knowledge, the council had not met for a considerable length of time, a matter of perhaps two years or more. There would seem to be some sort of discrepancy there. Can the minister look into that?

Senator Olson: I can look into it for the precise dates when the meetings were held, but if you are asking me when a meeting will be held, I will have to refer that question to the council, because, as I said in my reply to the question, the council can call meetings whenever it deems appropriate.

ENERGY

OIL—INTERNATIONAL PRICES

Hon. Lowell Murray: Honourable senators, some days ago I asked the Minister of State for Economic Development some questions concerning international oil prices.

Hon. H. A. Olson (Minister of State for Economic Development): Yes.

Senator Murray: I should like to ask him now if he would jog the memory of his officials and bring in that data as soon as possible, because it would be most useful to have.

Senator Olson: Honourable senators, I will try to do that.

QUESTIONS ON THE ORDER PAPER

REQUESTS FOR ANSWERS

Hon. Hartland de M. Molson: Honourable senators, I should like to direct a question to the Leader of the Government. Is there any prospect of getting replies to the questions I submitted on October 23? I thought they were rather simple questions, and I do not think the answers should be complicated. Surely, after three months I might expect a reply.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, replies to certain of these questions are put together with painstaking care.

An Hon. Senator: More pain than care!

Senator Perrault: Consequently, there may have been a delay occasioned by the nature of the question. However, the matter will be investigated immediately.

Hon. Heath Macquarrie: Honourable senators, some of these unanswered questions are mere yesterdays in comparison with a question I asked last May in reference to Irish moss. As everyone knows, the important quality of carageen, which is extracted from Irish moss, is that it is a coagulant and brings solidity. I am afraid that somewhere along the line we have solidified into total inactivity. I do wish the minister would make some motion so that we could get back to having the emergence of just a tiny bit of information before the next fishing season starts. It is only three months away.

Senator Perrault: Honourable senators, I can well understand the honourable senator's concern. I shall probe the reasons why "mossification" appears to have attached itself to the reply process.

PRIVACY BILL, 1980

SECOND READING—ORDER STANDS

On the Order:

> Second reading of the Bill S-9, intituled: "An Act to extend the present laws of Canada that protect the privacy of individuals and that provide individuals with a right of access to government files containing personal information relating to themselves".—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would ask that this item be placed on the Orders of the Day for February 18, so that it will not be dealt with at the same time as the report of the Special Joint Committee on the Constitution.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, January 22, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

UKRAINE

SIXTY-THIRD ANNIVERSARY OF THE PROCLAMATION OF INDEPENDENCE

Hon. Paul Yuzyk: Honourable senators, with leave, I should like to draw the attention of the Senate to the fact that January 22 is a very special day for three-quarters of a million Canadian citizens of Ukrainian origin. It was 63 years ago, on January 22, 1918, that the Central Rada, the Parliament of the Ukrainian people, proclaimed the independence of Ukraine in Kiev, the ancient capital of the country.

The downfall of the oppressive Russian tsarist regime in 1917 heralded the liberation and freedom of many non-Russian peoples, such as the Poles, Lithuanians, Latvians, Estonians, Byelorussians, and many others, all of whom in the past had been conquered and incorporated into the Russian empire.

Ukraine, under a democratic government of the Cossacks, was conquered by Tsar Peter I in 1709, who imposed an autocratic form of government on the Ukrainian people which, in the 19th century, forbade, by decree, the use of the name "Ukraine" and the Ukrainian language.

The collapse of Russian tsardom, the "prison of nations", gave the opportunity for the Ukrainians and the subjugated nations to assert their will.

The Parliamentary Act of January 22, 1918, established the Ukrainian National Republic, modelled upon those of the western world. It recognized the highest principles of democracy—freedom of speech, press, religion, assembly, association, and personal freedom. All minorities, including the Jews, were granted—and I quote—"national-personal" autonomy and representation in the government. The Ukrainian National Republic was the very antithesis of totalitarianism, despotism, colonialism and imperialism, and therefore has much in common with Canada.

The fact that today the blue-yellow flag of free Ukraine is flying over the City Hall of Ottawa, the capital of Canada, which is recognition of their just struggle for freedom and democracy, brings great joy to the Ukrainians of this country and to all freedom-loving Ukrainians throughout the world.

The National Liberation Revolution, which first began in Ukraine, spread throughout the Russian Empire to the nations imprisoned by the Russian tsarist regime. One after the other, the non-Russian peoples proclaimed their independent states. This was a democratic, anti-imperio-colonial manifestation. Gradually, however, the Russian communist regime subverted and conquered, by force, all of these independent states and compelled them to join the Union of Soviet Socialist Republics by 1922.

The former Russian tsarist empire was thus transformed, by conquest, into a totalitarian Russian communist empire more despotic and reactionary than the previous one.

Ukrainians have been in the forefront of the human rights movement in the Soviet Union. Some, like the Orthodox priest Vasyl Romaniuk, have been jailed for their religious beliefs. Others, like Yuriy Shukhewych, a totally innocent person, have received long prison terms for being the children of Ukrainian patriots who had fought for the liberation of their country. Severe sentences have been meted out, particularly to 37 members of the Ukrainian Helsinki group in Kiev, now represented by General Petro Grigorenko, and other expelled members, in the United States.

Citing the Soviet constitution to the effect that each republic has the right to secede, and Principle VIII of the Helsinki Act on the self-determination of peoples, the group's memorandum of autumn, 1979, stated:

> The group has become a force in the national liberation struggle of the Ukrainian people for its national and political liberation and for the right of the individual to a free life in his own land.

Free Ukrainians, and the free people of all subjugated nations of the Soviet Russian empire and its satellites, will continue to celebrate their independence days, and impress upon the western world the fact that freedom is indivisible. The principles of the United Nations and the Helsinki Final Act must be applied to the Soviet Union, which is a signatory, to the effect that self-determination, complete freedom, sovereignty and integrity of national territory must also be granted to the non-Russian and satellite nations.

Honourable senators, the Canadian government, Parliament, legislators, leaders and people in general must constant-

ly reassert their faith in the principles of democracy, justice, freedom and independence, without which there can be no lasting peace. At the same time they should express sympathy, moral support and readiness to give feasible aid to all those less fortunate nations which are still struggling for the realization of these, the highest principles of humanity.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Canadians of Ukrainian descent have made a major contribution to the Canadian nation and the Canadian family. I know that all honourable senators have listened with great interest to the Honourable Senator Yuzyk as he has chronicled the history and the struggle for freedom of the people of Ukrainian descent down through the years. All of us have listened with profound sympathy and interest as he described some of the great problems which have confronted those of Ukrainian descent and as he reminded us so eloquently of the need to oppose tyranny wherever it exists.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I think we should thank Senator Yuzyk for calling our attention the anniversary of the independence of Ukraine in 1922. On this occasion, we wish to extend our warmest greetings to all our fellow-citizens of Ukrainian origin while expressing both our regrets that tzarist oppression has been replaced by another even more cruel form of oppression, and the hope that the day will soon come when the regime will be overthrown and freedom can flourish again in that great country. We, Canadians, have never concealed our conviction that the freedom of peoples should be respected as well as the freedom of individuals. Once again, we hope and trust that circumstances will soon allow the Ukrainian people the freedom and the joy of expressing themselves as they see fit in the world.

● (1415)

[*English*]

Hon. Heath Macquarrie: Honourable senators, I am emboldened to associate myself with the splendid sentiments already expressed so well by Senator Yuzyk and the Leader of the Government and the Leader of the Opposition, and hope that none of them or any other honourable senator will think that I am, for a moment, seeking to detract from the great contribution which the Ukrainian people have made to this country and, indeed, to the world of decent people in its fine expression, but it so happens that this year we shall not be meeting on January 25, which is the anniversary date of the peasant poet, the great idealist and the great humanitarian, Robert Burns. Indeed, we shall not be meeting until January 27.

In all the clarion calls for freedom which the finest people in the Ukrainian world have put forth, they would find ample, sustained, courageous and poetic support from Robert Burns, a man who opposed cant—not K-a-n-t, because he didn't care about him, but c-a-n-t—hypocrisy, bigotry and narrow-mindedness, a man who believed profoundly in the brotherhood of man and, as well, the fatherhood of God, although he did not accept that it may be revealed in such narrow interpretations as some of my fellow Presbyterians of that age insisted upon.

This was a man ecumenical in his sins perhaps, which meant that he was more honest than those about him, a man ecumenical in his support for those who deserved it, but a man who is unique among the poets in our world and perhaps in any other world. While we study great poets and admire them, in the whole great pantheon of gifted people Robert Burns is the only one whom we "celebrate." Did one ever hear of a Shakespeare celebration or a Goethe celebration? But we always celebrate Burns. He gave us the example on how that should be celebrated. He also gave us the great example that what counted in life was not the tinsel show of the fineries and the filigrees, but the essential qualities, when he said:

> The rank is but the guinea's stamp;
>
> The man's the gowd for a' that!

He struck through to the integral truth which all of us, when we are at our best, recognize is the expression of the finest in humanity.

Because we shall not be sitting on January 25, I hope that my fellow senators will join with me in honouring today that brilliant genius so briefly among us, the peasant poet, the commoner poet, the man gifted by God beyond many, many others and in a rank with just a few like Mozart, a very small, select group of the divinely inspired. I ask senators to join with me in supporting the fine words of Senator Yuzyk and in adding to that our respect for a man for whom we should all have the greatest regard.

Hon. Joseph-Philippe Guay: Honourable senators, in rising to speak on the celebration that Senator Yuzyk has referred to, coming from his home province myself and knowing the contribution that Ukrainians have made in western Canada, and particularly in Manitoba, Saskatchewan and Alberta, I would like to congratulate him on the work he has done pertaining to his group in this particular regard. I think it is most fitting that we should also recognize the senator because he has had tenacity equal to that of his group in our area, for these people have worked not only the soil but also in almost every sphere of activity in our province, which is borne witness to by the group of fine professional men and women they have produced. They have made a very valuable contribution, not only to western Canada but to Canadian society as a whole. To that end I, too, would like to join, without naming any other poet that one might mention, in saying, senator: Thank you for a job well done. At the same time, I wish to thank the Ukrainians for the contribution they have made, particularly in western Canada.

● (1420)

Hon. W. M. Benidickson: Honourable senators, as a neighbour of Senator Yuzyk in this house, I have noted his fine record of attendance as a member of this assembly and I have observed his constant interest in this subject. I owe my presence here, in large part, to the support of Ukrainian Canadians. I endorse what has been said by Senator Guay in complimenting Senator Yuzyk.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Tax Review Board for the year ended December 31, 1979, pursuant to section 17 of the *Tax Review Board Act,* Chapter 11, Statutes of Canada, 1970-71-72.

ITALY

EARTHQUAKE DISASTER—CANADIAN AID—NATIONAL CO-ORDINATING COMMITTEE—VISIT OF SPEAKER TO DEVASTATED AREA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I take this opportunity to bring to your attention a subject which I am sure is of interest to everyone in this chamber. In just a few hours' time our esteemed Speaker, in his capacity as chairman of the national committee co-ordinating Canada's Italian relief effort, will be on his way to that area of Italy devastated by last November's earthquake.

I do not need to remind honourable senators of the heart-breaking conditions that are the legacy of that terrible disaster, with hundreds of thousands left homeless. If there is a bright spot amid all the misery, it is the response of the people of Canada, led in this nation of ours by the great Italian-Canadian community who have rallied magnificently to the cause of bringing help to the earthquake victims. It has been estimated that to date some $8 million to $10 million has been collected across the nation, with still more expected from further fund-raising campaigns.

The help that these contributions will bring starts tonight with the departure of His Honour the Speaker and his fact-finding mission to the stricken area. The various Italian-Canadian agencies which established this non-partisan co-ordinating committee chose well when they chose our Speaker to head the entire organization, which will oversee Canada's contribution to this relief effort.

I am sure I speak for all in this house, honourable senators, when I extend to His Honour the best wishes of his colleagues for the worthy cause upon which he is about to embark.

Your Honour, we wish you well, and we wish you a safe journey on the eve of your Italian mission. We look forward to a report of the good work we are confident your committee will accomplish in the earthquake zone.

[*Translation*]

Mr. Speaker, I hope you will enjoy yourself during your visit to Italy.

Senator Flynn: Honourable senators, may I join in the good wishes extended by the Leader of the Government, first of all to our Speaker to whom, on behalf of all honourable senators on this side of the chamber, we wish a most pleasant journey.

May we ask him to convey on our behalf to the Italian people and especially to the victims of the terrible earthquakes of a few months ago our deepest sympathy and the assurance that we want to help them as much as possible. The Leader of the Government has clearly indicated that the Italian community in Canada had received a rather impressive sum of money. I believe that it was a joint effort on the part of Canadians everywhere. I also think that the Canadian government did contribute its share.

I am sure that once he has visited the area and inquired about the situation, Mr. Speaker will want to ascertain whether our contribution has been adequate, on the basis of the needs and our means, and that he will indicate to us, to the government and the people of Canada whether we should contribute more.

Therefore our thoughts will be with him and we wish him unqualified success in his discharge of this important mission.

• (1425)

[*English*]

The Hon. the Speaker: Honourable senators, my visit to Italy is a function I must undertake in my position as chairman of the committee co-ordinating relief for the Italian earthquake victims. I expect the trip to be a very short one and I should be back in Ottawa on Tuesday. As a result of a strike by Italian airline personnel, I cannot fly directly from Montreal to Rome, so I must land in Zurich and fly to Rome from there.

I expect to meet with members of the Italian government and the authorities in Naples, and I shall also be received by the President of the Italian Senate, Signor Fanfani, a former Prime Minister. I hope I will have an opportunity to visit not only those who find themselves in unhappy circumstances, but also those who have been unaffected by the disaster.

I thank all honourable senators for their moral support.

ADJOURNMENT

Hon. Léopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, the 27th of January, 1981, at 8 o'clock in the evening.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not intend to invite the Senate to defeat this motion since, over the years, I have learned that it is a useless gesture. However, I should put on record the fact that last week I mentioned to the deputy leader that, from my perspective, the Senate need not sit this week, and what has taken place has proved me right. There is really no valid reason for the Senate to sit next week. Surely, if committees are meeting, the members of those committees can attend those meetings without the entire Senate being forced to sit. The Senate will have practically nothing to deal with next week.

• (1430)

If it is merely a matter of how the Senate is perceived by others, I say that is a rather empty argument. When we speak of the reform of the Senate, we should be thinking in terms not of cosmetics but of substance. When there is something for us

to deal with, we should take the time to deal with it thoroughly, even if it means sitting six days a week. But when our agenda does not justify our being here, then, in my opinion, we should not come.

In the present circumstances, for instance, our not sitting next week would allow His Honour the Speaker to spend a few more days in Italy. Obviously, he dare not stay longer than he has scheduled, because he knows how very badly this house needs him when it sits.

I realize that all this effort on my part will likely be in vain. The government leader will not change his mind. He has received his instructions and he will stick by them one way or the other, whatever happens, come hell or high water. But perhaps he can be prevailed upon to discuss with the Leader of the Government in the other place whether it will always be necessary for the Senate to sit, even when nothing is to come to us.

For instance, the only matter we have to deal with is Bill S-19, which I understand Senator van Roggen will sponsor later today. That may be an interesting bill, but, surely, it won't be argued that it is imperative for the Senate to come back next week to continue the study of it. The matter with which it deals is something we have discussed for years and years.

Honourable senators, I put these remarks on the record so that in future we will not be accused of having accepted without any objection the motion before us.

Senator Benidickson: Honourable senators, perhaps I did not hear Senator Flynn correctly, but did he refer to His Honour the Speaker receiving directions from somebody?

Senator Flynn: No, senator. I was referring to the Leader of the Government.

Senator Perrault: Honourable senators, of course the leader was being facetious. I receive directions from no one.

Senator Flynn: Then you should try to seek some.

Senator Perrault: You are damned if you do, and damned if you don't.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

FOREIGN AFFAIRS

IRAN—DIPLOMATIC RELATIONS

Hon. Martial Asselin: Honourable senators, I wonder if the Leader of the Government in the Senate as well as our colleagues opposite would join the members of the official opposition in expressing the disgust and deep contempt which the Canadians must now feel following the news of ill treatment of the American hostages during their captivity in Iran.

This, as you know, violates all Geneva agreements and human rights legislation by which governments throughout the world should abide. The Iranian government as well as guardians of the revolution, the students, have been abusing the American hostages and I think that the entire world must unequivocally disapprove such behaviour.

I think that for their barbarian and brutal conduct towards the American hostages the guards should one day be condemned and punished.

Under the circumstances, I should like to ask the government leader if it would not be appropriate to let the Government of Iran know that Canada condemns its action and its ill treatment of the US hostages and is not prepared to resume its diplomatic and commercial relations with Iran even if Canadians stand to lose several hundred thousand dollars.

I think that the international community should take a similar stand in an effort to prevent a reoccurrence of that situation. I should like to ask the government leader if he would convey the representations of the official opposition to his government.

• (1435)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I think that all honourable senators will join in the sentiments expressed so well by Senator Asselin. The government is following closely the revelations about the mistreatment of American hostages during their long captivity.

Throughout the crisis, of course, this government and the predecessor government, of which the honourable senator was a member, strongly condemned the hostage taking, not only because of its illegality, but also because of the obvious humanitarian objections to holding and treating people in this way.

Our concern about these reports does not affect the need to end sanctions at some point. They certainly will determine, however, when those sanctions will be ended. The sanctions were imposed as part of international pressure on the Iranian authorities to release the hostages. Now that the hostages are free, it was the general view before these stories began to emerge, that we had no justification for maintaining sanctions.

Other countries, notably the EEC member states, Japan and Australia, which imposed sanctions in concert with us, have either already lifted those sanctions or are about to do so. However, I am advised that there will be no imminent action on the part of Canada of a similar nature.

Other aspects of the normalization of our diplomatic relations with Iran will be handled with deliberation. Honourable senators will recall that we never broke diplomatic relations with Iran, so there is no need to formally re-establish them. However, as the Secretary of State for External Affairs, the Honourable Mark MacGuigan, indicated in the House of Commons on January 21, the taking of certain practical steps, including the return of Canadians to staff our embassy in

Tehran would, under normal circumstances, not be a question of weeks, but of months.

In the case of the embassy, we will be looking at the factors, including this new evidence, which argue for returning our staff soon because of the need to provide consular and other assistance to Canadians who are there now or who may wish to visit there in the future. However, we are naturally hopeful that the security situation for our personnel will be acceptable.

I thank the honourable senator for his suggestion.

IRAN—RELEASE OF AMERICAN HOSTAGES—ROLE OF ALGERIA

Hon. Heath Macquarrie: Honourable senators, I expected greater alacrity and greater curiosity on the part of my colleagues. In this connection, I would ask the Leader of the Government if the Canadian government has expressed to the people and Government of Algeria commendation and appreciation for their role in bringing the hostage question to a widely-applauded finality. I think they did a fine job.

Senator Perrault: Honourable senators, I know all honourable senators are in accord with the sentiments expressed by Senator Macquarrie. However, I have no information on the point. The question will be taken as notice.

INDUSTRY

SYDNEY STEEL CORPORATION—STATEMENT BY CHAIRMAN

Hon. Robert Muir: Honourable senators, I had intended to ask this question of the Minister of State for Economic Development, but, better still, I should like to pose it directly to the Leader of the Government.

In light of the recent statement made by the chairman of Sysco, Mr. Michael Cochrane, to the effect that the Sydney Steel Corporation broke even in the last quarter of 1980, and that this sets the stage for further quarters of profitable operation, this will only be so if the first phase of the long-range business plan designed by a federal-provincial task force is commenced soon. The Leader of the Government knows about this, because he keeps himself abreast of these things.

• (1440)

Could the Leader of the Government indicate when the federal government will join with the provincial government, which has already approved the plan calling for an investment of $175 million over five years, and issue its approval so that this rejuvenation and renewal of the steel mill can get under way?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice and referred to Senator Olson, who is engaged in some important business today, and therefore is not in the chamber.

Senator Muir: Honourable senators, I have a supplementary. In light of the fact, as I have already intimated, that the provincial government has given its approval and management has also approved, as has the United Steel Workers of America, would the Leader of the Government lend his assistance in cabinet to the Minister of State for Economic Development on this very important subject?

Senator Perrault: Honourable senators, under all circumstances I attempt to do so, as does the distinguished Honourable Senator Argue.

Senator Flynn: Leave him alone.

TRANSPORT

MISSISSAUGA DERAILMENT—REPORT OF COMMISSION OF INQUIRY—CONSIDERATION OF RECOMMENDATIONS

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Leader of the Government relating to the report of Mr. Justice Grange on the Mississauga railway accident inquiry. It relates to the statement, which I believe to be correct, that the Minister of Transport has appointed a committee to consider the recommendations contained in that report.

I should like to discover whether the committee is to consider all of the recommendations before they are implemented, or is it simply to consider those matters in recommendation 11, on page 205 of the report, which the commissioner himself suggests should be considered by a committee of Transport Canada?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I regret that I do not have on my desk today an explanation or elucidation of the exact terms of reference. The question will be taken as notice.

Senator Smith: Honourable senators, as a supplementary, I might ask whether or not the government is taking seriously the recommendation on page 196 of the report that certain of the commissioner's recommendations be implemented immediately, or, as he puts it, without lead time?

Senator Perrault: Honourable senators, the government takes very seriously the report which has been prepared. The necessity of guarding against similar disasters in the future is uppermost in the minds of the members of cabinet.

Senator Smith: Does the Leader of the Government concur in the view apparently expressed by Mr. Magee, the Canadian Transport Commission's rail safety commissioner, that if it takes one year to implement the report the government will be looking for a new rail safety commissioner of the CTC, which I take to mean that, in his opinion, there is no reason to wait a year?

Senator Perrault: I do not have available a copy of Mr. Magee's full text, and it would be unfair of me to pass judgment as to the validity of his remarks.

Senator Smith: Honourable senators, I have a further supplementary. Would it be too much to ask the Leader of the Government to obtain the text and to give a response to my question as a delayed answer?

Senator Perrault: Honourable senators, I shall be pleased to take the question as notice and will answer it in any form the honourable senator might wish. Perhaps the honourable senator could send me a copy of that statement this afternoon. That may be the fastest route.

Senator Smith: I would if I had one.

PACIFIC OCEAN—WEATHER SHIPS—AIR-SEA RESCUE

Hon. Ann Elizabeth Bell: Honourable senators, can the Leader of the Government give us any information about the proposed withdrawal of weather ships in the Pacific, a subject which I believe was of some concern last fall to both him and those of us from the west coast? I am wondering if there have been any further developments and if he can tell us what the situation is at present.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, information is being sought at present, but I am pleased to bring to the Senate information that a 171-foot vessel will be put in service on the northwest waters off the British Columbia coast by mid-summer, to provide a greater degree of safety for those engaged in the fishing industry. Also we are going to provide a 71-foot cutter, which will be in operation by the first week in February.

We are investigating the possibility of establishing at least a helicopter rescue service on a contract basis in the Prince Rupert area, and I understand that ultimately there will be five rescue vessels on the west coast to assist in reducing the loss of life.

I know that the air-sea rescue question is not directly associated with the weather ship, but Senator Bell, who lives on Vancouver Island, is aware of the drastic weather conditions which occur there, and the need for good facilities to determine the weather which affects the safety of those who work at sea.

With regard to the technical information about the weather ship and satellite weather forecasting, that information is now being prepared and will be brought to the chamber as soon as possible.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

AUDITOR GENERAL'S REPORT—MANAGEMENT CONTROLS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on December 17 last, concerning management controls and interest paid on trust funds held in trust for Indian bands. The reply contains two pages of detail. I would be pleased to read it, but perhaps it could be incorporated in the record of today's proceedings.

Hon. Senators: Agreed.

(*The answer follows:*)

The first question raised by the honourable senator deals with the Auditor General's comment that the Department of Indian Affairs and Northern Development intends to write off $17 million of $81 million loaned by the Indian Economic Development Account. In response to this question, IAND is presently developing a series of integrated financial and management controls related to the direct loan program including:

- a) a loan accounting and management information system as well as

- b) a comprehensive set of standards, criteria, guidelines, and procedures covering the full range of lending operations.

These controls will be implemented on a phased basis commencing in 1981, with a target implementation date of April 1982. Early estimates of the annual cost of such controls amount to approximately $150,000 per year.

These controls will be exercised by the Director of the Economic and Employment Development Branch and reported through the Director General of Economic and Social Development to the Assistant Deputy Minister of the Indian and Inuit Affairs Program. The effectiveness of the financial controls will be monitored by the Director of Department Accounting Operations and reported to the Senior Assistant Deputy Minister of Finance and Management. In addition, the department will conduct annual comprehensive audits on the Indian Economic Development Account.

With respect to the supplementary question raised by the honourable senator dealing with interest paid on trust funds, the response, in summary, is that the government calculates the monthly average of the market yields for Government of Canada Bond issues, with terms to maturity of 10 (ten) years or over, and then applies this figure to the average month-end balances on deposit in the Indian trust funds. The monthly average interest rate for the year ended March 31, 1980, was 10.81 per cent.

The Department of Finance provided officials of IAND with comparative figures for the rate of return given on Indian band funds as against other rates of return available through financial institutions. They pointed out that in the 1979-80 fiscal year the interest actually paid by IAND, 10.81 per cent, is less than the amount that could have been earned using average rates offered by chartered banks for 90-day term deposits of $100,000.00 or more, 12.79 per cent, but greater than would be earned by deposits in non-chequable savings accounts, 10.57 per cent.

The past year's economic situation, where one found the yields on short term investments to be greater than on long term investments, was definitely unusual and temporary in nature. In the past month the financial situation has reverted to more normal patterns—that is, long term yields are now greater than short term yields. Consequently, the present manner of calculating interest on Indian band funds will once again prove to be advantageous in terms of the rate of return earned by Indian

bands as compared to the rates of return available at other financial institutions.

STATE IMMUNITY BILL

SECOND READING—DEBATE ADJOURNED

Hon. George van Roggen moved the second reading of Bill S-19, to provide for State Immunity in Canadian Courts.

He said: Honourable senators, Bill S-19, to provide for State Immunity in Canadian Courts, in actuality limits, if anything, the existing level of immunity of foreign states and their agencies relative to actions brought against them in one form or another by Canadian citizens in our courts.

I shall not endeavour to go into detail, but I would first give honourable senators a thumbnail sketch of the historical background of the bill. Previously we had no such legislation in Canada; nor had most nations until comparatively recently. However, almost all the major trading and commercial nations now have such legislation in place. The United States first took action as long ago as the 1950s, not in the form of legislation but simply by making a formal arrangement whereby the Department of State would press the claims of American citizens on a formal basis. Then in 1977 the United States enacted legislation similar to this measure. In 1972 the Council of Europe arrived at a convention on this subject, and the majority of the members of the council enacted the enabling legislation to give effect to that convention. Other nations have adopted similar legislation. England embraced the convention of the Council of Europe in 1978.

• (1450)

One of the reasons Canada did not move before now in this connection is that we were following the British lead. There was a feeling of distinction in the common law countries that made them hesitate to embrace this type of legislation, arising out of the principle that the Queen can do no wrong. They did not wish to hastily violate that principle.

Following the lead of Britain in embracing the convention, Canada has now brought forward this bill. It is, I am told, closely patterned on similar legislation of the countries I have mentioned. What it does, in effect, is to preserve the immunity of foreign states to actions by Canadians against those foreign states in matters related to their normal non-commercial activities in Canada—in other words, their ordinary representation here through their embassies.

The newspapers have disclosed to us in recent months several instances where difficulty has been encountered by Canadians, either in gaining access to the courts in actions against foreign states or in enforcing judgments flowing from such actions.

Under clause 4 of this bill a Canadian citizen would not have the right to commence an action against a foreign state in our courts except under certain circumstances where that foreign state submitted itself to the jurisdiction of our courts.

In clauses 5 and 6, exceptions are provided. Clause 5 reads:

> A foreign state is not immune from the jurisdiction of a court in any proceedings that relate to any commercial activity of the foreign state.

And clause 6 reads:

> A foreign state is not immune from the jurisdiction of a court in any proceedings that relate to
>
> (a) any death or personal injury, or
>
> (b) any damage to or loss of property that occurs in Canada.

So, one may gain access to the courts if the action involves a commercial activity or those other items set out in clause 6. Having gained access to the courts, one can then pursue one's cause of action to judgment. But having gained that judgment, one still does not necessarily have the right to enforce the judgment against the foreign state, unless the foreign state, again, submits itself in certain ways. I might say, having gained that judgment, one would then be in a more effective position to request the Department of External Affairs to pursue the foreign state to secure payment of the judgment.

Jumping now to clause 10, the next most important clause, it reads:

> (1) Subject to subsection (3), no relief by way of an injunction, specific performance or the recovery of land or other property may be granted against a foreign state unless the state consents in writing to such relief and, where the state so consents, the relief granted shall not be greater than that consented to by the state.
>
> (2) Submission by a foreign state to the jurisdiction of a court is not consent for the purposes of subsection (1).

In other words, while the state may have consented earlier to the matter being tried in court, that consent does not mean that one can have execution against the state.

Then subclause (3) reads:

> This section does not apply to an agency of a foreign state.

Subclause (3) is the important one. Under this legislation, one can sue a foreign state without consent if it involves a commercial activity, but one cannot execute against that foreign state. In the case of an agency of a foreign state which might be involved in a commercial activity, one can sue without consent and proceed to execution. So, when one is dealing with agencies of a foreign state, one is indeed placed in a proper commercial position, just as one might be when dealing with any other entity with which one does business.

This legislation will be of great assistance, I am sure, to our courts in clarifying the situation that they are in and the situation in which Canadian citizens find themselves in dealing with foreign states and their agencies in matters of contract or otherwise. Certainly, it will alleviate some of the difficulties experienced in the past, as evidenced by instances such as that involving the Russian ship a month or two ago.

I believe I was requested to speak to this bill because of its foreign affairs nature. However, on reading the bill and the material provided to me by the department, I am of the

opinion that the bill is of a wholly legal nature. There are several aspects to it that I have not dealt with but which should be examined in committee, such as the definition of a commercial activity and things of that sort. For that reason, I would suggest that, once the debate on the motion for second reading is concluded, the bill be referred to the Legal and Constitutional Affairs Committee.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I wonder if I might ask my honourable friend a question on this bill. The impact of it is not quite clear to me from what he has said.

The sponsor has told us that the commercial activities of a foreign state are activities which may be attacked in the Canadian courts by a Canadian who wants to deal with the matter. Is that the situation?

Senator van Roggen: I do not know that I used the word "attacked". I do not think one attacks a foreign state, or its agency, for conducting commercial activities in Canada. If there were a breach of contract in the course of a commercial activity—for instance, if a foreign state did not pay its bills—then one would have a right of action against that state.

Senator Roblin: Not being a lawyer, I undoubtedly used the wrong term. "Right of action" is the term I probably should have used. So, a Canadian citizen can have a right of action against a foreign state. Thinking particularly of those foreign states which operate what are euphemistically called centrally operated economies—socialist or communist states which conduct the whole economic life of the nation—while we are told that we have a right of action against such states, we have no right to compensation. The right to compensation is limited to agencies of a foreign state.

What analysis has the department given you as to the character of commercial relations between Canada and the Soviet Union in respect of that which is conducted by an agency of the state and that which is conducted by the state itself?

Senator van Roggen: In keeping with international precedent and convention, sovereign states are still immune from the enforcement of judgments against them in this or other countries. This has been the historic tradition, and continues to be under this legislation. It is in keeping with the legislation of other countries of a similar nature. Where the law has been advanced by this type of legislation, and by the convention developed by the Council of Europe, is in the area of recognition of the fact that the historic activities of foreign states within the borders of other states is no longer confined to the operations of their embassy and ambassador in diplomatic matters, and so on; but the centrally controlled economies that you refer to, and the general development of commercial activity controlled by state agencies and corporations, has been so extensive in recent years that some redress must be provided for people doing business with them.

● (1500)

The degree to which the international community has moved forward in this respect is indicated by the fact that, if it is a commercial activity that is involved, you may sue the foreign state and have access to the courts. Before, a court could not hear you. Having obtained your judgment, however, you cannot then execute it. If, on the other hand, the business is being done, if I may use the term "business," by an agency of that foreign state—the Russian airline Aeroflot, I suppose, might be cited as an example—then you may not only proceed through our courts to judgment but you can execute that judgment against the assets of that agency of the foreign state.

Senator Roblin: If I may be allowed to ask a supplementary question, I dare say, in due course, someone will be able to explain to us what the rules are for recognizing agencies, as opposed to the government or the foreign state itself. Does "an agency" refer to any commercial activity, as opposed to a diplomatic activity that might be conducted by the state itself?

Senator van Roggen: I am referring to an agency as a legal entity, and not the nature of that activity. I am sorry if I have not been more explicit. If it is a commercial activity that is in question, whether that commercial activity is conducted by the state or by an agency of the state, you may go to the court relative to it. If it is a commercial activity conducted by the state, you may not, however, execute that judgment against that state. I use the word "execute" in the legal sense of executing a judgment. If the activity involved is a commercial one, with regard to which you have gained a judgment involving an agency of the state, then you may execute your judgment. Is that clear?

Senator Roblin: I follow my friend very well indeed. I suppose my problem is that this seems to be a very peculiar distinction to me. You get commercial activity, and that is what really gives rise to the problems; and yet, by some form of words, in one case, because it is an agency—and, surely, an agency of a centrally planned economy is the same as the state itself, or, if not, what is the difference?—you can sue the one and not the other; but I appreciate the fact that I have no right to continue this discussion in this form, so I will leave the matter there.

Senator van Roggen: I think I can give you a rather short example, and the courts, mind you, would have to pass judgment on this kind of thing, because I am not giving a legal judgment.

If a state awards a contract to build its embassy, that might be construed as a commercial activity; but as it is an activity of the state, and not of an agency of the state, you cannot obtain execution of your judgment.

Senator Roblin: So if they will not pay you, you cannot collect.

Senator van Roggen: That is correct.

Hon. Allister Grosart: Honourable senators, does this immunity of a foreign state apply to any entity which calls itself a foreign state, whether or not it has enacted similar legislation?

Senator van Roggen: I have difficulty following the question, Senator Grosart. You say "any entity which calls itself a

foreign state." Are you referring to organizations such as the PLO, or some such entity?

Senator Grosart: I am simply asking a question; I am not referring to anything. If any body comes here and says, "We believe we are a foreign state," though it is not the essence of the question, is this a reciprocal arrangement, or can any body, regardless of whether they extend the same privilege to us—and it is a privilege—be covered by this?

Senator van Roggen: This is not reciprocal legislation, but the fact of the matter is that this legislation limits the immunity of a foreign state, rather than extending it, so there would be no point, under those circumstances, in its being reciprocal.

Senator Roblin: Could that fellow collect on the Russian ship?

Senator Grosart: May I suggest that it does establish this right, whether the honourable senator or anybody else says that this is a convention of international law. The fact of the matter is that this is the first legislation of this kind and it is establishing this immunity. It is here. It is an act of Parliament that says there is this immunity. Therefore it is establishing that immunity in an act of Parliament. That is the intention.

Now, what I am asking is, are we going to insist that anybody who is going to qualify for this immunity will give us the same privilege in the same manner? It is all very well to argue that this is a convention and that this has always gone on in international law, but that is a nonsensical argument, as anyone who knows anything about international law will agree.

I am merely asking if this is reciprocal, or whether we are again merely being boy scouts, as we have been in so many instances in the past in matters of international law.

Senator van Roggen: With the greatest respect, Senator Grosart, I say that the state of the law at the moment, without legislation such as this, is that you cannot sue, as a Canadian citizen, a foreign state in Canada. In certain circumstances you can get before the courts, and I think the committee should go into this in more detail; but the point is that at the moment a foreign state has immunity, even though there is no legislation on the subject. As it has that immunity now, by international convention, which has gone on for centuries, this statute will define and limit that immunity.

Senator Grosart: To make my question clearer, the honourable senator now says that there is existing immunity. Will he tell us under what authority it exists? I am sure he will agree with me that it is well established in our law, though not in United States law, that even an international treaty does not place an obligation on our courts. Perhaps there is a good answer to my question, and I am not saying that there is not; but what is the basis of the statement that this immunity now exists?

Senator van Roggen: I am not competent, Senator Grosart, to give you a professorial dissertation on the origin of the conventions that exist between nations whereby they extend immunity to foreign diplomats operating within their borders; but, to the best of my knowledge—and your leader can correct me if I am completely wrong on this—that is the state of international convention and the common law at the moment. You shake your head, but I am simply saying that that is the case. You can question that in committee, if you wish. This act will define, and indeed limit, the present state of immunity of a foreign state.

Senator Grosart: On another matter, just of definition, does the phrase "commercial activity" include financial activity and fiduciary activity? In ordinary business we make a distinction between commercial activity and financial activity. Is there a definition, perhaps in the courts, or some place, that would extend this definition of "commercial activity" to all activity involving trade, as well as commerce, securities, and that very large field which goes entirely beyond the normal definition, unless there is a legal one, of commercial activity?

• (1510)

Senator van Roggen: Honourable senators, while there is some reference in the act—I cannot put my finger on it at this moment—to the seizure of the assets of foreign banks, and to some of their assets being immune and other assets not being immune, my impression from reading this rather short bill is that, in effect, the question of the definition of "commercial activity" is left to the courts. It is not defined too explicitly in the act.

Senator Roblin: It is in the definition section.

Senator Grosart: My deputy leader says it is in the definition section, and that is what worried me, because the definition section is about as vague as it could be. It says:

> 'commercial activity' means any particular transaction, act or conduct or any regular course of conduct that by reason of its nature is of a commercial character.

Senator Roblin: What is commercial is commercial.

Hon. Jacques Flynn (Leader of the Opposition): I think this is the general idea.

Senator van Roggen: The bill does not endeavour to define it specifically, but simply leaves it to the courts. It is dangerous to start developing hypothetical examples. You might easily have a government-to-government trade agreement on wheat which would be between two states, and then at some later date part of that wheat gets assigned to a government agency, and a transaction might slip from being a non-commercial transaction to being a commercial transaction. That would be up to the court to decide in the individual case before it.

Senator Flynn: Honourable senators, I intend to move the adjournment of the debate, but before doing so perhaps I should mention for the information of the sponsor and Senator Grosart that clause 14 provides an answer to the question of reciprocity. The Governor in Council may restrict the immunity.

My question to the sponsor is: Have any recent events provoked the introduction of this bill?

First of all, I remember a judgment of the Supreme Court in favour of someone who had done some printing for the

U.S.S.R in respect of Expo in Montreal. The person in question was able to obtain a judgment against the state. That would be, I would say, in the realm of commercial activity. Otherwise, I do not remember any other events or circumstances that would justify bringing this legislation forward at this time, except that which the sponsor said about the adoption of the legislation following the recommendation of the Council of Europe.

The second point is that, of course, we know the problem is dealt with in the jurisprudence of our courts. The Supreme Court has already underlined where the normal limit of the immunity is. To give an example, a warship coming into our waters would be immune because it would be a foreign state, whereas a commercial ship bringing in grain or other merchandise would be engaged in commercial activity and thus subject to seizure, and the immunity would not apply. Are we merely codifying the present state of our law, or are we going further? If the sponsor can give me some indication in this respect, I would appreciate it.

Senator van Roggen: I am not really competent to give you a legal opinion on that point. My briefing notes refer to three or four recent cases. There are the cases of *Corriveau vs. Cuba* and *Edwards vs. U.S.S.R.*—which I think is the case you just referred to—and a case involving the Saudi Arabian embassy and the difficulty a contractor had in getting paid.

As I read my briefing notes, the state of the law in Canada, as developed by our courts, leaves a good deal of uncertainty, and while definitions of commercial activity, and so on, will still leave some level of uncertainty to be settled by the courts, this measure, at least, establishes a framework comparable to that established by other nations in which the courts and individual litigants can operate.

On motion of Senator Flynn, debate adjourned.

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:
>
> That the subject matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Ann Elizabeth Bell: Honourable senators, I wonder if I could have leave, in the absence of Senator Frith, to resume this debate today.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Senator Flynn.]

Senator Bell: Honourable senators, I am very pleased that Senator Murray has moved that the subject matter of Senator Argue's inquiry respecting our national energy policy be referred to the Standing Senate Committee on Banking, Trade and Commerce. The reason I say this is that since 1975 some of us have been anxious to do this very thing, if not reconstitute the former Natural Resources Committee, because energy appeared to be a very important subject that Parliament had to deal with. On August 5, 1977—and I am quoting myself, which is a terrible thing to do—I said:

> Honourable senators, perhaps the time has come when we should consider reconstituting the Standing Committee on Natural Resources.

There seemed to be quite a lot of support for this.

In 1978 the same thought was expressed, and in 1979 Senator Olson was very anxious to have a standing committee on energy established. I think there was a great deal of support for that. At the same time I was hoping the committee's terms of reference would be broadened to include natural resources, but energy was the key during the autumn of 1979.

Then followed an election and the government changed, so nothing was accomplished on that particular front. That did not mean that the problem of an energy policy for Canada disappeared. Senator Hayden, the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, was very interested in the proposal in the fall of 1979, but at that particular time, as you recall, his committee was inundated with work. It had a very heavy legislative work load in the way of the Bank Act and many taxing—and I intend no pun—measures. That committee had a lot of hard work before it, and could not take on another study at that time.

A bit of background should be put in place here. Many people would say that the Banking, Trade and Commerce Committee really does not have much expertise in energy or even natural resources, because they are matters not strictly within banking, trade or commerce. However, one has to realize that Senator Hayden has always maintained his interest in natural resources, having helped when the Senate revamped all its committees in 1945 and 1946 and established the Standing Committee on Natural Resources. If I recall correctly the proceedings I read some time ago, Senator Hayden was responsible for thorough Senate investigation of the gold mining industry which, of course, had to be let go during the war.

Later on in 1947—I cannot remember the names, and, unfortunately, I do not have my notes with me—there was a study by the Standing Committee on Natural Resources of the newly-discovered high quality deposits of potash in Saskatchewan, which was desperately needed for the development of a fertilizer industry.

● (1520)

All these are things the Senate has done well in the past. I feel we are allowing to slide past us an opportunity to provide an excellent service to our country. I feel strongly that it is the Senate, and only the Senate, that can put together a body of

specialized knowledge, make a reasonable assessment of it, and render an informed judgment. This will give the people of the country and the industries involved a feeling of assurance that in the Parliament of Canada there is a well informed body that understands their problems. They will feel that they can refer to our committee and receive our recommendations.

I was very interested in Senator Frith's contribution to the debate on the inquiry initiated by Senator Argue, when he said, I take it, that in due course we will have the opportunity to consider particular pieces of legislation arising out of the National Energy Program, and through this inquiry we have had a chance to take a preliminary run at the national energy policy. We have made a step in the right direction. Now let us proceed and build up this body of knowledge. Of course, it cannot be done overnight, and I feel rather strongly that we cannot do it on a piecemeal basis. One of the strengths of the Senate is its capacity to maintain a continuing interest in special studies, proposed legislation and the progress of government policy. A task force cannot do this; a royal commission cannot do this: we can do this if we build up sufficient background knowledge.

The other thing that I think we should consider in all this is the danger arising from the dispute between the provincial governments and the federal government with regard to taxation policies killing the industry. This is not only going on now, but it was also, if you remember, in 1973. I have just found a quote from the Minister of Energy, Mines and Resources, who said:

> Obviously, policies developed in isolation in Ottawa hold scant hope for success.

Here in this chamber, and probably only in this chamber, can we bring the policies and the needs and understanding of resource development of our regions together and give them an assessment that is free from partisan political distortions. I feel that we can be objective in our committees here. I am sure that we have proved that in the past, and that we can continue to do so in the future.

For these reasons, I would like my colleagues to support Senator Murray's motion and see if we can take the first step towards the development of a natural resources committee. It might be a subcommittee, which Senator Hayden thought would work very well, which would later develop into a natural resources committee, which we need.

On motion of Senator McElman, for Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, January 27, at 8 p.m.

THE SENATE

Tuesday, January 27, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

ITALY

EARTHQUAKE DISASTER—CANADIAN AID—NATIONAL CO-ORDINATING COMMITTEE—VISIT OF SPEAKER TO DEVASTATED AREA

[*Translation*]

The Hon. the Speaker: Honourable senators, I just returned from Rome at 6 o'clock this evening, and I am pleased to give you the best regards of the President of Italy, Signor Pertini.

[*English*]

I would also communicate greetings from Signor Fanfani who, as you know, was Prime Minister of Italy on three or four occasions. He was later promoted to President of the Italian Senate.

As far as the details of my trip are concerned, I hope to have an opportunity to discuss them with you later since I do not intend to take up your time this evening.

[*Later:*]

Hon. Raymond J. Perrault (Leader of the Government): On behalf of all honourable senators, I welcome the return to the chamber of His Honour the Speaker from a visit to the earthquake ravaged zone of Italy. We commend him for the initiative he and his committee have shown in trying to bring some relief and succour to those people so badly affected by the earthquake.

● (2010)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to join with the Leader of the Government in welcoming His Honour the Speaker back to the Chair. It was a very quick visit indeed, and I expect that there is a certain amount of jet lag to be accounted for.

I look forward to hearing His Honour's report on the earthquake situation. I am sure it will be a matter of some real interest to all honourable senators.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1981

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-56, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other acts subsequent to 1970.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Notices of Ways and Means Motions to amend the *Excise Tax Act (1)* and the *Excise Tax Act (2),* issued by the Department of Finance.

Report of the Law Reform Commission of Canada for the year ended May 31, 1980, pursuant to section 18 of the *Law Reform Commission Act,* Chapter 23 (1st Supplement), R.S.C., 1970.

PRIVATE BILL

ROYAL CANADIAN LEGION—REPORT OF COMMITTEE PRESENTED

Hon. M. Lorne Bonnell, Chairman of the Standing Senate Committee on Health, Welfare and Science, presented the following report:

Tuesday, January 27, 1981

The Standing Senate Committee on Health, Welfare and Science to which was referred Bill S-15, intituled "An Act respecting The Royal Canadian Legion", has, in obedience to the order of reference of Tuesday, December 16, 1980, examined the said Bill and reports the same with the following amendment:

Page 4, Schedule II: Strike out the description in Column II and substitute the following:

"The petals are red and the centre portion is green."

Respectfully submitted,

M. Lorne Bonnell,
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Bonnell moved that the report be placed on the Orders of the day for consideration at the next sitting of the Senate.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

OIL—FEDERAL-PROVINCIAL NEGOTIATIONS—ALLEGED STATEMENT OF MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question to the Minister of State for Economic Development, who I see has been making speeches on the oil situation. I have particular reference to his comments before la Chambre de Commerce de Québec with respect to the oil situation. In his address he is alleged to have told the meeting that Ottawa and Alberta are "not really all that far apart."

I presume he was referring to the present dispute between the Government of Alberta and the federal government in connection with oil, and I am wondering what the basis is for the statement that he made to la Chambre de Commerce de Québec.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what is happening at the moment, as my honourable friend knows and as has been announced, is that the respective ministers are trying to reconcile the figures leading to a conclusion as to the economic benefit or the revenue.

My friend will recall that the price of conventional oil did go up by $2 a barrel under the National Energy Program. In addition to that, the Minister of Energy, Mines and Resources has already indicated that if another $1, or perhaps $1.50 per barrel, would result in an agreement, then he would be prepared to negotiate. That is public information. He has said it on the floor of the house.

On the other side of the question we have the Province of Alberta telling us—and, indeed, honourable members opposite—that they would accept $4 for 1980 and a $4.50 annual increase in 1981 and 1982. If that is so, there are some aspects of it concerning which the two sides are not all that far apart.

Senator Roblin: Honourable senators, I sincerely hope that my honourable friend and his colleagues will be able to come to some meeting of minds with the Government of Alberta, because it is very much in the public interest that they should do so.

Senator Olson: I do, too.

Senator Roblin: He tells us that there has been some movement on the part of the federal government in the area of pricing. Can he tell us whether there has been a change in the federal government's attitude with respect to two other important matters under negotiation, or, at least, on the table—I do not think that any negotiations have yet begun—with respect to the two administrations, one having to do with the tax regime, which has certain drawbacks that we brought to the minister's notice, and the other having to do with the exploration incentives, particularly in provincial areas where the conventional oil goal is being sought?

Senator Olson: Honourable senators, I am not quite sure of the significance of the words "particularly in provincial areas where the conventional oil goal is being sought".

There is a higher level of incentives offered in the frontier areas, or what are sometimes referred to as Canada Lands, which would be offshore east coast or offshore anywhere around Canada, plus those areas in the high north where costs are very much higher. That is where we get to the 80 per cent offer, and I guess it is about 35 per cent in the Provincial Lands that you are referring to, but, certainly, the difference arises largely because of the actual difference in costs.

● (2015)

Senator Roblin: As my honourable friend knows, the small Canadian oil producers have not been at all satisfied with respect to the federal regime for incentives, depreciation, depletion, and that sort of thing in the Provincial Lands as opposed to the Canada Lands. That was one reference that I had in mind.

The other reference that I had in mind related to the 8 per cent tax now to be levied at the wellhead, which, because it is not tax deductible, in effect it is claimed, represents a 22 per cent tax on the after-tax situation. Perhaps other circumstances should be included, but one of the major fall-outs of that tax regime has been the prejudice that it has brought to the current small wells that are producing in the whole of that area.

I am asking the minister whether any change in the tax regime has been contemplated to relieve the pressure on these small wells which, we are told, will be closed down under the present circumstances.

Senator Olson: Honourable senators, I do not think any basic change is being contemplated. The regulations have not all been written yet, and that is one thing we are seeking advice on, as to the practical effect that it will have, when we write those regulations, as to whether or not there could be some differentiation in some of the wells in the areas where the production is so small that the 8 per cent makes a significant economic difference. I would not want to mislead my honour-

able friend by saying that any major changes in the 8 per cent tax are being contemplated.

Insofar as the other part of the question is concerned, whether some of the smaller or, indeed, any of the Canadian companies would be worse off under the new program than they were under the previous regime, which included earned depletion allowances and other things, I am not at liberty to make the figures known because they were provided on a confidential basis to some of our people who did the calculations on them. I can tell my honourable friend, regarding a number of individual companies, that, whatever was involved under the old regime, if the high level of Canadian ownership requirements is met, they are in fact better off under the new policy, even in the Provincial Lands.

Senator Roblin: I would not ask my honourable friend to disclose any confidential information, but he did mention a point that I would like to refer to, namely, the problem of reconciling the figures, not only between the governments but between government and the industry. They are simply so far at variance that it becomes essential, in my opinion, that this matter be clarified and treated as an urgent task. If my honourable friend is doing that, I think that is a good move, and I hope he will be able to report to us on a non-confidential basis what the agreed facts are with respect to the impact of this policy, because they are so far apart at the present time that they do not seem to be talking the same language.

Senator Olson: In some respects that, of course, was the initial reaction. That is often the case when people do not understand or have not had an opportunity to explain in detail.

I should also tell my honourable friend that at the outset of the program I did ask for some technical advice from the industry in Alberta, and there is a committee in Calgary made up of some senior officers who are knowledgeable on tax law and preparing exploration and development budgets for oil companies. I think there are about 12 senior officers and vice-presidents who are technically knowledgeable in these areas, and they have provided us with some excellent advice. We have made some amendments in line with the advice they have given, which is what we indicated we would do at the outset. That is where it is coming through, but I cannot give an undertaking as to when the reconciliation will be done of what goes into the numbers. I am not suggesting that everyone, after they understand the program, will agree more than they do now, but I believe there is now much better rapport in trying to reconcile those numbers than there was before. Perhaps some of the difficulty arose because the opposition led them to believe that it was a much worse program than it really was when they began looking at it.

● (2020)

Senator Roblin: I had intended to stop my questioning, but my honourable friend really invites me to reply to his last sentence. If my honourable friend will take the trouble to collect his clippings, which I know he has, that cover the statements of every factor of the oil industry in Canada, and of many quite broadminded and impartial observers of the scene, he will find that it is not what the opposition is saying, but what the industry is saying about the government's policy.

I invite my honourable friend to consider, for example, the speech delivered in Montreal by the gentleman who controls Husky Oil, if he wants some amplification of the impact of his policies on the small wells and the heavy oil industry in Saskatchewan and Alberta. I refer to Mr. Robert Blair. My honourable friend will then know exactly the sort of thing I am talking about.

I suggest it is not the opposition that is crying, "Wolf"; it is really a concern that is widely spread throughout the industry, and it is the government's responsibility to answer that concern.

Senator Olson: Yes, and the government is answering that concern. I would not like my honourable friend to take great offence. I did not think it was a major matter. I thought that perhaps it was prompted a little by the opposition, and despite his explanation I am still of that opinion.

Hon. C. William Doody: Honourable senators, I have a supplementary for the Minister of State for Economic Development. In the comprehensive and enlightening exchange between the minister and the honourable senator to the effect that the Governments of Canada and Alberta are now not too far apart in the discussions on their differences, the closeness of their positions, which has not yet been finalized, would appear to lend some credence to allegations of lack of tact perhaps, or lack of diplomatic skills, on the part of the Minister of Energy, Mines and Resources.

In view of the fact that my honourable friend has displayed such an abundance of those admirable qualities in the Senate—

Some Hon. Senators: Hear, hear.

Senator Doody: —and has caused us to be grateful for the amount of information he provides, and in view of his tact and candour and the manner in which he presents the government's position—and, of course, in view of the tremendous reputation that the honourable minister has in his native province, as attested to by the crowds of grateful constituents who line up outside his airport office—I wonder, in view of all those self-evident facts, if the minister has volunteered his services as a mediator in this dispute between the Governments of Canada and Alberta. I am sure that many Canadians would breathe a great sigh of relief if the minister would take up these delicate negotiations on behalf of the Government of Canada.

Senator Olson: Honourable senators, no, I have not offered my services, but obviously I have a great deal of interest in the matter, being the only minister in the cabinet from Alberta, the major producer. I do not need to go into any great detail about my interest in the matter, but I can tell the honourable senator that the Minister of Energy, Mines and Resources put forward a program and was instrumental in bringing that program to the Parliament of Canada and implementing it across the country. It will come as no surprise to my honourable friend that that energy program is an accurate reflection, at least, of the principles involved—which is as far as one can

go—in what this party carried to the Canadian electorate when it was elected to office. We respect that, and that is the basis on which we have introduced programs following the election. My honourable friend may wish to try to get me involved in this type of controversy, and I appreciate that he is trying to do that but I do not think he will be very successful, because the government knew—both the Prime Minister and the Minister of Energy, Mines and Resources knew—that there would be some difficulties because of the changes. There are always difficulties when things as important as the national energy policy and tax law, and all the matters involved, are changed. I suggest to my honourable friend that the more detailed the analysis of that, then the higher its acceptability, particularly to the Canadian companies.

● (2025)

There is just one other thing on which I want to correct my friend. He was listening rather intently.

What I said in Montreal—and if it is not in the paper, it is not a direct quote—was that they may not be all that far apart. Then I explained where the numbers were going to be. I would not like the honourable senator to start playing around with those words, so that it gets to be a positive statement that they are not all that far apart because that is what has been changed here in the last three or four minutes. That would then become a misinterpretation of what I said in Montreal.

Senator Roblin: There is no "may" in the quotation.

Senator Doody: Honourable senators will now realize the significance of my earlier question to the minister. The very tactful and diplomatic way in which he expressed himself in his answer was so dramatically different from that of his colleague, the Minister of Energy, Mines and Resources.

It is not a question of the government's policy being presented to the electorate in the last election. I would suggest that the language used in presenting it to the electorate was somewhat more delicately phrased, perhaps, than the language of the Minister of Energy, Mines and Resources. However, be that as it may.

MOBIL OIL CANADA, LTD.—ANNOUNCEMENT OF EXPENDITURE CUTBACKS

Hon. C. William Doody: Honourable senators, I have another question. Mobil Oil has announced a major cutback amounting to $164 million in its program for the coming year, 1981, which is almost half of its pre-budget projected outlay. I wonder if the minister could indicate to the Senate how many jobs will be lost, both in terms of the actual drilling or exploration program, and in the immediate supply and services program in that particular cutback.

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, my friend is an expert at what he is doing. He wants me to give him a specific answer to something concerning an alleged cutback from some intention. Now, what is the intention? Where were the jobs? How much is the indicated cutback?

You know, I really do not have very much time to do calculations on that kind of elusive basis, because you cannot come out with the right kind of numbers anyway. I suppose if I did I would be accused of playing games with numbers. Usually when I give numbers and do calculations it is on a much harder basis than that of an intended cutback from some previous intention. I do not know what that is.

Senator Doody: Honourable senators, I am almost tempted to ask, "What did he say; what did he say?", but I do not think that would be very parliamentary.

The original program announced by Mobil, as I understand it, was somewhere in the nature of $359 million. That was the projected outlay from capital funds for 1981. They now say that they are going to cut back to $195 million. There is not very much playing around with words in that particular situation. It comes down from $359 million to $195 million.

What I am asking is: How many jobs will be lost in that process? A lot of this money would have been spent on the east coast offshore program. There are a lot of people in that area of under-employment in Canada who were looking forward to getting employment from that program during the coming year. That is the substance of my question. I am not playing with words. I am trying to find out how many people can be expected to have their hopes diminished or smashed this year because the program has been cut back.

Senator Olson: I can tell my honourable friend that I have the same problem. He says he is tempted to ask, "What did he say; what did he say?" but I keep wondering to myself, "What did he ask; what did he ask?" when he puts these questions about these elusive numbers. Now he says it is $300-odd million that is being cut to $195 million, but then he throws the statement that some of that money might have been spent on the east coast of Canada.

I think Mobil is an active player off the east coast of Canada, and if they are cutting back there, because of the energy program, I should remind the honourable senator that the replacement of incentive, especially to Canadian oil companies, is higher in that kind of frontier area than it is anywhere else. Of course, there will be some advantage to Canadian-owned companies doing exploration in the same area. My friend should not be surprised about that, because that was, as stated, a very positive and deliberate part of the energy program.

INTERNATIONAL TRADE

SALE OF BRITISH COLUMBIA COAL TO JAPAN

Hon. Andrew Thompson: Honourable senators, I wonder if I could put a question to the Minister of State for Economic Development. I would ask him if he would report to us concerning the sale of coal from the northeast of British Columbia to Japan, about which we have been reading in the papers.

● (2030)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there have been a lot of news

stories around in the last few days. My honourable friend, the Leader of the Government in the Senate, made what I think was a comprehensive report on what has happened to date. There are some hard numbers on the tonnages, prices and dates involved, which, in my view, will come together, perhaps by the end of this week. I am not entirely sure that we can give a precise report to the Senate on it, because the Honourable Senator Perrault and I have been deeply involved in these negotiations since last May. We are gratified that we have now reached a position where a contract between several coal companies and the Japanese steel industry has been initialled. This is by far the largest coal deal in Canadian history. There is every indication that this contract will be highly beneficial economically, and will require very little subsidy, even in the initial stages. Therefore, I think it is one of the better deals that Canada has made in a long time. It is certainly one of the largest, about $10 million worth of coal in total. The Senate would probably like to have a report on that, but I would hope that I could wait for another day or two so that I would have more precise figures available to incorporate in the statement I would make to the Senate.

Senator Grosart: Did I understand the honourable senator to say that the report would be made initially in the Senate?

Senator Olson: It will be made initially in the Senate by me.

[*Translation*]

THE ECONOMY

JOB-CREATION PROGRAM—FEDERAL-PROVINCIAL DISCUSSIONS

Hon. Fernand-E. Leblanc: Honourable senators, my question is directed to the Minister of State for Economic Development, following my question of last Tuesday night concerning his visit, this week, to the province of Quebec and his talks with Minister Landry about the economic evolution of the province of Quebec.

Could the minister give us a report on that meeting and will the discussions he held with the Quebec minister really result in some programs being carried out in that province through the federal government?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators, I can give you a brief report now, and perhaps a more detailed one later. It is a fact that Mr. Ouellet, the Minister of Consumer and Corporate Affairs, and I had a meeting last Thursday in Montreal with Mr. Landry. It was, in my view, a very useful meeting, primarily an exchange of views on the eight constraints we have identified in the economic development of Canada over the next four of five years. We wanted also to have the views of the Government of Quebec with respect to such identification, and its agreement that these were indeed the constraints to which we should address a higher level of both funds and attention.

It was indicated to me by Mr. Landry that they, too, had identified some of these constraints and that they will perhaps give some consideration to changing the priorities regarding both time and funding, to meet the problems of those constraints. We tentatively agreed to have another meeting within three or four weeks, to give them an opportunity to look at them in more detail. Therefore, there will perhaps be another meeting.

[*Translation*]

Senator Leblanc: I thank the minister for his answer. More specifically, did you actually discuss the development of Montreal, the economic pole and now the entire economic support of the province of Quebec, since the Montreal economy has been declining in recent years?

Is there any agreement on new developments in Montreal?

[*English*]

Senator Olson: Only in a general way. I say that because it is not part of my activities to get into the details of such things as the Minister of Transport would be involved in with the National Harbours Board, for example, or as the minister responsible for DREE would be involved in in a number of activities there, or even as the Minister of Industry, Trade and Commerce would be involved in in certain activities going on in Montreal. Really, it was macro-economic policies we were discussing, but not in total either, because there were some constraints, such as the supply of critical skills, the use of funding for research and technology, and matters like that, that we addressed.

● (2035)

Those, of course, are primarily the responsibility of Mr. Landry as well, because, while he does not address or administer any specific programs, neither does my department. They do have some co-ordinating activity to do, however. So the discussions were of a more general nature than having specifically to do with the city of Montreal or the port or harbour area there.

Hon. Lowell Murray: If I may ask a supplementary of the Minister of State for Economic Development, did he take the occasion to consult the Quebec minister on which industries or communities in Quebec might apply under the $350 million adjustment program announced by his government a couple of weeks ago?

Senator Olson: No, honourable senators, not in specific terms.

Senator Murray: Is it the intention of the government to consult the provincial ministers on this matter, which I am sure he will agree comes at least partly under their jurisdiction?

Senator Olson: It is the intention of the government to have the appropriate ministers—namely, the Honourable Herb Gray and the Honourable Lloyd Axworthy—administer this program.

ENERGY

OIL AND GAS EXPLORATION LICENCES—PROVINCIAL REVENUES

Hon. G. I. Smith: Honourable senators, may I ask the Minister of State for Economic Development to cast his mind

back to some questions I asked him on December 16 last, which will be found on pages 1454 and 1455 of Senate *Hansard* of that date? My questions then concerned the probable expectation of revenues from the auctioning of licences and leases for gas and oil in the western provinces, particularly his own province of Alberta and in the province of British Columbia.

Is the minister now prepared to give the Senate some of the information which he then undertook to obtain?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will look into that and I will certainly come prepared tomorrow with whatever information we have gathered so far. Frankly, I thought we had answered almost all of the questions that I took as notice, but if there are some unanswered questions, we will check those out specifically.

Senator Smith: I thank the honourable gentleman. Is he aware of the results of auctions of such licences and leases in the Province of Alberta in the month of January, 1981? Can he tell us what revenue they produced and how that revenue compared with the revenue generated in a similar period for the year 1980?

Senator Olson: I am not immediately aware of that, although I believe I read in a press report that the total amount was down somewhat from the previous year. Of course, sometimes press reports are accurate and sometimes they are not. There may well be all kinds of reasons related to that, apart from the one I suppose my honourable friend will think is central.

Senator Smith: Just so there will be no doubt about what I think is central to there having been an adverse effect, if there was one upon the revenue from such sales, obviously, it has to do with the national energy policy and its effect. The honourable gentleman may recall, or at least he will easily be able to refresh his memory, that that was the subject of some comments by both himself and myself on the occasion last December to which I have referred.

Senator Olson: Yes, I recall that.

EDUCATION

REPAYMENT OF STUDENT LOANS

Hon. Daniel Riley: Honourable senators, my question, which I should like to direct to the Leader of the Government in the Senate, has to do with student loans and their collection. In view of the fact that many students from all over Canada are making regular payments on their student loans, even though in the past they may have delayed a little, why is it that collection agencies, such as Financial Collection Agencies Limited here in Ottawa, are harassing students who are presently employed in government and in other areas, to the point where they are calling them at work and at home, asking for renewed financial reviews and for more money than they can pay?

• (2040)

Some Hon. Senators: Shame.

Senator Riley: Why is this occurring, especially since many of these students are married and have families and are making an honest effort to pay back their loans on a regular basis? Why would the government department responsible engage collection agencies such as finance companies and others to harass these students?

Senator Donahoe: No heart.

Senator Doody: Callous.

Senator Riley: As a supplementary, I should like to know what commission is being paid to these financial collection agencies. Is it 80 per cent; is it 70 per cent; or is it as "low" as 60 per cent?

Senator Donahoe: Not likely.

Senator Riley: I want to know who engages these companies and what commissions are paid. Is the minister aware of these tactics?

Someone suggested that this subject should be placed on the order paper for consideration, but that will not help those students who, tomorrow afternoon, may be receiving harassing telephone calls from some of these uneducated employees of collection agencies who are taught to call and harass. This is a matter of urgent necessity, and I am not going to wait for weeks or months for an answer; I want an early answer.

Some Hon. Senators: Hear, hear.

Senator Riley: I attended a small college when it didn't cost very much, and I paid my own way.

I also want to know who Mr. McMillan is. He is either employed by a financial collection agency in Ottawa or he is making long-distance telephone calls to harass government employees in Ottawa.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it should be said at the outset that Senator Riley appears to have collected a great deal of information. I would very much appreciate it if he would provide me with that file. If he has the names of specific individuals who believe they have been harassed or badly treated, I would appreciate it if the honourable senator would provide me with that information.

I am prepared to contact the Minister of National Revenue. Perhaps he has some knowledge of collection practices, if, indeed, some level of government has ordered them to be put in place.

Honourable senators, Senator Riley's information will be communicated to the appropriate authorities, and an explanation will be sought.

Senator Riley: Honourable senators, rather than give the Leader of the Government a list of names, I will give him the name of an individual who has actually been harassed in his place of employment by an individual named McMillan who is employed by Financial Collection Agencies Limited.

Senator Perrault: Honourable senators, any allegations of that kind from the honourable senator, or other senators, would be of interest. The allegations are such that they should be brought to the attention of the appropriate authorities as quickly as possible.

Senator Riley: I should like to supplement my question by asking the Leader of the Government why the Minister of National Revenue or some of his bureaucrats employ these collection agencies, whether they are called "financial collection agencies" or not.

An Hon. Senator: Bloodsuckers.

Senator Riley: What commissions are being paid? This is most important.

Hon. M. Lorne Bonnell: Honourable senators, as a supplementary question to the Leader of the Government, would he also find out who administers student loans? Is it the provincial governments or the federal government?

Senator Perrault: Honourable senators, I will obtain as much information as I can. I understand, however, that this is a co-operative program involving provincial departments of education in conjunction with the federal government. I do not want to hazard opinions beyond that point, as I am not an expert in this particular loans field.

CANADA-UNITED STATES RELATIONS

STRAIT OF JUAN DE FUCA—TRANSPORTATION OF OIL BY SUPERTANKER—CANADIAN GOVERNMENT POLICY

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government having regard to newspaper accounts in the last number of days concerning tanker testing in the Strait of Juan de Fuca. Would the Leader of the Government confirm to this chamber if it is still government policy to oppose the shipment of oil by tankers through the strait?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the shipment of oil by huge supertankers on the west coast of Canada, on the east coast of Canada and, certainly, in the Arctic waters, is a matter of real concern to all Canadians. We are concerned that the oil should be shipped in tankers which are safe, seaworthy and provide maximum protection for the Canadian coastline.

The U.S. Coast Guard is conducting trials at the present time in the U.S. waters of the Strait of Juan de Fuca with a supertanker loaded with sea water to determine the ability of tugs to control a supertanker which has lost steerage and/or power. In other words, this test is designed to determine what could happen if all power and steering capacity were lost, which, I suppose, may be described as a maximum disaster "scenario".

Greenpeace has announced plans to confront the tanker. Indeed, some of those plans went ahead during the weekend.

There is widespread feeling in British Columbia that the test is the first step towards the use of larger tankers in the area.

[Senator Riley.]

My colleagues, Mr. Roberts and Mr. MacGuigan, were questioned on this matter in the house on December 15. The information we have thus far is that some two years ago the U.S. Secretary of Transportation issued a regulation limiting tanker size in Juan de Fuca to 125,000 DWT for a two-year period. The regulation called for tests and studies at the end of the period to determine whether the limitation should be continued. This test is thus being conducted in accordance with the terms of the original limitation which will expire shortly. It is being conducted entirely in U.S. waters and represents no danger to the environment—at least, this is the information we have received. Officials of the federal government at the regional level, and some officials of the British Columbia government were advised informally of this test in November. Federal and, we understand, British Columbia officials will observe this test and will follow the results closely.

The Canadian government continues to be deeply concerned about the risk presented to the marine environment by tanker traffic off Canada's west coast. We also continue to be deeply concerned about the east coast and the Arctic, as I stated earlier. We are determined to minimize the supertanker risk as far as possible. We have made this position clear to U.S. officials on a number of occasions, and we will continue to do so.

Senator Nurgitz: I appreciate the concern expressed by the Leader of the Government, but can he tell us whether any opposition would be expressed? Could the Leader of the Government confirm that it is the position of the Government of Canada, and that it will state to the Government of the United States, that it is in opposition to the shipping of oil by tanker through the strait? That, I believe, is the critical question.

Senator Perrault: Canada has never been backward in presenting the case for the protection of Canada's coastlines and waters, east, west or north. This test is being conducted in U.S. waters, but as you know, the strait is very narrow and a disaster in that area involving a supertanker would cause serious damage to Canadian shores as well as U.S. shores.

The tests are being watched very closely by Canadian officials. I may say, as well, honourable senators, that the new administration in the United States has indicated a great desire to meet as soon as possible with its Canadian counterparts.

• (2050)

The President of the United States had a productive conversation with the Right Honourable the Prime Minister last week regarding a possible early meeting involving these two national leaders.

The question of tanker traffic is, perhaps, one which should be placed on any agenda for such a meeting. A number of questions, of course, in several areas remain outstanding between Canada and the United States.

Certainly President Reagan has been most forthcoming in his first few days in office. As you know, before his inaugura-

tion he sought a meeting with the Prime Minister. I believe it was on Inauguration Day, or shortly thereafter, that he telephoned the Prime Minister and had a long conversation with him.

So, perhaps at one of the forthcoming meetings between officials of the new administration and Canadian officials, the question of tanker shipments along our coast could be placed on the agenda.

FOREIGN AFFAIRS

IRAN—RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government. It concerns reports widely disseminated today with reference to the Canadian government's proposed re-establishment of diplomatic relations with Iran. The reports to which I advert concern the suggestion and, indeed, I understand, the demand by the government in Tehran that, as a part of their acceptance of our diplomatic presence in their country, Canada be asked to repudiate the sort of activities the world saluted under Ambassador Kenneth Taylor, ably led by that strong, brilliant and courageous minister, Flora MacDonald, with the support of all the members of the Canadian mission, namely, the successful release of six of the American victims.

Could the leader indicate what is the Canadian government's response to this suggestion and demand by the Iranian government, recognizing, of course, that the receiving government does, under international law, have certain rights in this matter, even though that particular country seems to be well out of the bounds of international law? Can he indicate what Canada is proposing to do? It would appear that the minister—and all of us do make mistakes—might have erred a few days ago when he suggested that we would rather precipitously return to normalcy.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there have been a number of reports which suggest that the government is hell-bent to re-open the embassy in Tehran. Such is not the case and has never been the case. In fact, the Secretary of State for External Affairs may have been misunderstood in some of the statements he has made.

In anticipating the possibility of a question arising in the Senate this evening on the subject of Iran, I have a statement from the minister which I would be pleased to share with honourable senators. The statement reads as follows:

> On January 22, the Leader of the Opposition suggested that full diplomatic relations with Iran not be restored until (a) there is an investigation and report on the maltreatment of the American hostages; (b) Iran has demonstrated it will accept international law governing the treatment of diplomats.
>
> As stated most recently by the Prime Minister on January 22, Canada already has full diplomatic relations with Iran, as these were never broken. The issues that do have to be addressed are the lifting of sanctions and normalization of other aspects of our relations, in particular the reactivation of our Embassy in Tehran.
>
> The Government proposes to take the necessary steps to lift sanctions in the next week or two. This step, in our view, follows upon the release of the hostages, and has already been taken by EEC countries, Japan, Australia and Norway.
>
> The U.S.A., which was also to lift sanctions as part of the agreement for the hostages' release, has delayed doing so pending a study by the Reagan Administration of the whole agreement. However, the weight of public statements on the subject suggests eventual American implementation.
>
> The timing of other aspects of normalization, in particular the reactivation of the Embassy in Tehran, will be carefully reviewed over the coming months. Naturally the point which the Leader of the Opposition has raised—

And the point which honourable senators have raised here—

> —concerning the willingness of the Iranian Government henceforth to accept its obligations under international law will be a central consideration in determining when we should send Canadian staff back to Iran.
>
> However, as I stated to the Press outside the House on January 20, I do not see utility in trying to obtain written assurances from the Iranians, as they are already party to the Vienna Convention. It will be more important to judge whether conditions in Iran make it likely the Iranians will respect international law.
>
> Concerning an investigation and report on the maltreatment of the hostages, we are not aware that the American Administration is planning any such formal study, or that it intends to request an international investigation. We will follow this aspect closely, but we would not make the outcome of a hypothetical investigation a condition of resuming our dealing with Iran. We will wish to examine all the evidence available to us about the hostages' treatment and especially conditions in Iran before taking any decisions.

Honourable senators, I have a supplementary piece of information regarding hostage abuses. I apologize for the length of this reply, but I think honourable senators are interested in it.

The minister goes on to state:

> A review of Departmental files does not reveal any reference from Tehran on "Russian roulette".
>
> In the period November 4, 1979, to January 28, 1980, when he finally departed Tehran, our former Ambassador in Iran, Ken Taylor, provided External Affairs with daily situation reports which sometimes included information available to him about the whereabouts or treatment of the hostages. Much of this information was available to other diplomatic missions in Tehran.

Throughout this period, the Canadian government shared Mr. Taylor's reports with the American authorities.

At no time after I became Secretary of State for External Affairs was I made aware either of the use of Russian roulette or of any other abuses of the hostages, except through normal news reports.

It should be noted that most of the abuses and ill-treatment reported to the Department were common knowledge and had been mentioned on occasion on TV. They consisted of playing martial music, binding of hostages' hands, blindfolding of hostages, papering of windows, et cetera.

Senator Macquarrie: I thank the minister for his full report. In reference to the Russian roulette, I am tempted to quote Shakespeare: "For this relief much thanks." However, there were other allegations that were quite disturbing. I would make bold to say that the evidence is by no means in. I think it would be unwise for the government or the minister to follow an early rush into precipitous action by deciding too soon that nothing took place.

I should like to ask the leader if he is in a position now to assure this chamber that, regardless of what suggestions are put forward by the Iranian government as a part of the re-establishment of diplomatic relations, this country has no intention of repudiating the noble and decent act carried out by Ambassador Taylor on behalf of this country and this government, and that we are not embracing any *ex post facto* regrets for that very fine contribution to humanitarian ends.

Senator Perrault: Honourable senators, I have had no indication of any kind that Canada would extend an apology for an action which all Canadians agree was in conformity with the highest ideals of humanitarianism and reflected Canada's concern for fair play and justice, but the question will be taken as notice and a further statement brought to the Senate.

Hon. G. I. Smith: Honourable senators, on this point of acknowledging alleged improper acts, I wonder if the minister would ascertain whether or not the same sources of information were available to the Secretary of State for External Affairs as were apparently available to those who put together the program seen on the Canadian Broadcasting Corporation television network last evening dealing with a number of matters of this kind.

Senator Perrault: Honourable senators, as I stated in my earlier reply, we are very interested in additional information as it becomes available. If additional allegations of cruelty have substance, and there is further evidence, these will be factors in determining future Canadian action with respect to Iran. As the minister has said, the investigation of the alleged atrocities will be followed closely, but the government will not make the outcome of a hypothetical investigation a condition of resuming our dealings with Iran.

● (2100)

The situation is being monitored very closely by Canada. Certainly Canada does not condone the excesses which were committed in Iran during the incarceration of the hostages. But that question, as well, will be taken as notice. There may be information used on the CBC program which has not been made available to the government through official channels. Inquiries will go forward.

Hon. Azellus Denis: Why is there this rush to re-establish our embassy in Tehran? In light of the possible danger in Tehran, why the rush to re-establish the embassy?

Senator Perrault: Honourable senators, as I stated at the outset, any suggestion that the government is rushing to re-staff the embassy in Tehran is entirely incorrect. There has to be a period of time before Canadians are sent back to that post. We are not rushing that process.

EDUCATION

REPAYMENT OF STUDENT LOANS

Hon. Richard A. Donahoe: Honourable senators, I would like to revert to the question respecting student loans, and ask the Leader of the Government in the Senate to ascertain, while making the inquiries he has undertaken to make with respect to these loans, whether in Nova Scotia that portion of the moneys advanced by way of student loans which are funded by the Province of Nova Scotia is, in fact, given to the student in the form of a non-repayable bursary, and that any student loan funds which are being collected back would be, in at least the province of Nova Scotia, the collection of funds provided and put up by the federal government.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, information will be sought on that point and brought to the Senate as soon as it is available.

INDUSTRY

SYDNEY STEEL CORPORATION—STATEMENT BY CHAIRMAN

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can now respond to a question posed by Senator Muir on January 22. The question related to Sysco.

I wish to inform the honourable senator that a task force comprised of federal, provincial and Sysco representatives recently completed a study to establish under what conditions a viable steel mill could be operated at Sydney, and at what cost this could be achieved.

My colleague, the Honourable Pierre De Bané, has received a proposal from the Government of Nova Scotia, and the implications of this proposal are now being considered alongside other alternatives in order that the cabinet can decide on an appropriate course of action. I hope that this issue will be brought to the cabinet's attention in the near future.

I am sure the honourable senator shares my view that we should study all options carefully in an attempt to achieve a viable economic operation at Sysco and maintain a stable work force.

ENERGY

OIL—SUSPENSION OF SYNCRUDE PLANT EXPANSION—DOMESTIC PRICING POLICY—WORLD PRICES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised by Senator Murray on January 14 concerning the cost of imported oil by source.

The following is a list of the prices requested by the honourable senator: Oil from Saudi Arabia is priced at $31.50 U.S. per barrel, with the percentage of total imports from Saudi Arabia being 45 per cent; from Kuwait, the price of oil is $35.50 U.S. per barrel, with the percentage being 3 per cent; oil from Mexico is $34.25 U.S. per barrel, and the percentage is 5 per cent; oil from Venezuela is priced at $33.25 U.S. per barrel, with 45 per cent of our total imports coming from that source; and from the North Sea, $39.50 U.S. per barrel, with the percentage being 2 per cent.

IMPORTATION OF OIL FROM SAUDI ARABIA—PRICE INCREASE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would also like to respond to a question posed on December 17 by Senator Flynn concerning the price increase of imported oil from Saudi Arabia.

Estimates indicate that the most recent OPEC increases, based on current import levels and projected over a period of a year, will cost Canadians an additional $1.3 million per day—just under $500 million per year—or $3.30 Canadian per barrel.

The federal Oil Import Compensation Program has factored OPEC price increases into its year-to-year increases, and when these are taken into consideration, the effect of the recent OPEC price increases would be to raise the 1980-81 oil import compensation costs by $150 million in total, and the 1981-82 previously anticipated costs by $100 million.

This would mean that the Oil Import Compensation Account for 1980-81 would be $3.3 billion, and the 1981-82 account would be $3.5 billion.

I would like to reiterate that these are estimates. Final figures will remain unavailable until actual import volumes are known.

THE ECONOMY

STATUS OF ATLANTIC DEVELOPMENT COUNCIL

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can now respond to a question put on January 21 last by Senator Doody concerning the Atlantic Development Council.

I am informed that the last formal meeting of the council was held on February 6, 1979. More recently, an informal meeting took place on September 29, 1980. Additional details concerning council meetings were provided to the honourable senator in an earlier response.

ENERGY

IMPORTED OIL PRICE DIFFERENCES

Hon. G. I. Smith: Honourable senators, I wonder if I might ask the minister a supplementary question in relation to the per barrel price of oil coming from the different countries from which we import oil. I am wondering whether the difference in price is related to the quality of the respective oils, or whether it is simply that these prices are arbitrarily imposed by the sellers.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think there may be some of that. I will find out more specifically. However, I think the significant differences in price would be more related to the contractual arrangements that had been entered into.

As I look at these figures, one of the lower prices is $31.50, that being the price of oil imported from Saudi Arabia, and that oil, generally speaking, is a very high quality crude oil. Based on that, I do not think it is related significantly to quality.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

FOURTH REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, October 22, 1980, the debate on the consideration of the fourth report of the Standing Joint Committee on Regulations and other Statutory Instruments, which was presented on July 17, 1980.

Hon. Nathan Nurgitz: Honourable senators, I rise to speak on the Senate's consideration of the fourth report of the Standing Joint Committee on Regulations and other Statutory Instruments, a report initially presented to this chamber on July 17, 1980. The Joint Chairman from this chamber, Senator Godfrey, addressed the house on the report on October 22 of last year.

Before dealing with either the report itself or Senator Godfrey's comments, I should like to say that it is obvious, even to a newcomer like myself, that the work of the Standing Joint Committee on Regulations and other Statutory Instruments has great success because of the work of a few. My understanding is that over the years that committee has been blessed with three or four interested, eager, very dedicated men and women, who have done the lion's share of the work and who have made that committee function. In that regard, it is obvious to me, as a member of the committee, that its present operation is largely a success due to the efforts of Senator Godfrey.

Hon. Senators: Hear, hear.

Senator Nurgitz: His dedication, his interest in the particular work of the committee, and his hard, hard work bring credit to Parliament.

In terms of the fourth report of the standing joint committee tabled on July 17 of last year, I believe Senator Godfrey's

comments made in this chamber on October 22, 1980 are very appropriate. The question of regulatory reform, as he said, has been studied to death.

Several governments in recent years have instituted studies. The Economic Council of Canada, on the recommendation of the government, undertook, in 1979, an almost identical study, and with the exception of one or two examples where ministers have, in fact, been following a somewhat different procedure following along the lines proposed in this particular report, nothing concrete appears to be happening. I will mention in a moment or two a good example of what could be an effective use of the committee if it can get the government to act on this particular kind of recommendation.

● (2110)

Honourable senators, it is my respectful submission that if one reads the fourth report of this joint committee, and in particular the comments of Senator Godfrey, one will realize that the time for study surely has come to an end. The time for action is now. I am suggesting, as is outlined in the report, that it is time to bring in legislation to make the necessary changes.

I am sure that Senator Godfrey will be disappointed to learn—as reported in Commons *Hansard* of January 15 last—that the government house leader in the other place has indicated that that report has no great priority, and that he did not at all anticipate even looking at it until some time after Easter.

Honourable senators, there are those who argue from time to time—and I guess I have been one—that regulatory legislation is bad, but I guess we all realize and recognize that it is, indeed, a fact of life. It is by now, as outlined in the report, an accepted form of governance. Let us not forget though that we owe a duty to the people of this country to make certain that there are procedural safeguards so that the rights and liberties of the subject are protected at the same time that we are maintaining a viable form of government. Unfortunately, there are those in government who in their haste to act, unknowingly and unwittingly suppress rights and liberties of citizens, all done initially in the hope of providing, I suppose, good government.

It may be recalled that on the last day before the Christmas recess I spoke on Bill C-51, the Clean Air Act. No one would argue that the government, with the best of intentions was not moving in the right direction in attempting to eliminate the acid rain problem. I think at that time that I referred to the purposes and objects of the bill as being "motherhood." Who could argue with any attempt to clean up the environment? But you may recall, honourable senators, that it was the method of accomplishing it that I took issue with—ministerial discretion, no right of appeal, no reasons for a decision being required, and a variety of those kinds of regulations in respect of which I suggested the citizen does not understand where he sits in the process and where he is being pushed out. This is, I suggest, a very good example of good intentions and great ideas but a poor way of legislating.

As Senator Godfrey said on October 22 when he was dealing with this report:

> Too often for the sake of administrative convenience, proper procedures are not provided for. It is the provision for proper procedures that protects the hard-won rights and liberties of the people secured over centuries of constitutional conflict.

This fourth report of the standing joint committee proposes the establishment of a new procedure. The report covers a variety of other things as well, including shortening the name of the committee. It seems that just mentioning the name of the committee takes up half my speech. I suggest the principal thrust of the report is that the enabling clauses of any bill should be referred to a committee before third and final reading. That is far more reasonable than the present system, and is more preferable from the standpoint of the citizen. It is a system that has worked with excellent results in other jurisdictions. It seems almost absurd that in our present system we pass a bill, enact regulations that obviously affect the rights of people, and then study those regulations to see if, indeed, they are proper.

At the time that Senator Godfrey spoke in October, the new Post Office Corporation Act had not been considered by Parliament, and I should like to point out at this time that the kind of procedure outlined in the report was, in fact, adopted on a voluntary basis by the minister responsible for the Post Office. The bill was referred to the Standing Joint Committee on Regulations and other Statutory Instruments, and many amendments and suggstions were accepted by the minister which, I am satisfied, will result in a much better, stronger and more reasonable statute.

Other proposals are contained in the report such as the "Notice and Comment Procedures", whereby parties who have a particular interest in any given regulation would receive advance notice of it. This is a very acceptable and successful program used in the United States, and I commend it to the Senate.

Honourable senators, the report contains many substantive improvements to our present system. Canada lags behind the United States, the United Kingdom and other jurisdictions in having proper regulatory review. Now is the time to act. I urge the government to accept the report in its entirety, and to make those changes that are necessary in order to give it effect.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, January 28, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. H. A. Olson (Minister of State for Economic Development) tabled:

Report of the Northern Pipeline Agency, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 13 of the *Northern Pipeline Act*, Chapter 20, Statutes of Canada, 1977-78.

QUESTION PERIOD

[*English*]

ENERGY

NATIONAL ENERGY PROGRAM—CARRIED INTEREST EXEMPTION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question to the Minister of State for Economic Development in connection with the national energy policy. I am referring on this occasion to the plan of the government to provide for a 25 per cent carried interest in oil and gas exploration and development activities in the Canada Lands area. The Minister of Energy, Mines and Resources recently observed that that policy was being reconsidered with respect to those areas to which it would be applied. My understanding is that he has stated that there are two gas areas which will be exempt from the 25 per cent carried interest, namely, the Kotaneelee in the Yukon and the Parson's Lake field in the Northwest Territories.

My question is: Can the minister tell the Senate what standards are being used to evaluate the claims of these various areas for exemption of the 25 per cent carried interest, if such an exemption is indeed being considered?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I expect that Senator Roblin is aware of some of the exemptions with respect to the carried interest that were announced at the same time as the national energy policy, and they were, of course, the areas that are under production now. I suppose the largest of those was the Norman Wells area. Although I cannot verify precisely the other two that my honourable friend referred to, it may be that they qualify for the same reasons—that is, that they are already in production. What I said was that some of the regulations with respect to them were under consideration and many representations had been received, but it would be premature for me to make an announcement on behalf of the Minister of Energy, Mines and Resources that there were major changes in the qualifications for exemption. Until such time as he has considered all the representations that have been made to him and is ready to announce a change in them, I really cannot give a definitive answer as to whether they may be applied specifically to the areas my honourable friend mentioned, and perhaps to some extent even broader than that if the minister sees justification for some of the representations that are being made to him.

Senator Roblin: Perhaps I can assist my honourable friend in his consideration of the matter by saying that the report indicates that the two fields I mentioned are gas fields which are not in production, and they are not in production for reasons either of transport or price. My question was directed toward the criteria. What are the rules that the government is looking at? I presume they have rules for those two fields, or they would not have exempted them. I am therefore asking the direct question: What considerations applied in respect of those two fields. If my honourable friend does not have the information, perhaps he can get it.

● (1410)

I wish to go a step further, because there are other areas in Canada which are in a similar—I do not say identical, but a similar—situation. For example, in the Arctic areas, the areas in which Panarctic has been working, very large volumes of gas, probably 16 trillion cubic feet—something in that neighbourhood—have been discovered, and those areas are obviously not in production mainly for reasons of transportation, although market may enter into it. In other words, I am saying that there is a relationship between what appears to have been done in the two fields I have mentioned and the claims that

might be best for others. Sable Island might be in the same category.

So I am really asking my honourable friend if he will give us the rules that applied to the two gas areas which have so far been exempted from the 25 per cent carried interest, and we may then be able to form some judgment on the matter.

Senator Olson: Honourable senators, Senator Roblin may have details of some positive announcement that the Minister of Energy, Mines and Resources has made respecting the two gas fields he has identified. If he has—and I underline the word "if"—I will then refer the question to him and ascertain the reasons and the criteria for adding those two gas fields to the list of exempted fields.

I will go further and perhaps get a report on what are the representations and what is under consideration. One of the difficulties of doing that, of course, is that if one indicates, for a certain number of reasons, that one is considering some changes, some people take that as already having been done. So we have to be a little careful about that, but I will try to obtain as much and as complete information as I can respecting the regulations.

Senator Roblin: I thank my honourable friend. I share with him some doubt as to whether the first two fields I mentioned have actually been dealt with or are merely prime candidates. I do not want to get in the way of the minister's negotiations. That is not the point of my question. I am trying to find out what is the policy, which I believe is legitimate, and what are the rules that the government has established in considering these matters.

GOVERNMENT POLICY RE BRITISH COLUMBIA COAL

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, while I am on the subject of energy, I should like to refer to another form, namely, coal. We have all been pleased to hear the announcement with respect to the coal developments in British Columbia. It raises a question in my mind as to government policy with respect to that sort of energy, because we have seen, with respect to the oil industry, the government's policy of Canadianization, and we have seen, with respect to oil and gas, the government's policy with respect to export taxes.

I notice that the major firm that is developing those mines in British Columbia appears to be no more than 38 per cent Canadian owned. It may be that the government has given some undertaking to this firm that a Canadianization policy à la oil and gas will or will not apply to this company. It may have given some undertaking with respect to this project as to whether an export tax will or will not be invoked as it was with respect to oil.

I would like to know from the minister if there is any slop-over of those oil and gas policies with respect to energy and exports and government participation in the coalfields of northeastern British Columbia.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the national energy policy that was announced, particularly with respect to one of the most important parts of it—namely, the incentives that would be paid to the oil industry—was particularly and specifically pointed at Canadian firms. If that is to be done, then obviously we have to set up some level of criteria as to the Canadian ownership levels; and that certainly was done.

There was no attempt in the budget, and none is under consideration, with respect to the Canadianization of the major coal operators who will be supplying this latest contract, although there is a fairly high proportion of Canadian ownership of those who now appear to be signatories to the most recent contracts.

Senator Roblin: I thank my honourable friend for his reply. I take it that the government has neither been asked nor has it given any assurances with respect to the Canadianization factor that I mentioned or the export tax factor, so we will leave that matter where it lies.

I can tell my honourable friend that the Quintette property is stated to be 38.25 per cent owned by Denison, 17.5 per cent owned by each of Mitsui and Tokyo, both of Japan; 16.75 per cent owned by Imperial Oil, and 10 per cent owned by Charbonnages de France.

• (1415)

Senator Frith: How does that come out?

Senator Roblin: I hope it adds up to 100 per cent.

Senator Frith: Yes, but I mean the division of the 100 per cent as between Canadian and non-Canadian ownership.

Senator Roblin: What it means, I believe, is that it is one-third Canadian and two-thirds non-Canadian. However, I will leave that matter where it stands.

INTERNATIONAL TRADE

SALE OF BRITISH COLUMBIA COAL TO JAPAN—FEDERAL CONTRIBUTION TO INFRASTRUCTURE

Hon. Duff Roblin (Deputy Leader of the Opposition): I have one further question, honourable senators. I want to know what contribution, if any, the federal government has made to the coal projects in northeastern British Columbia. I am thinking of infrastructure of various kinds, including whatever the Canadian National Railways might be doing. We had some discussion on this point some time ago, and I wonder how the dust has settled out, and what the actual position is now.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, last evening, in response to a question from Senator Thompson, I indicated that I would like to make a full report to the Senate respecting the coal negotiations and what has finally been agreed to. I gave an undertaking that I would do that. There are, however, some pieces of the whole deal that are not yet signed. I guess there is a difference between "initialled" and "signed". We are highly confident that this will be completed in a very satisfactory way.

There is, of course, some front end money, if that is what you want to call it, that is going into the building of the port at Ridley, the coal loading facility, in conjunction with the grain loading facility that is also going in there. There were some added costs for infrastructure requirements, but there was some undertaking by the National Harbours Board that they would prepare the site for the coal loading facility, and so on. There will be a charge for that loading, but we have given an undertaking with regard to how much that charge ought to be, at least in the initial stages, so that the coal companies could add that into their price f.o.b. Ridley.

I would like to wait before giving the final details. Senator Perrault and I have been active observers of, and in some cases participants in, the negotiations between the two levels of government, the coal companies and the Japanese representatives along the way, although we are not negotiators directly.

I believe I can say at this time, from the information at my disposal, that it is a highly satisfactory deal for Canada and the coal companies, and, indeed, from the point of view of the economic benefit that will accrue to Canada and Canadians in the areas where economic activity will be enhanced.

THE ECONOMY

JOB CREATION PROGRAM—FEDERAL-PROVINCIAL DISCUSSIONS

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development.

Would the minister be good enough to inform this house as to how many jobs the government estimates will be produced as a result of its $350 million program, announced earlier this week?

Hon. H. A. Olson (Minister of State for Economic Development): I do not believe that an announcement like that can be made, or even calculated, at this time, because if my honourable friend will look closely at the announcement that was made, he will see that the program is to be targeted specifically at communities where there is severe difficulty in industrial adjustment. I do not believe that any of those communities have been identified at this moment.

Senator Donahoe: I have a supplementary question, honourable senators.

It seems to me that for some time past there has been a continuing series of cutbacks announced in energy production ventures. The most recent that came to my attention was the one made by Mobil, who say that they intend to cut back their proposed program by $164 million. The Gulf cut was $211 million from its 1981 investment plans. Judy Creek cut back by $400 million; Cold Lake by $9 billion; Alsands by $7 billion; the Syncrude expansion by $2 billion; Union Oil by $35 million; and Canadian Reserve Oil and Gas by $5 million. All of these planned investments have been stopped in the wake of the government's National Energy Program. The total loss to Canada could be as much as $22.5 billion, and even if some of these plans eventually go ahead there will, in any event, be an irretrievable loss for the year 1981 of $415 million in the private sector.

• (1420)

The minister certainly was in a self-laudatory mood when he announced the $350 million program last week. My question is: Why has the government, in determining its priorities, opted for $350 million in state investment rather than $22.5 billion in private investment? Is the government really convinced that its investment will create more jobs as opposed to encouraging the private sector to proceed?

Senator Olson: Honourable senators, what we have just witnessed is one of those convoluted exercises in reasoning which lead to the same kind of confused and complicated answers which, of course, bear no relation to the facts. What I could easily do is read out a list of the projects that are going ahead which would exceed, by several billions of dollars, those that the honourable senator claims are going to be delayed or cancelled.

My honourable friend included $9 billion for the Cold Lake project, but if he examines his figures he will see that the federal government moved quickly and decisively to retain the expertise there so that that project would not come apart. If he looks at his own figures and is a little honest in his own mind—and, really, he ought to do that for himself—

Senator Perrault: Once in a while.

Senator Olson: Once in a while, my friend says—then he will know who is holding up the Cold Lake project. It certainly is not the federal government.

GRAIN

ADJUSTMENT OF INITIAL PRICES—ANNOUNCEMENT BY MINISTER OF STATE FOR THE CANADIAN WHEAT BOARD

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I wonder if I might be given permission to refer to a statement I made today with regard to increasing the initial prices for western grain. We operate under some difficulty in the Senate in that we do not have an appropriate procedure but, with the concurrence of my colleagues, I am prepared to outline that announcement. I apologize—

Hon. Martial Asselin: Again?

Senator Argue: —again. I wonder if I could have copies sent in for honourable senators. I regret very much not having them available at this moment.

Senator Asselin: I am not ready to consent to this operation now because we do not have a copy of the statement.

Senator Argue: I understand my honourable friend's objection, but if I am permitted to go ahead I will ensure he has a copy within minutes.

Hon. Duff Roblin (Deputy Leader of the Opposition): The problem is not that we doubt my honourable friend's good will but, if he makes a statement, the custom is that we are allowed

to question him on it, if we have any questions to ask. In order to do that, it is very helpful to have a copy of the statement. I am sure we will get the statement before the Question Period is over; if we do not, we will be pleased to hear the honourable senator at any time the statement is before us.

Senator Argue: I regret that I did not have other copies with me, and I will be prepared to rise again when I have them. Thank you very much.

Hon. Lowell Murray: The point of order raised by Senator Asselin has been raised on several occasions in the past. Since the minister has referred to the custom in the House of Commons, he will know, as everyone who observes the other place will know, that when ministers make statements on motions, advance copies are sent to opposition spokesmen or opposition leaders so that they have an opportunity to examine them and prepare considered, if brief, replies. That courtesy has not been extended to us today; it has not been extended to us in the past. We would like to know when, if ever, the minister and the government is going to get around to extending that quite elemental parliamentary courtesy to the opposition.

Senator Argue: I thank my honourable friend for his additional comment, which I think added much to the comments that have been made.

Senator Frith: In football that is called "piling on."

Senator Argue: I respond more readily to the type of comment made by Senator Roblin.

Senator Roblin: That is enough damnation by faint praise. I am not going to have any of that.

Senator Argue: I wish to comment on Senator Murray's reference to practices in the House of Commons. I hope they have improved since I was there, but I remember that when I was in a position to make comments on motions, I very often received no notice whatsoever. Even with no notice, I think I was able to make some pretty good contributions. I know Senator Roblin could, as he knows this subject well. I hope he does not object to my praise, because it is a fact.

• (1425)

Again I say that I regret it, and I am most happy to comply. I hope that in the future I will be able to satisfy even Senator Murray that I am doing things in the correct and proper fashion in a chamber that does not have any rule governing this procedure—

Senator Asselin: It is a matter of courtesy.

Senator Argue: —because this chamber is not used to having ministers.

Hon. Robert Muir: On the point that has been raised, honourable senators, I would suggest to the honourable senator that after he left the House of Commons things greatly improved,—

[Senator Roblin.]

Senator Argue: I don't think they get the business down there.

Senator Muir: —and copies were sent to the leaders, just as they are today. I hope that when copies are made available, honourable senators, they will be in both English and French.

Senator Argue: They are.

[*Translation*]

THE ECONOMY

JOB CREATION PROGRAM—FEDERAL-PROVINCIAL DISCUSSIONS

Hon. Fernand-E. Leblanc: Honourable senators, I should like to revert to the question concerning the $350 million program that Senator Donahoe directed to the honourable senator who is the Minister of State for Economic Development. Have the criteria already been established, as indicated in the release, for the designation of the areas where the money will go, and have the amounts to be appropriated to each province out of the $350 million been determined? For instance, what percentage of these $350 million can Quebec expect to get?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is no answer to that question. Certainly, while there is some interest in how much is being spent, I, too, would be interested in how much will be spent in Alberta, Senator Roblin would be interested in terms of Manitoba, and Senator Argue in terms of Saskatchewan. However, I hope the criterion will not be what is spent on one side or the other of a provincial boundary but that the most severe needs of Canadians, wherever they are in Canada, will be addressed.

Senator Roblin: Hear, hear. Good!

[*Translation*]

Senator Leblanc: A supplementary question. This probably means that since there is a shortage of jobs in Ontario, particularly in the automobile industry, that province might qualify more rapidly than others where the situation is not as serious at this time.

[*English*]

Senator Olson: Honourable senators, I acknowledge that the automobile industry is probably one of the largest industries having a requirement for industrial adjustments, but I certainly will not accept that it is the only industry experiencing difficulty, and, obviously, those plants are widespread across the country in certain areas.

Hon. L. Norbert Thériault: Honourable senators, I should like to address a supplementary question to the Minister of State for Economic Development on the same subject, because, in trying to follow the program as announced, I am worried that the assistance that is given will not be on an equalized basis. In other words, I hope that the closure of given industries in given locations will not be the only criterion for the application of this program. For instance, if a given

town in the province of Ontario is hit by the closure of an automobile plant, the end result might well be that for that given town or region the opportunities for employment will still be higher, despite the closure, than is and has been the case in the Atlantic region.

I should like to stress that, if the efforts of the government with respect to that program are to be directed totally to areas where closures of industries occur, then, in effect, nothing will be happening in terms of trying to equalize regional opportunities in this country.

Senator Olson: Honourable senators, a great deal is being done to equalize job opportunities. Actually, I am not sure "equalize" is the right word, because I do not know that it is ever entirely applicable, but a great deal is being done to enhance job opportunities in certain areas where there have been fewer opportunities. There is no doubt about that at all.

I should tell my honourable friend that this $350 million program is more specifically targeted, but that there are many other programs of the federal government that have been and are being enriched to deal with problems on a much wider basis across the country. I would not want my honourable friend to get the impression that this program is intended to be the solution to all problems relating to the equalization of opportunity or to even recognize or come to grips with the unemployment levels in various areas. Many other programs are also going ahead and are being enhanced for that purpose.

● (1430)

Senator Thériault: I did not say that nothing had been done because, as the honourable minister has pointed out, some things have been done. However, my concern is that in times of restraint the funding of DREE, in proportion to the total budget of Canada, has been reduced by almost 50 per cent—that is, from 2 per cent to 1 per cent of the total revenue or budget.

I repeat, what worries me is that there is $350 million which, in my humble opinion, if the government had been serious about regional disparity, it would have added to the DREE budget.

Senator Olson: Honourable senators, that is a view my honourable friend has a perfect right to express, so far as I am concerned. However, he ought also to take into account the fact that the DREE budget commitment was increased significantly for the fiscal year 1981-82. I do not have the exact figures, but the increase is higher from its current level than any other department of government, social or economic. We have increased the "A" base very significantly.

In addition to that, there will be access to additional funds, although DREE will have to compete with other departments for what is over and above the "A" base increase. Nonetheless, there is an increase of $250 million in the economic envelope for 1981-82 over "A" base budgeting, which is current levels plus inflation.

The Minister of Finance indicated—and I think justifiably so—that the major increase of 21 to 22 per cent was in the economic development area, and, of course, DREE is part of that.

Since you have raised the subject, it is my view that the increase in the envelope allocated to DREE is probably higher than that for any other single component part of that envelope. I would not like my friend to believe that DREE has not been enriched rather substantially.

Senator Thériault: Honourable senators, it is not my intention to argue with the minister over the dollar figures, since many answers can be given. I am pleased to hear that the economic development allocation will be increased by about 23 per cent for the fiscal year 1981-82.

Senator Olson: Twenty-one per cent.

Senator Thériault: Is the minister prepared to assure the Senate that the DREE budget will be increased by at least that percentage?

Senator Olson: Yes, honourable senators, I am. It will be substantially more than what is anticipated to be the current levels for commitment or allocation in the fiscal year 1981-82.

[*Translation*]

Senator Leblanc: With regard to the $350 million program, could the minister now tell us on the basis of what criteria that amount was arrived at? It does not strike me as very hefty in view of the overall needs of the country, the great number of firms closing down right across Canada and not only in the province of Quebec?

Could we know exactly what criteria will apply in meeting the objective the department would like to achieve?

[*English*]

Senator Olson: Honourable senators, I am not sure how to find a specific formula for the increase, since, obviously, in many cases it is a matter of judgment as to where the increases should be applied.

As announced by the Minister of Finance, what we are doing, in the first instance, is following a policy of constraint across the entire budget and, at the same time, increasing the economic development section.

● (1435)

There is no significant increase in the social development budget or in government operations or, for that matter, in External Affairs and National Defence, except the commitment we made for 3 per cent real growth in defence. Some people are unhappy about that.

Because of the priorities this year, the major thrust has been in economic development. To produce a formula, the rules, criteria, or whatever, is difficult to do because this is a judgment that has to be made.

I have tried to indicate what the Minister of Finance's judgment was, and indeed what the government's judgment was, as to where the major thrust ought to be in 1981-82 and the two subsequent fiscal years.

[*Translation*]

Senator Leblanc: Would the minister tell us what judgment will be made concerning that $350 million expenditure?

Will the Minister of Finance make the decision himself or will a committee be established to consider the allocation of those $350 million?

[*English*]

Senator Olson: Honourable senators, there is a committee that has been set up in cabinet for economic development. It is called the Cabinet Committee on Economic Development. My honourable friends opposite asked for a list of those who are members of that committee, and that has been provided.

Senator Asselin: Who is the chairman of that committee?

Senator Olson: The chairman is here.

Senator Argue: Hear, hear.

Senator Olson: The lead ministers, in bringing in the programs, will be the Minister of Employment and Immigration, the Honourable Lloyd Axworthy—

Some Hon. Senators: Oh, oh.

Senator Olson: —and the Minister of Industry, Trade and Commerce, the Honourable Herb Gray. They will work out the programs and bring them to the cabinet committee, which will then make the choices and exercise the discretion that every government is charged with. That is where the decisions will be made.

Senator Thériault: A supplementary question. I again direct my question to the Minister of State for Economic Development. Did I hear him say that in the projected expenditures, the total in the economic development envelope is approximately $7.5 billion?

Senator Olson: It is $7.3 billion.

Senator Thériault: That is an increase of approximately 23 per cent over the previous year?

Senator Olson: It is 21 to 22 per cent over the current allocation.

Senator Thériault: Does that include the amount set aside for the Western Development Fund?

Senator Olson: Honourable senators, the Western Development Fund is not included in those calculations, nor is the energy envelope included in those calculations.

[*Translation*]

Senator Leblanc: Is it possible, considering the present economic climate in Canada, that this amount of $35 million be increased if need be?

[*English*]

Senator Olson: Honourable senators, that is a speculative question that I really cannot give an answer to. There were a couple of other "ifs". There was an "if need be." I do not think it takes long to demonstrate, depending on where your priorities are, that more money could be spent. It is a matter of balancing that against what I think is the overall, responsible fiscal policy of the government and how much more ought to be included in that.

[Senator Leblanc.]

GRAIN

ELEVATOR CONGESTION IN WESTERN CANADA

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Minister of State responsible for the Canadian Wheat Board.

I understand that in western Canada, and particularly in Alberta, farmers have experienced difficulties in delivering their grain because of congested elevators. Could the minister advise us whether this is correct, and, if so, what measures are being taken and what is going to be done about it?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I thank the honourable senator for his question.

This situation has affected southern Alberta, in the main, and, to some extent, southern Saskatchewan. It has created difficult situations for producers during the first half of this crop year.

The difficulties arose as a result of a labour-management dispute at Revelstoke, British Columbia. These difficulties, together with an excellent harvest in Alberta last fall, have resulted in four CPR blocks in Alberta still on the "A" quota level of 80 kilograms, or approximately three bushels per quota acre for spring wheat. That is a fairly low quota.

The Revelstoke situation has recently shown signs of improvement. However, the situation was further complicated by severe weather problems in the mountains. During the Christmas holiday period very heavy rains resulted in both main lines to Vancouver being washed out. Both the CNR and CPR deserve to be complimented for making repairs quickly and enabling service to be returned to normal much more quickly than expected.

• (1440)

During the next three-month period the Canadian Wheat Board will be concentrating its efforts on moving grain from Alberta. There is optimism that the CPR will be able to maintain a 1,500-car weekly program to Vancouver. During the week of January 12-17 CPR unloads amounted to some 1,586 cars, and 1,763 cars during the week of January 19-24.

I might point out that this is an excellent achievement. I am sometimes not particularly complimentary to the CPR, but I want to say, without equivocation, that this is a tremendous accomplishment, and the grain producers of western Canada, and particularly of Alberta, are very happy with these results. All we can do is hope that a similar result can be achieved in the future. We are very grateful to the labour people, who are, of course, the people who run the trains, for their co-operation in this major accomplishment.

The outlook at Vancouver for the current week is optimistic. It is planned that some 800 CP cars will be moved weekly to Thunder Bay. During the week of January 12-17, 861 CP cars were unloaded, and during the week of January 19-24, 960 CP cars were unloaded.

I have been advised by the Wheat Board that, given this program and reasonable weather, they are optimistic that the

situation in Alberta will be resolved, with farmers being able to deliver the quantities of grain they wish by the end of the crop year. In other words, they will be able to market all the grain on their farms they wish to take to market. That, of course, is the way it should be, and that is the objective.

The board is hopeful—

Senator Roblin: There are six months to go, though.

Senator Olson: We will make it.

Senator Argue: Well, the CPR has had difficulties, and everybody has had difficulties. I take my hat off to the CPR and to its employees for a very great achievement, and I hope they will be able to continue these excellent accomplishments. The board is hopeful that the four CPR blocks still at the "A" quota for spring wheat will have the "B" quota in effect very soon.

Hon. G. I. Smith: Honourable senators, I would like to congratulate the minister on his ability to instantaneously prepare a two-page answer to a question he did not know was coming.

Senator Argue: The day of miracles is here.

Senator Perrault: There is a little vision on this side.

Senator Smith: Having produced that miracle, I wonder why he was unable to produce the same sort of miracle in relation to a speech which he wanted to make and which he knew was going to happen as well.

Senator Argue: The Honourable Senator Molgat was rather co-operative. He did not ask me to bring in a number of copies and have them distributed to all honourable senators, and he did not ask me to provide a French version of the answer. That is not a practice I think we should get into, any more than I would want an immediate English version of an answer to a question asked in the French language. I can read that answer in the subsequent translation.

So, Senator Molgat was co-operative in that respect, and the answer has been put on the record. I can tell the honourable senator that we are still working as efficiently as we can to get the answer to that other question, both in English and in French, but I occupy an office in the Senate—well, I am being waved down, but when I am criticized, I am going to respond. If you do not want responses from me, stay away from criticism.

We are doing our best. The orders have been out. The only office that I have been supplied with that can do these things is in the Transport Building which is some number of blocks away. A messenger has been sent to the office—

Senator Murray: Take it up in caucus.

Senator Argue: —and we will get that statement over here.

I hear Senator Murray mumbling, which makes me wonder whether he wanted it in the first place or not, but that's okay.

Senator Perrault: Just a little chafe.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. G. I. Smith: Honourable senators, having given the Minister of State responsible for the Canadian Wheat Board the opportunity to relieve himself of the heat of criticism, I turn now to the Minister of State for Economic Development and hope that I shall be able to give him a similar opportunity and that he will be able to take advantage of that opportunity in a similar fashion.

I would like to turn to the question of energy and the construction of the so-called Alaska Highway gas pipeline. I gather from some items in the press that yesterday his colleague, the Minister of Energy, Mines and Resources, expressed confidence that the line would be completed; that he could rely upon the assurance he had received in the past, which assurance has apparently been reconfirmed by the new administration in the United States.

I am wondering whether the government has received assurance from the new President confirming what I think was inaccurately referred to as the "ironclad guarantees" which we heard about when this matter was discussed during the debate on the so-called prebuild.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, when the additional level of commitment, if I may put it that way, was provided to the Canadian government—and, I suppose, directly to me as the minister responsible for the pipeline—back in June of 1980, we assumed what all governments assume, and that is that a succeeding government will honour the arrangements or the commitments that have been made by the preceding government in their international relations.

In addition to that, we have had some informal discussions at the officials level, somewhat below the ministerial level, and we are optimistic that the determination and the priority of getting that gas pipeline built is just as high with this administration as it was with the previous one.

I should also remind my honourable friend that when we received the support of the Congress of the United States, it was not only from one party; it was from both parties. In attendance at the meeting which I attended on June 27 of last year were the majority and minority leaders from both houses of the Congress, all of whom gave an equally high level of commitment to getting on with that pipeline.

I can tell my honourable friend, too, that the actions that have been taken since that meeting, both before and after the election in the United States, have been going ahead very rapidly. The commitment between the sponsors of the pipeline and the producers on the North Slope has proceeded; there have been massive amounts of activity and financial commitments, both before and after the election date. So, we do not believe there is any reason to believe it is going to change.

I could go into some of the details and some of the activity that is taking place in Alaska now in terms of the engineering and final design of that pipeline, as well as some of the cost

factors that are related to the processing plant and the 700-odd miles of pipeline required in Alaska.

When you add it all up, as far as concerns our valuation, if that is the right word, of all of that activity, there has been no change at all, and that high level of priority and commitment still exists.

Senator Smith: From that rather lengthy answer, I assume that the minister is not able to give a short answer "yes" to that part of my question which had to do with whether a letter had been received from the new President similar to that which was placed before us in the debate on the prebuild, to which we have both referred.

Senator Olson: I could give that answer. The simple, straight answer is "no"; but I am sure I was anticipating my friend's second question. The answer I gave was perhaps in anticipation of the follow-up question, and I am sorry if that is not the way he would have liked it to flow.

Senator Smith: I don't mind whatever flows from the honourable gentleman, because it comes in such a rushing torrent, with such a lack of facts, that it is very amusing and interesting. All I want is to be able to find, somewhere in the flow of words, an answer to my question, and in this particular instance I have found it.

Senator Olson: Some members accuse me of not giving enough information, so I am pleasantly surprised that you think I am giving enough.

Senator Smith: I am not accusing the honourable gentleman of giving too much information.

EMPLOYMENT

SKILL DEVELOPMENT—ON-THE-JOB TRAINING

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. On Monday of this week, in Winnipeg, the minister indicated that studies show that there will be shortages of certain skilled workers in the labour force and that he believes that companies—and I believe I am quoting him—"must give a higher priority to on-the-job training." My question for the minister is: Has private industry been consulted as to the reasons for the shortfall, and have they also been consulted in terms of solutions to the problem?

● (1450)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is really not a matter of consulting with private industry to establish what my friend is inquiring about. Private industry is probably as keenly, and, in some cases, more keenly, aware of these shortages in some critical skills that are presently with us. The minister directly responsible for about $800 million of federal spending for training and retraining programs across the country, is leading a discussion with respect to this to try to find some better way of having larger numbers of students and trained and retrained workers take up these trades. Part of my job is to consult with provincial governments, industry and labour unions, because if we are going to find some agreeable and effective way of dealing with the problem, all three have to be involved. Mr. Axworthy, the minister responsible, will be coming forward very soon with what, hopefully, will be some adjustments to the program, and also a consensus of the three major participants.

Senator Nurgitz: I would like to thank the minister for his response. I understand what he is saying.

In regard to the question of labour, industry and government working together on it, has any consideration been given—and I appreciate that it was a suggestion of the previous government—to calling an economic summit in Canada to deal with this wide range of problems, including the shortfall in the labour force?

Senator Olson: Yes, honourable senators, some consideration has been given to that. With respect to the human resources requirement—and there are one or two others in the constraints that I identified as the eight component parts—there is no disagreement among the labour unions, management, provincial governments and the federal government but there is a severe problem. As a matter of fact, there is very little disagreement on how we should attack the problem to relieve that constraint. So everybody agrees, but the problem is that there is not enough action being taken.

So far I have had meetings in five of the provinces. In each province I have had a meeting with some labour union leaders and also some business leaders. What we need to do is to get an action plan together because there is no disagreement about the problem, nor is there any disagreement with the overall way of getting at the problem and dealing with it quickly. As I said, we now have to get to the situation where there is some movement of an action plan, and that is what we are trying to do. My contribution is going to be meeting with the other four or five provinces that I have not been to yet, but at the moment the minister directly responsible, Mr. Axworthy, is also doing this on a concentrated basis.

GRAIN

BREAD AND WHEAT—PRICE INCREASE

Hon. Stanley Haidasz: Honourable senators, I should like to direct a question to the Minister of State for the Canadian Wheat Board. Is the minister aware that last week Canadian bakeries announced a 3-cent increase in the price of a loaf of bread? Will the recent increase in the income of farmers who grow wheat be reflected by a further increase in the price of a loaf of bread?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I think that is a very good question, and I can assure my honourable friend and the consumers of Canada that there is no connection between this announcement today and the cost of wheat to the millers.

The announcement that affects the cost of wheat to the millers was made in this chamber some months ago, and it was

to set a price for domestic spring wheat—the bread wheat—in Canada at a range between $5 and $7 a bushel. At the time it was set at $5, the selling price was approximately $5.40 a bushel. Since that time there has been a major strengthening in wheat prices in the world, and in Canada, and the price of wheat has now gone up to just a few cents above $7 a bushel, but the $7 ceiling is in effect, and it has been in that range for perhaps some weeks or months.

So there is no connection that I know of between the announcement of an increase in the price of bread of 3 cents a loaf and the price of wheat. At least from now until the end of this crop year—and after that I will probably review it again—the ceiling on the price of wheat to the millers is $7 a bushel.

Senator Haidasz: May I ask the minister a supplementary question? Could he inform this chamber whether there is today a surplus of wheat or any other grain which was harvested in 1980?

Senator Argue: No, there is no surplus of any grade of wheat that I can think of in relation to even current demand—that is, up until today—and certainly not in relation to any prospect of demand between now and July 31, the end of the crop year. It is a matter of record, and it is an absolute fact, that the Wheat Board could sell on the world markets today at these relatively high prices far more grain than it has on hand to sell. The demand at high prices exceeds the supply.

Then you are faced with the problem of transportation. That system is in pretty good shape. The railways are improving the job they are doing in delivering the grain for export to terminal positions. We have on hand about 14,000 hopper cars, and there are some hundreds of hopper cars still being manufactured and produced.

The grain system, along with that tremendous announcement that I have already made today, and that I am not able at this point to refer to in any detailed fashion in the chamber, means that the grain farmer is in great shape with the policy that is now in effect. The consumer in Canada is protected at least at a price level of $7 a bushel to the miller.

Senator Haidasz: I have a supplementary question. Can the minister inform this house whether, in the grain inventory, there is any grain set aside for emergency purposes?

Senator Argue: There is nothing officially set aside that I am aware of, but the Canadian Wheat Board, I think, has a very good business organization. It does not sell all of the wheat it has, and it will maintain a normal inventory. Within that likely inventory, if there were a need for a program to deal with an emergency situation to save human lives, I am certain that there is an adequate supply of wheat to meet that kind of demand. When I say the demand exceeds the supply, that does not mean that every bushel has been sold. The Wheat Board is going to have at the end of July a normal sensible carryover because that is required. A grocery store cannot sell every single item it has on its shelves. It has to have an inventory to do business. The Canadian Wheat Board will maintain a reasonable inventory.

Senator Haidasz: Can the minister then state whether this inventory he has spoken about contains any grain earmarked for delivery to Poland in view of the food shortages there?

Senator Argue: I understand the great interest of the honourable senator in this question. I believe that certain requests have gone to the Department of External Affairs, but I am not fully aware of all of those details.

I suppose this is not part of the answer, but as a Canadian I want to say that I view the Polish situation in many ways as being not only an important development for the world, but a very encouraging one. I have been in consultation with my colleagues in the Senate on the whole question of providing export credits for many countries of the world. In those discussions, Poland has figured prominently.

Many years ago—almost more than I would like to remember—along with the Right Honourable C. D. Howe, I played a constructive part, I think, from the opposition benches in helping—I could go into some details but I do not intend to do that—to bring about the first sale, and on a credit basis, to a Communist country. Poland, particularly under current circumstances, has a claim on the good will, generosity and the physical capability of Canada to provide wheat whenever circumstances so require.

I am not as yet, in my portfolio, fully informed about any particular requests that have been made to the Department of External Affairs. I had a brief word this morning with the Secretary of State for External Affairs. He will keep me informed, and provide me with information, so that I may be in a position to more adequately answer my honourable friend's question.

● (1500)

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. Robert Muir: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. By no means would I attempt to provoke him, as I have always found him courteous and co-operative. That has applied to any question that I have asked.

Is the minister in a position to provide an interim report on the proposed gas pipeline to the east coast, as to where the project stands at the moment and what he may have in mind regarding it?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not think I can respond to the question in the way that my honourable friend would wish. I believe it is fair to say that there is a revised application before the National Energy Board, but I am not sure about the present state of that hearing. I shall check that.

The board was holding a series of hearings on the supply of natural gas in Canada. Perhaps that stage has passed and the board can now hear the revised application. I will check tomorrow.

As a matter of fact, I should make that inquiry anyway, because I am due to appear before the pipeline committee in the other place, and I believe that some of the senior officers who are participants in the Q & M pipeline will be there.

Senator Muir: As a supplementary, would the minister bring back some information as to how long those hearings may last and what the time frame may be before we see some real activity regarding the proposed pipeline?

Senator Olson: To the extent possible, I will try to ascertain that.

PURCHASES OF OIL COMPANIES—GOVERNMENT INVOLVEMENT

Hon. Guy Charbonneau: Honourable senators, I should like to address a question to the Minister of State for Economic Development. There were media reports yesterday to the effect that Seagrams was negotiating the purchase of Suncor; that CNR, through its employees' pension fund, and other of its financial tools, was negotiating to purchase Gulf Oil Canada; and that PetroCan was negotiating to purchase Petrofina Canada.

Would the minister advise us if the government is involved in any of those alleged negotiations?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall take that question as notice. I am not sure whether it is or not.

GRAIN

ADJUSTMENT OF INITIAL PRICES—ANNOUNCEMENT BY MINISTER OF STATE FOR THE CANADIAN WHEAT BOARD

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have now received copies in both English and French of the references to the announcement that I wished to make some time ago. I regret that it was not possible for Senator Roblin or Senator Asselin to remain in the chamber until I was able to make this statement. That is not said as a form of criticism, because I know that both honourable senators are at present working on committees which require their presence. The special joint committee is meeting—

Senator Grosart: And other committees are meeting.

Senator Argue: Yes. I merely point out that they are not here to respond, and if anyone who reads *Hansard* wonders where they were, I can say that they are dealing with business of public importance which requires their attendance at committee meetings.

This announcement is effective—

Senator Grosart: Leave is granted.

Senator Argue: I am sorry. Thank you. I seem to be making progress, but very slowly.

The announcement will be effective on Monday next. In practical terms it means, for western wheat producers, that when a farmer drives his truckload of grain into the elevator on Monday, he will receive an additional $1.10 per bushel for spring wheat, an additional $1.50 per bushel for Durum wheat, an additional 15 cents per bushel for feed barley, and an additional 75 cents per bushel for malting barley.

We are dealing with the farmers' own money. It is already in the pool and is being paid out. The Canadian Wheat Board will be processing the cheques as quickly as it can, and my information is that they will be in the mail after the middle of February and on into March.

It is an adjustment payment and it brings a major increase in the prices of the various grades of wheat. It brings No. 1 CW Red Spring Wheat to $5.35 per bushel, Thunder Bay; No. 1 Durum to $6.50 per bushel, Thunder Bay; malting barley, $3.65 per bushel; and feed barley, $2.85 per bushel.

There have been demands for increases of not just $1, $1.10 or $1.50 per bushel, but huge increases of, let us say, $2 per bushel or better. Those who have made such requests either did not understand fully the business of the Canadian Wheat Board or they did it from a political standpoint. Just because the market might go up today it does not make it possible for the Canadian Wheat Board to increase the price of wheat immediately.

In trying to establish the prices, we had to go back and look at the selling prices in April, May, June and July of last year, as well as the months since then. The price for Durum wheat, in terms of dollars per tonne, is being increased to $239 per tonne, which is about $40 per tonne higher than the prevailing prices in the months of April, May, June and July. The price that is being established today for spring wheat is $196 per tonne.

In any event, it is not possible to bring about an increase of, let us say, $2 per bushel without endangering the fund, and without at least opening the possibility of a charge on the treasury that could amount to a very large sum of money, perhaps $100 million or more.

The Canadian Wheat Board, the government, and the minister involved, had to use reasonable judgment, because had we gone too high, the recent substantial drops in the price of wheat might very weli have affected the balance in the fund. So this is considered to be an increase in initial payments, an adjusted payment, at a level to provide, at this time, an additional $450 million of income to producers, with the reasonable possibility of leaving the fund in the black so that at the end of the crop year another satisfactory and reasonable final payment can be made.

In my view, this announcement is evidence of the successful operation of the Canadian Wheat Board, and I would inform honourable senators that the cost of the Canadian Wheat Board to the wheat producers of western Canada, including salaries and pensions, buildings, depreciation, and all of the administrative costs, is estimated at three cents per bushel. In my opinion, the board does an extremely good job and requires the support of the federal government in the international negotiation of wheat agreements and in connection with the general operation of the board's activities.

I am delighted to make this announcement and to provide the information for the benefit of my colleagues in the Senate.

Hon. Senators: Hear, hear.

Hon. G. I. Smith: Honourable senators, I should like to say a few words, if I may, and then ask a question. I am glad to note the success of the Canadian Wheat Board and its present ability to distribute large sums of money to the producers.

I hope I misunderstood the minister when he said that anyone who disagreed with the level of extra pay either did not understand the operation of the Canadian Wheat Board or was making the criticism for political reasons. Did the honourable gentleman say that or did I misunderstand him?

Senator Argue: Demands have come from members of the honourable senator's party in the other place. They said, "You should pay $2 per bushel today"—that is, instead of the $1.10 I referred to. I have said that it was an irresponsible request, that it was based on lack of information. I do not expect honourable members of the other place to have all the information that is provided to me by the Canadian Wheat Board. The fact is that in this pool there is income from large quantities of wheat that have been sold at prices well below the present market price. We cannot enjoy a certain level for a period of one year and then say we are going to pay the highest price in any part of the year, any more than we should ask producers to be satisfied with the lower price. If I said anything that seemed to be a criticism of the Canadian Wheat Board, then I emphasize that that is not what I meant.

• (1510)

Senator Smith: I did not believe the honourable gentleman was criticizing the Wheat Board. As I heard him, he seemed to be saying that anybody who did not agree with this level of extra payment either did not know anything about the operations of the Wheat Board, or was doing it for political reasons. I resent that declaration of infallibility on the minister's part, and I did not really wish to think that that was what he had said till I gave him a chance to confirm or deny it. I hope, honourable senators, that he did not mean that, but if he did I must say that it has been a long time since I listened to a declaration of infallibility of that kind in this or any other legislative chamber.

Senator Argue: The honourable senator asked me if I was trying to be infallible or not, but before I had a chance to reply he assumed that I was trying to present this case as infallible.

Senator Smith: No, no.

Senator Argue: Let me say this to my honourable friend, that the advice I received from the Canadian Wheat Board is that prices approximately at these levels—just about exactly these levels—are prices which will not endanger the public treasury, and are prices that probably, as far as they can foresee, will still allow a modest, or moderate, final payment. I am not saying that it was irresponsible, and I am not saying that I am infallible, but I am saying that a recommendation of the Canadian Wheat Board to go to an increase of $2 in prices today, or beyond that, would have been completely irresponsible, and the Canadian Wheat Board would have been no party—I know that—to making any such recommendation to me. It is my belief that the people who understand the operations of the Canadian Wheat Board best are the commissioners of the Canadian Wheat Board, just as the operations of my friend's caucus are best understood by the members of that caucus.

I get my advice, and I look over it. I do not always fully agree with it, since I do have some responsibilities. However, I give very careful consideration and full weight to any recommendations that come from the Canadian Wheat Board.

Senator Smith: I think I understand the honourable gentleman, but I do have to say, too, that what he is now telling us is that in the judgment of the Wheat Board this was the most that should be paid out. That is very different from alleging that anybody who says anything different is either ignorant or being unfairly political. After all, all of us, including the honourable gentleman, have to make judgments upon many things, and very few people that I know of, including the honourable gentleman, are able to make judgments which are beyond the possibility of being improved.

Senator Argue: Well, I think it is fairly correct to say that if the Wheat Board had made the recommendation that has been made to me by members of the Conservative Party, and I had been so foolish as to carry it forward, it might well have endangered the public treasury. I do not think my honourable friend wants a big deficit in the Wheat Board's operation—certainly the farmers do not—but that recommendation would certainly have removed any reasonable possibility of there being a final payment at the end of the crop year. The producers want their income staged in a reasonable fashion. I believe the vast majority of wheat producers, who are, after all, the people most involved, will be fully supportive of the kind of announcement that has been made today, and of the principles behind that announcement. I repeat, if anybody were to take a firm stand to the effect that the payment should be a dollar a bushel higher than it is, then they either do not understand the grain business—and I would hope they would—or they are taking that stand for some other reason. I am not saying that they are not sincere in saying that this should be done.

Senator Smith: There are lots of other things that I could say, but I guess we would not be any further forward.

Hon. Paul Yuzyk: Honourable senators, the farmers, for some time, have been complaining that the price they are receiving does not even meet their costs of production. My understanding is that some farmers have even had to go out of business. Now that this substantial increase in price is to come into effect—in one case $1.10 a bushel, and in the other $1.50—would the minister be good enough to inform us as to whether this price will at least be sufficient to meet costs of production, and stimulate the farmers to maintain the production we have had up to this time?

Senator Argue: It is difficult to say what the cost of production is. It varies from farm to farm. This is a very high price, a very high level; it is the highest level in history, but so are all the other costs. The other costs, in fact, are going up so quickly that what may be a very high price today may be

inadequate tomorrow. I think, however, that the Wheat Board is to be congratulated on having the wheat business in such good shape that these prices can be put into effect on Monday next, still with the likelihood that a further payment will be forthcoming.

These very large sums of money that are being paid out, however, are required. In addition to the $450 million that will flow from this announcement, the final payment last year amounted to $750 million, so in the last few weeks, and in the first three months of this calendar year, there will have gone into the economy of the three prairie provinces $1.2 billion. The costs are high; the income is required, but the income is there.

I tell my honourable friend—and he is just as sincere as I am, and I hope I am sincere in doing these things in the interests of the western economy and western agriculture—that we do know that the costs are going up; we do know that for the future we are going to have to have increasing prices for grain, or there will not be the grain produced in the quantities we require.

I have to say, as the minister responsible for the Canadian Wheat Board, as a representative of Saskatchewan in the cabinet, and as a participant in the policy discussions of the cabinet, I am very pleased indeed that we were able to remove the impediments that were attached to an embargo that was not working, and that created very definite restrictions on the sales of Canadian wheat in a particular market. Those restrictions, in a major way, though not in a full way, have been removed to the satisfaction of the producers and to the satisfaction of the Canadian Wheat Board, through the signing of an agreement that will put, I estimate, an additional $450 million to $500 million in the pockets of the producers. To have achieved that in a few months, as well as getting an increase in the two-price wheat system and some other things, is not a bad accomplishment.

I agree with my friend that costs are high. I am fearful, however, that they are still going higher. The cost of fertilizer is going wild. Even with these very high prices it is debatable as to how big an increase there can be in grain production to meet the targets for markets that are available. But if Canada, because of world prices, cannot increase its production to meet the targets set by the Canadian Wheat Board, it will not only be the Canadian economy that will run short, but there will be that much less grain available for humans in the world who require it.

My honourable friend and I have worked together very closely in the past. I will be listening to his advice and hoping that we can come forward with policies that will help meet the problems that are out there.

Senator Yuzyk: In other words, you do not sound too optimistic that this price is really going to meet the costs of production, even if we are not sure what the costs of production are going to be. My question was: Do you think that this present price—and I understand there is going to be an additional payment—will keep the farmers on the farm?

[Senator Argue.]

Honourable senators, I have another question with regard to the two-price system, since you have mentioned it. The price of wheat is going up. We are aware that the price of bread is going up. The consumer is going to be worried that this announcement is going to cause the cost of bread to spiral again in the near future. Does the honourable the minister have any comments on this?

Senator Argue: I have answered that already in response to a question from Senator Haidasz.

Honourable senators, you must get this clear. This is the farmers' own money. The Wheat Board had that money until this announcement was made, and now the board is going to send it to the people who own it. That situation has absolutely nothing to do with the cost of wheat going to the millers. That cost has a ceiling on it of $7 a bushel. That ceiling is being maintained.

With regard to the costs of production, and so on, this depends on which farmer you look at. A brand new farmer who paid $500 an acre for his land, and who is paying interest at the rate of 18 per cent, perhaps needs $10 or $12 a bushel. But I have no hesitation in saying that a farmer who is 50 years of age and has his land paid for, with these announcements and with the announcements likely to be made at the end of this crop year, will make the largest gross income and, I believe, also one of the largest net incomes he has ever made. Therefore, it depends on the individual farmer.

● (1520)

There will still be young farmers who leave the farm; this trend will not be arrested. However, I am proud to say that in the agricultural industry we have progressed by this announcement and the policies followed, to meet costs and to provide a lot of extra cash in the pockets of western farmers. If you want me to worry on my feet, I will start my worrying now.

One of my worries is that a small minority of farmers, who will be in the position of having a very large net income because of this announcement, will take the huge sums of money that flow from it and start bidding up the price of land. My honourable friends can cry their eyes out for those farmers who are having difficulty—and they have my instinctive support—but I also worry that one thing that flows from this kind of announcement is a large increase in the price of land, and that is self-defeating.

BUSINESS OF THE SENATE

ANTICIPATED REPORT OF SPECIAL JOINT COMMITTEE ON THE CONSTITUTION

Hon. Allister Grosart: I have a question for the Deputy Leader of the Government. In view of the fact that an important report may be made to Parliament at the end of next week, would he indicate to the Senate at this time the plans for the sittings of the Senate for the next ten days?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am glad to be able to share with you our considerations on anticipated business for the next two

weeks. The indications are that we will not be receiving any business from the other place next week. A look at the order paper will, I am sure, persuade honourable senators that there is not enough work to keep us busy for three days next week, without our receiving further business from the other place. Senator Grosart has pointed out that the following week, however, is likely to be busy, because of the report of the Special Joint Committee on the Constitution, which is expected by Friday of next week. Therefore, what we are considering—and I will definitely give notice tomorrow—is not sitting next week but returning on Monday evening of the following week, February 9, so that we shall then be ready to deal with the report of that committee. A final decision has not yet been made, but that is the direction of our thinking on the subject. I am grateful to the Acting Leader of the Opposition for asking the question.

Hon. Jean-Paul Deschatelets: Honourable senators, may I ask a question of the Leader of the Government along the lines of the question asked by Senator Grosart? When the report of the joint committee reaches both houses, is it the intention of the Leader of the Government that the debate will proceed in the Senate at the same time as it is proceeding in the other place?

Senator Frith: That has not yet been decided. As soon as I have any information on that, I will provide it. Certainly, I anticipate that it will be received by us as a report presented by the committee's joint chairman, Senator Hays, and that it will take its place on the order paper in due course.

As to whether the report will be debated concurrently in both houses, I suggest that the other place will have to make its own decision as to how it will proceed. Certainly, at the present time our intention is to deal with it in the ordinary course, as a committee report that will find its way on to the order paper and be dealt with accordingly.

Senator Grosart: May I ask a supplementary? In view of the fact that there is possible uncertainty as to the application of our rules to the disposition made by the Senate of a report of the special joint committee, could the Leader of the Government or his deputy assure the Senate at this time that there will be adequate opportunity to debate the report when it comes before the Senate?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the proposal is to provide for adequate time to debate the report.

PRESIDENT OF THE UNITED STATES

CANADIAN REPRESENTATION AT INAUGURATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Haidasz on January 20 concerning Canadian ministerial representation at President Reagan's inauguration. In answer to the question, foreign dignitaries do not receive invitations to presidential inaugurations in the United States. It is normal practice for foreign countries to be represented only by their diplomatic corps, as Canada was. Therefore, no Canadian cabinet minister was present at President Reagan's inauguration.

FOREIGN AFFAIRS

POLAND—REQUEST FOR ECONOMIC ASSISTANCE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Haidasz asked a question the other day about Canadian economic assistance to Poland. Further inquiries have been made on this question. I would like to confirm that on January 12 the Polish Ambassador presented, on behalf of his government, several specific requests for economic assistance from Canada. As the requests were put forward in confidence, I cannot disclose details as to their substance. These requests will be given prompt and serious consideration by the Canadian government.

IRAN—RELEASE OF AMERICAN HOSTAGES—ROLE OF ALGERIA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Macquarrie on January 22 concerning thanks to Algeria for its part in the release of the American hostages in Iran.

Canada has indeed expressed its gratitude to Algeria for its part in the release of the hostages. On January 19, members of the other place unanimously passed a motion which extended our "congratulations and appreciation to the Algerian government for the key role it played in the resolution of this difficult international crisis."

On January 20, the Secretary of State for External Affairs congratulated the Government of Algeria for "acting so effectively as a go-between in the final months."

Both of these messages were passed on to Algerian authorities through our diplomats in that country.

I have a copy of the minister's communiqué issued on January 20 last. If honourable senators would like me to do so, I will ask that it be appended to today's proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of communiqué see appendix, p. 1597.*)

CANADIAN ADVISORY COUNCIL ON THE STATUS OF WOMEN

RESIGNATION OF PRESIDENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on January 21 concerning the Canadian Advisory Council on the Status of Women.

The Honourable Lloyd Axworthy sent a letter last Thursday, January 22, to the following women's groups: The National Committee on the Status of Women; The National Council of Women; The National Council of Jewish Women; The Native Women's Association of Canada; The Canadian

Research Institute for the Advancement of Women; The Business and Professional Women's Club; L'Association feminine d'éducation et de l'action sociale; La Fédération des femmes du Québec; and The Federated Women's Institute. Yesterday the honourable minister sent the same letter to the Association of Women and the Law.

The text of the letter reads as follows:

> I would like to have your views on the best means of ensuring an effective advisory council on the status of women. Women's groups were the catalyst for the council and it is your views that I value as I review the recognized structural problems of the council. To that end, I would appreciate meeting with you on February 16, 1981, at 5.00 p.m. so that together we can ensure that vital independent research on women's social, economic and legal position is available to Canadian women.

I would like to emphasize, honourable senators, that the meeting suggested by the Minister of Employment and Immigration, who is also responsible for the status of women, Mr. Axworthy, is but the first in a series to consult women's groups to hear what kind of recommendations they would like to make as to changes that will help bring about greater equality for women in Canada.

ENERGY

NEW BRUNSWICK—HOME HEATING—CONVERSION GRANTS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on behalf of Senator Olson, I have a delayed answer to a question asked by Senator Thériault concerning conversion grants for home heating. The question was as to whether the minister would inquire into the progress in discussions taking place between EMR and the Province of New Brunswick with respect to agreeing who should be entitled to the $800 conversion grant.

● (1530)

Senator Olson has been informed by his colleague, the Minister of Energy, Mines and Resources, that discussions are currently under way. A formal announcement will be made when all the outstanding issues have been resolved.

THE ECONOMY

EFFECT OF NATIONAL ENERGY PROGRAM—CAPE BRETON DEVELOPMENT CORPORATION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have another delayed answer to give on behalf of Senator Olson in respect of a question asked by Senator Muir on January 21 concerning the Cape Breton Development Corporation. His question was as to why Devco is contemplating changing to oil one of its heating plants that is to be renovated.

Senator Olson is informed that the facility referred to by the honourable senator in his question is the Point Edward Marine and Industrial Park. The park is being reconverted and electrical heat will be used for the occupied units. The park was originally designed as a temporary facility during World War II. Today, less than a quarter of the facility is being used and it is no longer economical to heat the entire facility by coal. It is anticipated that the reconversion to electricity will make it more energy efficient.

With regard to the honourable senator's specific concerns about the kind of heating used, Senator Olson would want to remind him that more and more electricity in Nova Scotia is coal-generated, reducing even more the dependency on oil.

NATIONAL REVENUE

ORIGINAL WORKS OF ART—CLASSIFICATION UNDER DUTY-FREE TARIFF ITEMS

Question No. 39 on the Order Paper—**By Hon. Hartland de M. Molson:**

1. What is the policy of the Department of National Revenue concerning the evidence that an importer of original works of art must provide so that such works will be classified under a duty-free category such as Tariff Items 69515, 69520 or any other such duty-free category in the *Customs Tariff*?

2. Has there been a recent change in this policy and, if so, what was the previous policy and what was the reason for the change?

3. Supply any and all policy directives concerning this matter.

Reply by the Minister of National Revenue:

1. The Department will allow importers to enter goods free of duty under tariff items 69515-1 and 69520-1 providing the importer certifies that the goods are originals and by artists. Further, the goods must be properly described on the Customs invoice, stating the name of the artist, the medium, the dimensions, the title and the approximate date of completion. Mass produced, catalogue art, works produced by mechanical means and works not meeting these requirements are dutiable under tariff item 18000-1 (*appendix "A" attached*).

2. Steps were taken ordering more stringent application of policy guidelines which had been issued in 1975 (*appendix "D" attached*). To alleviate the burden of determining if imported works of art were originals by artists or not, the Department requested that shipments of art be accompanied by third party certification by public galleries or museums (*appendix "B" attached*). In view of recent representations by the visual arts community the administration of tariff items 69515-1 and 69520-1 is being reviewed (*appendix "C" attached*).

3. See attached appendices.

APPENDIX "A"

TARIFF ITEM 69515-1

Original sculptures and statuary, including the first twelve replicas made from an original work or model; assemblages:

The professional production of artists only and valued at not less than seventy-five dollars each.

TARIFF ITEM 69520-1

Original paintings, drawings, collages and pastels by artists;

Engravings, etchings, lithographs, woodcuts, maps and charts, printed prior to 1st January 1900;

Original engravings, etchings, lithographs, woodcuts, unbound, printed from plates or blocks wholly executed by hand, and signed by the artist or, under regulations by the Minister, authenticated by or on behalf of the artist;

Serigraphs and photographic or photomechanical representations, numbered and signed by the artist or, under regulations by the Minister, authenticated by or on behalf of the artist;

Any combination of the foregoing media, numbered and signed by the artist or, under regulations by the Minister, authenticated by or on behalf of the artist.

TARIFF ITEM 18000-1

Photographs, chromos, chromotypes, artotypes, oleographs, paintings, drawings, pictures, engravings or prints or proofs therefrom, and similar works of art, n.o.p.

For purposes of the administration of Tariff Items 69515-1 and 69520-1,

"original" is understood to mean:

—Conceived of by the artist and controlled through to completion to that individual. This does not preclude the possibility of more than one individual being involved in the execution.

—Created entirely by hand. Art wholly or partially the result of other processes is excluded (i.e. when stencils, masks or programmed instruments are involved). Original work may not be a reproduction, copy or near-duplicate of any other.

"artists" are understood to be:

—Those recognized as such by the curatorial community.

APPENDIX "B"

Telex Message dated September 29, 1980, from J. T. Vachon, Director, Machinery, Agriculture & Electrical Products Classification, Directorate I, Tariff Programs (Classifications), Revenue Canada, Customs and Excise, Ottawa:

Effective immediately, immediate release privileges are not/not to be accorded commercial importers or brokers entering goods under Tariff Items 69515-1 or 69520-1, unless such entries are accompanied by certification from an official of a public gallery or institution in a country familiar with the artist's work. Goods not/not certified are to be admitted under Tariff Item 18000-1 or according to material at time of entry. Importers will of course be eligible for refund of duty per usual procedures upon presentation of appropriate certification.

APPENDIX "C"

Communiqué dated November 10, 1980, from Revenue Canada, Customs and Excise:

OTTAWA . . . The Honourable William H. Rompkey, Minister of National Revenue, met with representatives of the visual arts community in Canada recently to consider representations regarding the Customs administration of tariff items 69515-1 and 69520-1. These tariff items provide for duty free and tax exempt entry of various designated works of art.

The Minister was sympathetic to these representations and agreed that a committee should be formed to consider the interpretation of the legislation and to define mutually acceptable procedures for administering the tariff items. The committee will consist of representatives of the arts community in Canada and officers from the Departments of National Revenue and Finance and from the Arts and Culture Sector of the Department of Communications.

The committee will present its recommendations as soon as possible. In the meantime, the administrative requirement which was introduced several months ago regarding the provision of certificates from public institutions of the arts concerning the artists and the originality of individual works of art has been withdrawn.

APPENDIX "D"

ADMINISTRATIVE POLICY REGARDING TARIFF ITEM 69520-1

This supersedes all previous Memoranda issued for the administration of Tariff Item 69520-1. Please ensure that field officers cancel previously issued related directives.

The following explanation defines the goods provided for in tariff item 69520-1 and the requirements for entry therein. Attached for your information is the present wording of the tariff item and a guide to the sales tax treatment of the goods provided for thereunder.

Under the initial provision, "Original Painting, Drawings, Collages and Pastels by artists", "Original" refers to paintings, drawings or pastels that are broadly speaking one of a kind, in that the artist has produced a work

entirely executed by hand, the production of which he has controlled entirely from conception to completion. Therefore, it follows that an original painting is unique and all subsequent copies which are modelled from the original are classified under Tariff Item 18000-1.

The following examples of paintings are held not to be originals and the methods utilized for their production clearly reveals the differences between original paintings and others.

Typically, an artist is presented with a painting or a photograph and instructed to reproduce as many copies of the model as quickly as possible, according to order. That is, the paintings he is producing are often catalogue ordered for repeat business.

The artist is utilized as a tool of production while not exercising any of the functions related to originality. Plant management having surveyed the market and designed the product to satisfy that market, while at the same time factory production methods are used that are compatible with mass distribution marketing practices generated by repeat order business.

Paintings exported in quantities from South Korea, Hong Kong, Taiwan and other S. East Asian countries are produced for the Western export market and therefore the subjects are western. There are no Eastern landscapes in these shipments, neither oriental street scenes, nor portraits of orientals. Rather, the subjects are Western landscapes with and without mountains, North American forest scenes, European street scenes depicting Paris and New York, Venetian Canals and Italian Villas.

These paintings are usually oils on canvas signed with Anglophone names often misspelled, and signed not by the painter but by the factory foreman; certain signatures are ordered. Often, paintings are signed after importation.

Many of these paintings are imported through the U.S. Often a Canadian or U.S. rented truck loads up with these paintings in Detroit or New York, for sale at a Canadian Hotel. This sale has been heavily advertised the week before and when the sale is finished, of course the non-resident importer disappears.

There are some paintings originating from the Far East on velvet, but the majority of velvet paintings are produced in Mexico, usually by family cottage industries. These are manufactured in very large quantities utilizing the following methods.

The subjects are stencilled, masked and screened on the velvet and touches are then added by hand. Blending is achieved by dipping a rag in gasoline. Air brushes are often employed and the air brush splatter is plainly evident. The subjects are bulls, bullfighters, senoritas, landscapes and Disneylike characters. I am sure you have seen many examples of these in shopping plazas and furniture stores.

Factory produced paintings from Italy, Austria and other parts of Western Europe, are appearing in Canada in quantity. These are more expensive than the Far Eastern versions and are executed in oils on canvas, usually showing more attention to detail, the subjects are European alpine landscapes, seascapes and "old codger" type portraits, bearded elderly gentlemen puffing away on pipes. The frames are often from the Far East.

Paintings produced in the U.S. that are exported to Canada are usually on hardboards such as masonite, chipboard or canvas like materials. Frames are narrow, utilitarian, often of plated metals. The subjects, "cutesy, juvenile children, and animals, titled "Taffy", "Fluffy", "Little Ballerina" and so on, and usually signed with surnames only, such as Thomas. Other typical subjects include fleets of galleons, Spanish villas and semi-abstractions of birds in flight, commercial building complexes and ruins, packaged in plastic with advertising inserts attesting to their originality. The backgrounds of these U.S. produced pictures are silk screened, as are the outlines of the objects in the pictures. When orders are received which are selected from their widely distributed catalogues, dozens of these screened backgrounds are lined up and the factory artists then heavily paint out and literally cover up the screened lines. In addition to screens, templates, masks and stencils are used. When completed the production manager then signs each picture with a fictitious "arty" surname. Variations on this basic theme occur, such as certain employees in the team specializing in masking or stenciling in mountains, buildings, etc., or the foreman, in addition to signing everything produced, adds the final touches here and there.

These paintings are, for the most part, produced in California in factories called "studios" and are advertised as hand painted originals by famous California artists.

Both U.S and Far Eastern produced paintings are drummed by salesmen travelling throughout Canada calling mostly on furniture and department stores soliciting orders and assuring the purchasers that these paintings are originals and, therefore, free of duty and exempt sales tax. Of course, the actual importer of the paintings is the furniture store, who is responsible for the duty and taxes. The salesmen acting as non-residents and representing foreign exporters bear no legal responsibility.

The provision for "Engravings, Etchings, Lithographs, Woodcuts, Maps and Charts, printed prior to 1st January, 1900" applies to prints that have been produced by the following printing processes:

Engraving

A printing process where the printing plate either wood or metal or any other material that has had a design or picture cut or inscribed on its surface enabling the ink to run into the scribed portion of the plate. The untouched level surface of the plate is wiped clean and the ink in the "grooves" is deposited on paper making the print.

Etching

A printing process substantially the same as engraving except that the plate which is metal is made by a process where the design or picture is cut or inscribed on its surface by acid.

Lithography

A printing process on which the design or picture is drawn directly on a lithographic stone. The Lithographic Print, or Lithograph is obtained by pressing a paper sheet to the stone which has been inked.

Woodcuts

Woodcuts are prints obtained from a printing process using printing plates made from wooden blocks carrying a design or picture in relief, the background being carved out. This relief surface when inked will reproduce the image on the paper to be printed.

Maps and Charts

Maps and charts printed by any process may be admissible here provided they have been printed prior to 1st January, 1900.

Engravings, Etchings, Lithographs, Woodcuts, Maps and Charts printed prior to 1st January, 1900, need not be signed or numbered.

The provision for "Original Engravings, Etchings, Lithographs, Woodcuts, unbound, printed from plates or blocks wholly executed by hand and signed by the artist or, under regulations by the Minister, authenticated by or on behalf of the artist", applies to prints produced by the aforementioned printing processes. In addition, the plates or blocks used in the production of these prints must be wholly executed by hand.

Originality for the purposes of this provision is defined as the work of an artist who has performed every step in the creation of the master design on a suitable medium from which the prints are pulled. It should be noted that Original Prints are limited in edition. Where the edition is not specified, it is limited only by the number of perfect proofs that can be pulled from the plate.

Original Engravings, Etchings, Lithographs and Woodcuts to qualify for this provision must be hand signed by the artist. Usually, these are signed on the face of the print.

Prints signed "in the block" are held to be not signed by the artist. In the block means that the signature is engraved, etched, etc., in the plate and when the print is pulled from the plate, it bears the printed signature.

The provision for Serigraphs and Photographic or Photomechanical Representations applies to prints numbered and signed by the artist or, under regulations by the Minister, authenticated by or on behalf of the artist.

A serigraph is a print produced by the silk screen printing process. The silk screen in effect is the printing plate.

A Photographic or Photomechanical Representation is a print that has been produced using a printing plate made through a photographic or photomechanical process.

Serigraphs and Photographic or Photomechanical Representations must be both signed and numbered by the artist by hand to qualify for this provision. The numbered print should indicate the number of prints produced in the edition.

Under the final provision "Any combination of the foregoing media, numbered and signed by the artist or, under regulations by the Minister, authenticated by or on behalf of the artist"; articles that are produced through a combination of the techniques defined previously are provided for here. They must be numbered and signed by the artist by hand.

Obviously, combinations that will be encountered generally will be prints that have been pulled from plates that have been worked using more than one technique. For example, a plate photomechanically etched and then hand engraved.

Difficult cases should be forwarded for headquarters' attention.

November 28, 1975

P. C. Hannan
A/Director
Customs Tariff Division

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1981

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-56, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other acts subsequent to 1970.

He said: Honourable senators, Bill C-56 is just what it purports to be in its title. The question, I suppose, is how we are to know that the anomalies and inconsistencies and so on are matters of a non-controversial and uncomplicated nature. The answer to that question is that this is the fourth and final stage of what has become a traditional four-step process.

The first step is that the law officers of the Crown gather together those anomalies, inconsistencies, et cetera, which, as stated, fall under the generic term "non-controversial and uncomplicated." The law officers draw the information for that list from various sources: from the study of bills, from people noticing that there are inconsistencies, archaisms and anomalies, and sometimes from the fact that they appear in the course of a judgment of a court. In other words, they come to light in various ways. In any event, the important point is

that for these purposes they must fall within the definition: "non-controversial and uncomplicated."

The next step, then, is for the law officers to prepare the document called "Proposals to Correct Certain Anomalies, Inconsistencies, Archaisms, Errors and Other Matters of a Non-Controversial and Uncomplicated Nature." I believe that in the other place that document is then referred to its Justice and Legal Affairs Committee, and I know that in the Senate it is referred to the Standing Senate Committee on Legal and Constitutional Affairs. The reference of this document containing these routine or non-controversial items to the committee is simply for the committee to verify, first, that there are such anomalies, et cetera, and then, more importantly, that they are non-controversial and uncomplicated. The committee then studies all the suggestions contained in the proposal.

In the case of the Senate, the reference was made to the Standing Senate Committee on Legal and Constitutional Affairs in July. Senator Donahoe, the distinguished deputy chairman of that committee, presented the report of the committee, which you will find reproduced at page 612 of the *Minutes of the Proceedings* for Wednesday, December 3, 1980. In the report, four deletions and several additions are suggested at page 613 of the *Minutes of the Proceedings*.

Having given you that insight into the work of the committee, let me return to the steps followed by the law officers. The law officers of the Crown then take the results of the work of the Justice and Legal Affairs Committee of the other place and of the Standing Senate Committee on Legal and Constitutional Affairs—which, as I pointed out, was in this case under the chairmanship of Senator Donahoe—and they move on to the fourth stage, which is what we have in front of us today, namely, the actual bill, the bill having been reviewed, verified and purified by this process of committee study in both places.

In the present case, Bill C-56 in fact went through all three readings in one day in the other place because of the assurance that it represented simply the final form of the four-stage process I have been talking about.

For those reasons, honourable senators, I move that this bill be read a second time now.

Hon. Richard A. Donahoe: Honourable senators, I support second reading of this bill. As has just been well described to us, it is an unusual bill in its genesis, so to speak, because it comes before us in a slightly different manner from that in which the ordinary bill does. It might almost be termed a pre-digested bill, because it arrives in this chamber after having had most careful and exacting scrutiny in both the Justice and Legal Affairs Committee of the other place and the Standing Senate Committee on Legal and Constitutional Affairs.

Ordinarily, when one rises to speak on second reading of a bill, one intends to discuss the principle of that bill. However, Bill C-56 is of such a nature that one would almost have to be a magician to say what is the principle of this bill. The purpose of the bill is to avoid a multiplicity of individual amending acts having to be passed in order to bring about the desired refinements and improvements, because, if all of those acts were dealt with in the ordinary way, it would cause a good deal of clogging of the machinery of the legislative process; whereas, by using this procedure which Senator Frith has just described, we have anticipated all of the changes and have gone into them carefully.

If I may say so, honourable senators, this particular bill, the subject matter of which, I understand, forms an annual or roughly annual bill, has had close and exacting scrutiny. I should like to be honest with the house and admit that, when the bill first reached us, there were some in the committee who were of the opinion that the bill could be accepted as having had considerable scrutiny before it ever reached the Senate and that, therefore, an exacting insight into it was not required on the part of the members of the Senate committee. There were, however, others on the committee who were, I like to think, more conscientious and who felt that that was not doing justice to the obligation put upon the committee when the matter was referred to it by this chamber.

It may be invidious of me, or improper for me, to mention individuals, but there developed what one might almost call a self-constituted committee of one in the person of Senator Smith, who undertook to do a close and exacting review of the material. Subsequently, he furnished the committee with a written summary or précis of the results of his review. The committee then spent considerable time giving its thought to the comments brought forward by Senator Smith on the various clauses of the bill. As a consequence of that study, the committee saw fit to make one or two further deletions from the bill, as Senator Frith has alluded to, and, as I mentioned on a previous occasion, opposition to any one clause of the bill by any one person was considered sufficient cause for deletion. That was the policy followed before the Justice and Legal Affairs Committee of the other place, and the same policy was followed when the matter was before our committee. Some members of the committee thought that one or two clauses went beyond merely being the removal of anomalies and so on, and that they perhaps entered into matters of substance and were not appropriate for treatment in this way. Consequently, those were deleted. One or two other clauses were added because they had been brought forward having belatedly been realized to be appropriate material for inclusion in this bill.

● (1540)

I do not know if I have said anything that is informative in any way to anyone, but it does explain why I am of the opinion that it is perfectly proper that second reading be given to this bill. I would, therefore, urge all honourable senators to agree and vote for second reading.

I suggest that there is no necessity whatever for referral of this bill at this stage—as would ordinarily be the case—to a committee for consideration, that, as I have said, having already been accomplished before the bill reached us this afternoon.

I, for one, would support second reading of this bill. Furthermore, it would seem to me to be entirely appropriate, if anyone saw fit, that immediately after second reading third

reading be proceeded with. I would have no objection whatever to that course being followed, although I do understand that some members of the chamber wish to say a word on this bill before it proceeds further.

Hon. G. I. Smith: Honourable senators, in a moment I propose to move the adjournment of this debate. I very much appreciate Senator Donahoe's kindly reference to myself in connection with the bill. There are, however, some matters the committee disagreed with me upon. Unfortunately, I had to attend another committee meeting, and through no fault of the committee I did not have an opportunity to present those views verbally. I do not know whether they will be any more persuasive if presented verbally than they were in the memorandum the committee very patiently examined at the request of Senator Donahoe, but I should like to consult the memorandum I made and have an opportunity to make a few comments concerning one or two matters contained in this bill.

The gist of my remarks will be that there are some matters contained in the bill which, although they may seem to be perfectly innocent, have substantial implications for many people in the country. That is a consideration which, I believe, ought to be before, not only the drafters of the bill but also before anyone who has to do with the legislative process.

Having given that very brief explanation today, I move that the debate be now adjourned.

On motion of Senator Smith, debate adjourned.

PRIVATE BILL

ROYAL CANADIAN LEGION—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Health, Welfare and Science on Bill S-15, respecting The Royal Canadian Legion, which was presented yesterday.

Hon. M. Lorne Bonnell moved the adoption of the report.

He said: Honourable senators, before the report is adopted, I should explain to you why the committee suggested an amendment.

On Wednesday, January 21, 1981, the Standing Senate Committee on Health, Welfare and Science met to consider Bill S-15, respecting The Royal Canadian Legion. We had as witnesses the President of the Dominion Command, Mr. A. L. Harvey; the Secretary of the Dominion Command, Mr. J. E. A. J. Lamy; and the Administrative Officer of the Dominion Command, Mr. Stanley Walpole.

As you know, Bill S-15 was introduced in the Senate on November 13, 1980; on November 19 second reading was moved by Senator Godfrey; on December 9, Senator Marshall spoke on the bill; on December 10, Senator Macdonald spoke on the bill; and on December 16 Senator Godfrey closed the debate and moved that the bill be referred to the Standing Committee on Health, Welfare and Science. As a consequence of the carrying of that motion, the committee considered the bill and reported it with one minor amendment.

As you will note in column II of Schedule II of the original bill, in describing one of the trade marks of the Legion, namely, the poppy, it states:

> The petals are red and the centre portion is black.

We were advised by the Dominion Command that the Legion wishes to have that wording amended so that column II of Schedule II will now read:

> The petals are red and the centre portion is green.

We were advised by the Dominion Command that originally the petals were red and the centre portion was green. Some years ago the handicapped veterans who made the poppies for the Legion ran short of green material and changed to a black centre portion. Now that the green material is in plentiful supply, the Dominion Command has requested that the poppies revert to the original colours of red petals and a green centre portion.

This amendment was accepted unanimously by the committee, and I was authorized to report the bill, as amended, to the Senate.

Motion agreed to and report adopted, on division.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. John. M. Godfrey moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

STATE IMMUNITY BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator van Roggen, seconded by the Honourable Senator Langlois, for the second reading of the Bill S-19, intituled: "An Act to provide for State Immunity in Canadian Courts".—(*Honourable Senator Flynn, P.C.*).

Hon. Allister Grosart: Honourable senators, this debate stands adjourned in the name of Senator Flynn, the Leader of the Opposition, who, as honourable senators know, is away in Washington this week on public business. There is no intention whatsoever of holding up any further discussion on the bill. Senator Flynn adjourned the debate in case any other honourable senator wanted to participate.

Therefore, in view of the fact that we may not be sitting next week, if any other senator wishes to participate in the debate at this time, I would say on Senator Flynn's behalf that he would be glad to yield.

Senator Frith: Including tomorrow?

Senator Grosart: Yes.

Order stands.

• (1550)

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, might I ask that this item be placed on the Orders of the Day for February 9 in the name of Senator McGrand? The order now stands in my name on behalf of Senator McGrand, but I understand that he will be back then.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1589*)

DEPARTMENT OF EXTERNAL AFFAIRS

COMMUNIQUE No. 7

JANUARY 20, 1981

AMERICAN HOSTAGES' RELEASE IN IRAN: CANADIAN REACTION

The Secretary of State for External Affairs, Dr. Mark MacGuigan, today welcomed the safe release by the Iranian authorities of the 52 Americans who have been held hostage in Iran since November 4, 1979.

In expressing his relief that the long ordeal of the hostages and their families was now over, the Secretary of State for External Affairs noted that this happy outcome is a vindication of international law, which Canada and other countries have sought to uphold. He congratulated the Government of the USA on the patience and wisdom it has shown in the negotiations for the hostages' release, and the Government of Algeria for acting so effectively as a go-between in the final months.

The Secretary of State for External Affairs confirmed that the Government would shortly review all those measures to curtail relations with Iran which have been implemented since the hostage-taking began. He noted that at the time a number of these measures were announced, on May 22, 1980, the Government indicated it would act to remove the restrictions then being imposed once the hostages were released. The question of re-opening the Canadian Embassy in Tehran will also be examined.

The termination of sanctions would in no way constitute a change in Canada's wish to remain strictly neutral in the conflict between Iran and Iraq, or in Canada's support for the UN Security Council Resolution calling for mediation between the two sides.

The Canadian Government hopes that these developments will make possible the full resumption of normal relations with the Islamic Republic of Iran in the near future.

THE SENATE

Thursday, January 29, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Agreement between Canada and Portugal on Social Security, done at Toronto, December 15, 1980, together with Order in Council P.C. 1981-78, dated January 15, 1981, approving same.

Report of the Department of Energy, Mines and Resources for the fiscal year ended March 31, 1980, pursuant to section 5 of the *Department of Energy, Mines and Resources Act,* Chapter E-6, R.S.C., 1970.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government) moved, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Monday, February 9, 1981, at 8 o'clock in the evening.

He said: Honourable senators, for the benefit of senators who might not have been in the chamber yesterday when the Acting Leader of the Opposition asked about our business for the next couple of weeks, this motion is being proposed today because the other place has advised us that we cannot expect any business from them next week. As I mentioned yesterday, a quick perusal of our order paper indicates that there is not likely to be enough work to keep us fully occupied for three days next week.

For those two reasons, plus the fact that the following week promises to be busy, since the Special Joint Committee on the Constitution will likely have reported by Friday, February 6, we are proposing that we not sit next week, but that we resume early the following week, at 8 o'clock in the evening of Monday, February 9.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, there is little I can add to the statement made by my honourable friend, except to say that I agree with him that the work of the Senate is in good shape. We are up to date on all our pressing undertakings, and I agree that it would be appropriate for us to adjourn in the fashion he suggested.

I do not know whether I should get into a discussion with him as to the likelihood of the joint committee's reporting by February 6. There have been suggestions that that date is not practicable. However, leaving that to one side, I would say that we would be glad to support his proposal.

Motion agreed to.

• (1410)

STANDING RULES AND ORDERS

COMMITTEE AUTHORIZED TO MEET DURING ADJOURNMENTS OF SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the Standing Committee on Standing Rules and Orders have power to sit during adjournments of the Senate.

He said: Honourable senators, before the motion authorizing the Standing Committee on Standing Rules and Orders to sit during adjournments of the Senate is passed, may I, in order to keep you fully informed of the consequences of the adjournment motion we have just passed, advise you of the various committee meetings that I have been informed are scheduled for next week? They are as follows: the Standing Committee on Standing Rules and Orders, the Special Joint Committee on the Constitution of Canada, the Standing Senate Committee on Transport and Communications, and the Standing Joint Committee on Regulations and other Statutory Instruments.

The Special Joint Committee on the Constitution of Canada has within its terms of reference now the power to sit while the Senate is adjourned, so there is no problem in that respect. The Standing Joint Committee on Regulations and other Statutory Instruments also has the power to sit during adjournments of the Senate, so there is no problem there either. Whether it will or will not sit, I am not aware. I understand that the meeting of the Standing Senate Committee on Transport and Communications was to be routine in nature—I do not say that in any deprecatory way—and would not require the attendance

of witnesses from distant points; or, at least, witnesses would not be inconvenienced if the committee were not to sit.

The motion before us now is simply to give the Standing Committee on Standing Rules and Orders the power to sit in case that committee wishes to sit during the adjournment period.

Senator Smith may have some remarks to address to us with respect to the Transport and Communications Committee. Perhaps I was not quite accurate in what I said concerning that committee.

Hon. G. I. Smith: Honourable senators, I thank the deputy leader for his invitation to make a comment or two. It is my understanding, which unfortunately I did not confirm before coming into the chamber, that it is likely there will be witnesses from outside this area in attendance at the Transport and Communications Committee meeting scheduled for next week. Consequently, I should like permission to raise the matter again after I have had a chance to ascertain what the situation is. I feel it will likely be the wish of the committee to postpone that meeting next week in view of the circumstances, but not being absolutely sure of that I should like the opportunity to ascertain the views of the members, if I may.

Senator Frith: Honourable senators, that proviso is entirely acceptable. Either that committee will postpone its meeting for next week, or, if it wishes to meet, it will ask for authorization to do so.

Hon. John M. Godfrey: May I just inform the Senate that the Standing Joint Committee on Regulations and other Statutory Instruments will be meeting next week?

Senator Frith: Was I correct in saying, Senator Godfrey, that it does not need to ask for permission?

Senator Godfrey: That is correct.

Hon. Allister Grosart: May I ask the Deputy Leader of the Government whether the Standing Senate Committee on Foreign Affairs has been given the power to meet while the Senate is adjourned?

Senator Frith: I was not aware that that committee was scheduled to meet next week, honourable senators.

Senator Grosart: If my information is correct, Senator van Roggen intends to have that committee meet at 1.30 p.m. on Tuesday next. That information came to me not long ago. Perhaps the deputy leader would care to check into that.

Senator Frith: The information I gave you a moment ago I obtained from a memorandum given to me by Senator Lafond. I had asked him yesterday to check the various committees, but it may be that someone overlooked that particular meeting, if it is scheduled. Certainly, if Senator van Roggen wants the committee to meet, it should be given the power to do so. Senator van Roggen not being here, perhaps we should give the committee the power to meet, in any event, because it does not have to meet just because it has the power.

Hon. Hartland de M. Molson: Honourable senators, I must say that I am somewhat embarrassed by this particular motion owing to the fact that just today I circulated a memorandum to the members of the Standing Rules and Orders Committee informing them that the next meeting of the committee would probably be early next week. In fact, I believe the committee members have only just received this memorandum and I should now say that I am sorry it came out prematurely. However, that was my understanding.

• (1415)

I should say to the chamber that the Standing Committee on Standing Rules and Orders, following the instruction to consider the matter of how the report from the Special Joint Committee on the Constitution can be dealt with, has held five meetings of reasonable length and has done a great deal of work on this subject. It is most anxious to present its report to the chamber before the report of the Special Joint Committee on the Constitution is presented, because it is undesirable that the report of the Special Joint Committee on the Constitution should to be received before the report of the Rules Committee on how we should deal with it.

Under the circumstances that have arisen, where there is no clear understanding as to the views of the members of the Rules Committee, I accept the fact that the best we can do is meet on Monday, February 9, before the Senate sits, in the hope of being able to present a report at the beginning of the sitting and before the presentation of the report of the Special Joint Committee on the Constitution.

Senator Frith: Honourable senators, a good deal of the embarrassment, as the chairman of that committee has pointed out, is caused by a little contretemps today because Mr. Belzile telephoned me to ask about the meeting for Tuesday. I had to tell him and the chairman subsequently that one of the desired objectives of the committee could not be met by Tuesday. For this reason the committee will have to meet on Monday, February 9, in order to have that committee's report appear ahead of the report of the Special Joint Committee on the Constitution on the order paper.

I support what Senator Molson has said, and accept part of the blame for the position in which he finds himself.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I was just going to raise that point but it has now been clarified by my honourable friend and I thank him for the clarification.

Since the committee most certainly will not meet next week, may I suggest that if the committee does meet the following week, it meet on Monday afternoon rather than on Monday morning because of the transportation requirements of some of the members of the committee?

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

EFFECT OF NATIONAL ENERGY PROGRAM

Hon. Richard A. Donahoe: Honourable senators, my question is for the Minister of State for Economic Development. I see that the President of the Canadian Chamber of Commerce, a former President of the Canada West Foundation and former Liberal member of the Manitoba legislature, has been making pronouncements; and in the last week Mr. Roberts joined Mr. R. M. Thomson, the Chairman of the Toronto Dominion Bank—and a good many other people, I may say—in saying that the National Energy Program would produce, "a national disaster." Those are Mr. Roberts' words, not mine. He accompanied his statement by the prediction that exploration will decline by one-third. He claimed that the government's failure to move closer to world prices defeats the goals of conservation and, in addition, discourages private investment in research and exploration.

My question to the minister is: Are we going to continue to hear the rhetoric of the government, expressed last week by the Minister of Energy, about going to all lengths to reach an agreement with Alberta, or may we hope that the government will modify its policies so that the energy industry can be convinced of the government's genuine concern that Canada become energy self-sufficient?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not think I should comment directly on some opinions that have been expressed by the gentleman who has been named by the honourable senator except to say, perhaps, that we disagree with his conclusions. When he uses terms such as "national disaster", I would hope that he puts the same interpretation on those words as I do.

• (1420)

I also point to some earlier statements that were made by the same gentleman. I think it is fair to say that most of his predictions have not materialized.

I can give my honourable friends opposite an update of what has taken place in the drilling activities this year. There were 532 active rigs in Canada on January 20, 1981, compared to 496 on January 22, 1980. In effect, drilling activity has been maintained at an appreciably higher level than it was during the same period in 1980. What is going on as of January 20, 1981 represents a record high level for the time of year.

It was stated in the Speech from the Throne, and in the book entitled *The National Energy Program*, that the energy sector will be, indeed, part of Canada's economic expansion in the 1980s. We believe that to be the case still. The figures which come out from week to week bear that out. There is, of course, a problem with respect to some of the activity as compared to last summer related to what might happen in 1981, but let me remind you that the Executive Director of the Canadian Association of Oilwell Drilling Contractors stated last October—long before the National Energy Program came out—that the association expected a 30 per cent reduction in wells being drilled in 1981 as compared to 1980, and that this related directly to the surplus of natural gas wells.

I have said in this house previously that there are some 9,000-odd capped wells in Alberta now. The industry recognized long before October that continuing the rate of drilling, especially the development of known existing gas fields, had gone on for a number of reasons that I will not explain again. That had gone on to the point where any further capital investment at those levels was unjustified until there was a higher cash flow from higher market sales in that sector.

Senator Donahoe: I thank the minister for his sanguine interpretation of what is going on in the oil exploration and energy development fields.

Hon. Raymond J. Perrault (Leader of the Government): Accurate; not sanguine.

Senator Donahoe: I noticed that in describing what is taking place, he made no reference to recent events that would, it seems to me, have a serious and deleterious effect upon the pursuit of energy in this country. Only yesterday, the United States removed its final controls on oil prices. This sets the stage, obviously, for a boom in energy investment in that country. We know the Canadian dollar fell by half a cent.

I do not know whether it is true or not, but in some quarters it is alleged that the decline in the value of the Canadian dollar is attributable to the action of de-control having taken place in the United States.

In light of these developments, is the minister still firm in his conviction that the regime created by the National Energy Program remains sufficiently attractive to promote growth in drilling rig activity during 1981?

Senator Olson: Honourable senators, the preamble that it is alleged in some quarters does not give the question a sound basis. So, I will disregard it for the moment.

Senator Donahoe: There is no doubt that the dollar fell.

Senator Olson: You are trying to attribute certain factors to that. If you want to take the responsibility for that adjudication, that is fine. To say that it is alleged in some quarters does not impress me too much.

Senator Perrault: It is pretty shadowy stuff.

• (1425)

Senator Olson: In any event, there is also a comparable change that takes place some place else when that kind of decision is made, and in this instance it was that gasoline went up three cents a gallon immediately, with the probability of further increases.

If my honourable friend wants to tell us publicly that he supports that kind of activity—just let the consumer pay any amount, regardless of the cost or any calculation with respect to the impact of such costs in the country where it is produced—let him have the courage to say that.

An Hon. Senator: A Tory policy.

Senator Donahoe: A supplementary. No one is interested in what my opinions may be on those matters, but a great many people are interested in the opinions of the minister, and my question was whether or not he believes that what is transpiring in the United States is in effect going to be a further deterrent to energy development programs in this country.

By making the energy development programs in the United States that much more attractive, does it not follow that they become correspondingly less attractive in this country?

An Hon. Senator: That is the issue.

Senator Olson: That is not all that is involved in the question, because however one replies to that question, that is only one side of the consideration. The other consideration relates to the speed at which we concur in the escalation of energy prices in this country.

THE ECONOMY

NATIONAL ENERGY PROGRAM—EFFECT ON CANADIAN DOLLAR

Hon. Lowell Murray: A supplementary, honourable senators. Will the minister say whether it is his contention that the energy policies of the federal government have the effect of exerting upward pressure on the Canadian dollar, downward pressure on the Canadian dollar, or whether the effect of those energy policies on the Canadian dollar is neutral.

Hon. H. A. Olson (Minister of State for Economic Development): If you are going to ask that kind of a question, you have to put it in a time frame.

SCIENCE AND TECHNOLOGY

RESEARCH AND DEVELOPMENT—STATEMENT BY MINISTER

Hon. C. William Doody: I am not sure whether that last comment of the minister was an answer to the question, but I have a question for the usually forthright minister responsible for Economic Development. My question deals with the research and development situation—

Senator Donahoe: Unusually forthright.

Senator Doody: Well, he usually is forthright.

Senator Donahoe: There is nothing usual about his forthrightness.

Senator Doody: He usually is, I must say. Very loquacious—not informative, but loquacious.

Very recently the Minister of State for Science and Technology announced that the 1978 objective of the Liberal government's policy of having 1.5 per cent of GNP devoted to research and development was nothing more than a pious hope. That was a quotation attributed to the Minister of State for Science and Technology—

Hon. H. A. Olson (Minister of State for Economic Development): It must have been a Tory minister, because our target is to get there by 1985.

Hon. Raymond J. Perrault (Leader of the Government): An allegedly rumoured statement.

Senator Doody: I do not know what is being attributed to the Tory party—whether it was the pious part of it or the hope part of it.

An Hon. Senator: You need a lot of hope.

Senator Doody: In any event, the statement was made by the Liberal minister. The second part of the minister's statement was that he hoped to move the research and development budget ahead by offering a series of "sticks and carrots" to the Canadian public.

I certainly do not commend him on his choice of words. It is most ineloquent and not very complimentary to the Canadian public. In any event, I am wondering whether the minister can tell us what his colleague means by "sticks and carrots."

Senator Olson: Honourable senators, I do not know that I agree that it was said in that way, but if my honourable friend would like some words that would more accurately and literally describe what is there, the words "incentives" and "disincentives" could be used.

Senator Perrault: Carrots help your vision, for heaven's sake.

Senator Doody: Was that an intervention, or were you trying to be helpful?

Senator Perrault: It is a bit of wisdom flowing forth.

Senator Doody: If the government leader wishes to attempt to add some wisdom to his usual statements, I shall certainly be pleased to sit down and listen to him. It would be a welcome change.

Since we did not get very far with the sticks and carrots, perhaps the minister responsible for Economic Development, who is Chairman of the Economic Development Committee of the government, can explain to us how arbitrary cuts can be made in what appears to be the cornerstone of an economic development policy, the research and development program of the government, without having put an industrial strategy or a development strategy in place.

Is there an inconsistency there, or am I missing the point?

• (1430)

Senator Olson: There is no inconsistency there at all. I am not sure whether the honourable senator is missing the point or not. He will have to make that decision for himself, even though I may have some views on it.

The attainment of 1.5 per cent of GNP for R & D by the end of 1985 is not a pious hope but a declared target by this government. My honourable friend should also be aware that it was never said, expressed, implied or intended that the entire 1.5 per cent of GNP devoted to that purpose should come out of the federal treasury. It would come from the federal government, industry and other participants in economic development, perhaps including the provincial governments.

The one thing that I am concerned about, and I have indicated this at all of the meetings I have attended with

businessmen, labour unions and provincial governments across this country—I have been to five of them so far—is that we ought to be using increased federal expenditure—and the minister directly responsible agrees with that view—for the purpose of incentives to induce or promote greater interest and financial contributions by industry, because we think this is so important for economic development. It now becomes clearer and clearer that it is going to be at very high levels across this country within a few months.

Senator Doody: If I may, I have one further supplementary. Am I to gather from the minister's reply, for which I thank him, that the 1.5 per cent we are aiming at now, which was originally aimed at for 1978 but which now, apparently, is hoped to be achieved by 1985, will not be contributed in whole by the federal government; that the federal government's participation will be considerably less? Some time ago I was encouraged to hear the minister say that Canadian industry hopes to achieve growth by getting involved in such new technology as fibre optics, silicon chips and micro-chips. Is there a sufficient base in Canadian industry to enable it to finance this sort of breakthrough on its own? Is the government going to get involved in that, or are we going to head toward another branch plant fibre optics and silicon chips sort of economy?

Senator Olson: The brief answer to that question is that the government is already involved in R & D support for fibre optics. We have already made contributions to that. I have to be a little more specific about the R & D respecting silicon chips. In fact, quite a lot of that is going on. The federal government has made some contributions to that in the past. I know there are requests for substantially more federal funding of that R & D. The minister will be making the announcements as they are authorized by cabinet.

FINANCE

CANADA SAVINGS BONDS—INTEREST RATE AND REDEMPTIONS

Hon. Guy Charbonneau: Honourable senators, I would like to direct a question to the Minister of State for Economic Development concerning redemptions of Canada Savings Bonds. Over the last two weeks they have totalled $462 million. Could the minister indicate to us whether the government is planning to do anything about this worsening situation?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice. I acknowledge that the Minister of Finance has stated there has been a significant increase in those redemptions—and the reasons are obvious—but whether he deems it necessary to take any action is something I would like to refer to him and ask his opinion on.

Senator Charbonneau: I presume the minister will come back with some sort of answer very shortly.

Senator Olson: Right.

[Senator Olson.]

Hon. Lowell Murray: Honourable senators, by way of a supplementary, will the minister also indicate whether there is any foundation to the projection that is being made in some quarters that for the full fiscal year, when redemptions are taken alongside sales of Canada Savings Bonds, there will be a net drain on the treasury of some $2 billion, or an amount in that area?

Senator Olson: I will include that in the answer.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Heath Macquarrie: Honourable senators, this afternoon is seemingly a very agreeable one; almost, as a Highland Scot, I would say a fey one. As Senator Muir knows, in the other place we used to find the last hour of the week the one in which the best speeches were delivered to the fewest listeners. I was impressed by the charm and wit displayed, and quite impressed by the fact that the minister who reports for the Wheat Board, Senator Argue, who has come clean of late, has decided, whether just by coincidence or not, not to stay in the front bench. Lest *Hansard* get this incorrectly for posterity, I want it to be known that I am referring only to the tonsorial operation, if that is what a clean shave means. There is nothing beyond that. We are delighted with the changes that can be made, and as one who could never grow even a half decent moustache, I admire him for the versatility he is able to display.

• (1435)

Senator Donahoe: He was beginning to lose face. He had to do it.

Senator Macquarrie: Whether he should or should not, since it is such a pleasant afternoon, I would not like to engage upon the argument.

I should like to direct a question to the Leader of the Government—

Senator Argue: I am so disappointed.

Senator Macquarrie: —and I must confess that we may at times be unfair to those ministers. We tend to load upon the three of them questions which their far more numerous colleagues in the other place often, in my judgment, make a poor hand at answering. Perhaps there must and should be, or could be, some better way of having more direct information for this chamber. In other words, there is no reason why we should expect Senator Perrault to be able to, or need to, tell us all that is going on in the government. Perhaps the less he knows about some of it the better—but that is just an off-the-cuff remark.

I should like to say, in my question to the Leader of the Government, that something that has disturbed me more than anything since I have come to this illustrious chamber, and more than anything for a long time, concerns recent reports, particularly documented in the last issue of *University Affairs*, to the effect that the post-secondary institutions in this country are facing a very bleak future. It is to the effect that the Social

Development Committee of the cabinet is now looking at a proposal which, in one fell, outrageous swoop will reduce the contributions of this government to post-secondary education from $3 billion to $1.5 billion.

I say right now, if I may integrate it in a question, that this country can do without that kind of austerity, and that our universities cannot tolerate that sort of thing. I am sure that Senator Hicks, who was here a moment ago, and Senator Cameron are not the only ones who will feel outraged by this. I would ask our friend, the honourable government leader, our representative in the cabinet, as he should properly be described, if he could convey to his cabinet colleagues our sense of anxiety, outrage, concern and fear that such a project will for a moment be contemplated.

Some Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I suggest that if honourable senators became outraged every time a rumour surfaced in a magazine about some alleged anticipated action by the government, the chamber would be in a constant state of outrage and turmoil.

Senator Grosart: Aren't you?

Senator Frith: We are not.

Senator Perrault: May I point out that we are not? Indeed, earlier this afternoon the minister was described as being sanguine. It seems to me that there should be a greater degree of moderation and sanguineness among honourable senators. I have not read the article referred to by Senator Macquarrie. Perhaps he will be good enough to provide me with a copy.

I can say that certainly to my knowledge there are no Draconian cutbacks in grants to universities being anticipated. However, the question will be taken as notice.

Senator Macquarrie: Honourable senators, if the minister is telling me that *University Affairs*, one of the most prestigious intellectual journals in the country, is totally wrong in this, I shall be delighted to have them wrong on this matter of such significance to our young people and our basic educational institutions. If the events in future prove that I am wrong, that will be a small price for me to pay, although, like most politicians, I have a degree of vanity, but to be wrong in such a good cause, honourable senators, I shall be delighted. I shall count on the Leader of the Government to prove *University Affairs* wrong, and his government, on this issue, at least, not wrong by tinkering with that which at the present time is pretty good.

Senator Perrault: We shall not insist on the honourable senator's entering the chamber in sackcloth and ashes if he is proven to be incorrect and his fears ill-founded. However, in view of the honourable senator's distinguished academic career, and his demonstrated concern, over the years, for standards of excellence in our institutions of higher learning, I know that he will acknowledge the superb record of this government in assisting institutions of higher learning down through the years. I assure him of the continuing interest on the part of this government in promoting academic excellence.

● (1440)

Senator Macquarrie: Honourable senators, I am inspired to say, I think by legitimate interpolation, that the Right Honourable Louis St. Laurent and the Right Honourable Lester B. Pearson were distinguished friends of education, and did splendid things for the universities of this country. I will grease my palms and be ready to applaud that which the minister suggests, but I will not take a full dose any time, because I have very sensitive palms, being a thin-skinned man.

Senator Murray, a little while ago—on an interpolation from another minister, when I said that the Conservative Party always has plenty of hope, otherwise it would not be what it is—said "but with perhaps too much piety," and I demurred from agreeing with him completely on the piety part, because, at my age, dare I repudiate anything that may help me later on?

THE ECONOMY

EFFECT OF NATIONAL ENERGY PROGRAM—CAPE BRETON DEVELOPMENT CORPORATION

Hon. Robert Muir: Honourable senators, I am having a great deal of difficulty trying to keep my head above this sea of verbiage on this most important question.

Yesterday I received a delayed answer from the Deputy Leader of the Government, on behalf of the Minister of State for Economic Development, in reply to a question I asked on January 24 with regard to the changing of heating systems at the industrial park under the aegis of the Cape Breton Development Corporation.

While not completely happy with the answer, I would like to proceed further and ask the minister if he would take it upon himself to ascertain what plans are going ahead for the approximately 20 employees who will be relieved of their jobs because of this change. What assistance will be provided for them by the Cape Breton Development Corporation? I would also like to ask if there are any alternative jobs to which they may be assigned.

The Department of Regional Economic Expansion has the duty of developing industry and providing employment. Under them, the Cape Breton Development Corporation also had the mandate to provide employment. I was wondering if the honourable minister could find out what can be done for those who will be displaced.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will try to find out if there is available some information along the lines my honourable friend has requested that is directly related to those employees; but I think my honourable friend ought also to take into account the fact that there are large amounts of coal being used for the thermal generation of electrical power, and, of course, what that means is that there will be more jobs rather than less, in total. That does not entirely satisfy the immediate

problem of those employees at the industrial park, but I will try to obtain that information.

Senator Muir: A supplementary, honourable senators. I agree with the minister, to a certain extent, that more jobs will be created by the thermal generation of power; but that does not assist those who may be on the street after many years of service with the Cape Breton Development Corporation.

FOREIGN AFFAIRS

IRAN—RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS

Hon. Azellus Denis: Honourable senators, I would like to ask a question of the Leader of the Government in the Senate. Last Tuesday I asked him what was the rush on the part of the Canadian government to re-establish our embassy in Tehran, and he told me that there had been no rush. On the other hand, I read a statement, reported in the *Gazette* of January 28, attributed to one Mr. Nabavi, an Iranian minister, to the effect that there had been a request by the Canadian government to re-establish such an embassy, and that the government had asked for a guarantee of security before doing so. Which of the two statements is correct?

I would also like to know whether we have received a guarantee from Iran concerning security for the staff, and if so, what the value of it is if, for instance, Iranian students were to make a raid on the Canadian embassy in Tehran.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, if in fact such a statement was made by the Executive Affairs Minister of Iran, I suppose it is a case of whether one accepts the credibility of Canadian statements or Iranian statements. May I say, however, that the assertion by the Iranian Executive Affairs Minister that Canada has asked to send diplomats back to Iran is completely without foundation. As I have stated before on behalf of the Secretary of State for External Affairs, the government believes there is no urgency in activating our embassy in Tehran. Before we make any decision on this we shall have to assess carefully the degree of risk to our staff there.

Similarly, there is no foundation to the statement made by Minister Nabavi that we have asked for Iranian assurances on the safety of the staff we eventually send back. The Iranian government is already party to the Vienna Conventions on the immunity of diplomatic staff. However, it would be equally important for us to assess over the coming months whether the Iranian government is really willing or able to live up to its obligations. This is a key consideration, and the honourable senator touched upon this in his question.

In stipulating that Canada should not itself engage in certain activities, and I quote the minister's words, "kidnapping, transferring people secretly and engaging in espionage," the government assumes that Mr. Nabavi was talking about the sheltering and extrication of the six Americans. We do not see any need whatsoever to give assurances on this score to the Iranians or anyone else. We consider that what we did to assist persons entitled to the protection of international law was fully justified from a legal as well as a humanitarian standpoint.

[Senator Olson.]

May I express, on behalf of the government, the hope that circumstances similar to those that existed between November, 1979 and January, 1980, when the six Americans took refuge with Canada, will not arise in the future.

Hon. Heath Macquarrie: Honourable senators, unless Senator Denis has a further question as a supplementary to his most excellent and perceptive main question, may I ask a supplementary of the minister so that we may have this matter clarified as fully as possible? Can he advise me if any discussions have taken place between the Iranian and Canadian governments on this matter, and if at any time any representative of the Government of Canada has entertained, listened to or accepted the suggestions made currently by Mr. Adeli, the Chargé d'Affaires, that the basis upon which the resumption of full diplomatic relations would be entertained was the repudiation of what he calls "kidnapping and helping to escape"? I think this is very important, and I think Senator Denis must think so too. This is a matter that must be outside the purview of any discussions, formal or informal.

Senator Perrault: Honourable senators, events are moving fairly rapidly and, because of that, that question will be taken as notice; but I have been provided with material as of this afternoon on this particular subject, and I did make reference to the reported allegation that Canada, as a condition of having its embassy reactivated in Iran, must not engage in "kidnapping people secretly and engaging in espionage." I have just been given the official statement on that matter. More material will be obtained, however, if it becomes available.

I do have some additional material which has just come to hand on the question of the protection of Canadian interests in Iran. Perhaps that should be provided to the Senate as well.

Since February, 1980 the Danish embassy in Tehran has been providing emergency consular assistance to the 30 Canadians and dependants still residents in Tehran, as well as to visiting Canadians. It has also attended to administrative and visa questions on our behalf. The assistance of the Danish embassy people has been magnificent, and we are greatly in their debt.

Since Canada has never broken off diplomatic relations with Iran, the Danes are not in a formal sense our "protecting power" in Iran. However, in order to protect our property and local staff, they have, with our full knowledge and acquiescence, established a *de facto* "Canadian interest section" in the Danish embassy, by posting a notice to this effect outside the embassy and by temporarily installing a Danish diplomat in our official residence. We are very grateful for that kind of co-operation.

Some members of our mostly Iranian local staff have been laid off, but approximately 13, excluding part-time contract gardeners and watchmen, are still on the payroll. They have continued to be employed under the supervision of the Danes in handling immigration and visitor visa applications, helping visiting Canadians, maintaining Canadian-leased property and Canadian-owned vehicles, furnishings and so on.

The requirement for local staff has been kept under review in consultation with the Danes. We have not laid off more staff because at various times a solution to the hostage crisis seemed sufficiently close that we wished to have experienced staff on hand with which eventually to resume operations in Tehran. We will, of course, continue to keep this question under review.

• (1450)

Honourable senators, I have additional information on Canadian trade with Iran, about which questions were asked earlier in this chamber. I have sought and have just received today's latest statement on that.

Between January and November, 1980 Canada exported $Can40.5 million of goods to Iran, compared to $Can22.4 million in 1979. In actual fact, there was a substantial increase in Canadian exports to Iran in 1980. Wheat worth $Can29.9 million was by far the largest element in this trade. Flour worth $Can1.3 million and pharmaceuticals worth $Can3.2 million were other major items. Wheat and pharmaceuticals were among those items which were specifically exempted from sanctions at the time the export embargo was announced on May 22, 1980.

No country imposing sanctions, including the United States, placed an official embargo on the shipment to Iran of humanitarian items such as food and medicine during the period of the crisis.

The remainder of the $Can40.5 million consisted of goods exempted from sanctions or shipped before permits were required by the imposition of our export embargo.

This is all the material that has come to my attention today. As I stated earlier, the additional questions asked by the Honourable Senator Macquarrie will be taken as notice and answers will be sought.

Senator Macquarrie: Thank you.

ENERGY

ALASKA HIGHWAY GAS PIPELINE

Hon. G. I. Smith: I would like to direct a question to the Minister of State for Economic Development arising out of the exchange between us yesterday, which can be found on pages 1583 and 1584 of *Hansard*. In particular, he expressed considerable confidence that the Alaska Highway gas pipeline guarantees—or whatever word you want to use—upon which we rely, from the United States are still as good as they were previously. My question has to do with confidence regarding the financing of the pipeline. I suppose that if one is confident, as the minister appeared to be yesterday, that the pipeline is going to go ahead as planned, and one can rely on the United States to do that, one has to have confidence in the financing thereof. This leads me to ask: Is the minister able to say whether there are any assurances that, if private financing is insufficient to do the job, the United States government will provide such further guarantees or other financial assistance as may be necessary to see that the pipeline is completed on time?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give a definitive answer to a question which has never been asked. The question of whether the United States government needs to underwrite the financing of the pipeline has never been put to the United States government in that form. The sponsors of the pipeline, with the support of the producers of the gas on the North Slope, have indicated that they will be able to put together a financing package sufficient to complete the entire line. My honourable friend should also know that there have been four major sponsors added to those already involved in the pipeline, including TransCanada PipeLine.

With the support that has been given by the producers—and there are several major companies involved in that consortium, if I may use that term,—we do not have any information which would lead us to believe that all these major, financially-strong companies are unable to finance the whole project. That is why I say that the United States government, or the Congress, has not been asked to underwrite the financing.

Senator Smith: I thank the honourable gentleman. I certainly hope, as I am sure we all do, that his confidence turns out to be justified in the event. Perhaps I could ask him if the government has a target or an opinion as to the date on which the construction of the Alaskan portion of the pipeline will begin.

Senator Olson: No, I cannot give that date now, although perhaps after some inquiries I shall be able to. What I can say is that the activity leading to the completion of the engineering requirements and the design, both for the Alaskan portion of the pipeline and the pre-conditioning plant, which is also essential, has been going along at a greatly accelerated pace. Indeed, from our observations, it would appear that they are doing all things and such things as are necessary to meet the undertakings they gave, which is that the line will be ready for operation by the end of 1985.

Senator Smith: Perhaps I could ask the minister whether it was the target date, or the opinion as to the probable date, when we were discussing the prebuild a few months ago, that the Alaskan portion would be under construction sometime in the winter of 1983.

Senator Olson: Honourable senators, I am not sure from memory, but I will check that and try to give my friend an answer.

AGRICULTURE

HERD MAINTENANCE ASSISTANCE PROGRAM—APPEAL BOARD

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Some time ago he told us that there would be an appeal board with regard to applications under the Herd Maintenance Assistance Program, and I now have the information sheet giving further details on that appeal board. I am very happy to see that it is functioning. I note, however, that its office is in Regina, and that the members of the board I see listed are

Saskatchewan residents. It is not that I have anything against Saskatchewan, but in this particular case much of the drought problem was in the province of Manitoba.

I wonder if the minister could indicate to me what procedures or arrangements there are for farmers not resident in Saskatchewan. I presume the board will deal with all of them, but Regina is a considerable distance from Manitoba. Is there Manitoba representation on the board or any arrangement for farmers to appear and appeal before people from their own province?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): In reply to Senator Molgat, I can say that the appeal board is composed of eight producers: one from Alberta, three from Saskatchewan, two from Manitoba, and two from Ontario. I suppose one reason there are three members from Saskatchewan and only one from Alberta is that there was very little drought in the province of Alberta. The drought area was largely in Saskatchewan and Manitoba.

The two representatives from Manitoba are Norman Edie, past president of the Manitoba Beef Producers Association and a beef producer himself; and Ray Sigurdson, a retired dairy farmer, reeve of the Regional Municipality of Gimli, and president of the Interlake Development Corporation. One of the producers from Ontario is Telford Advent, a beef producer and a director of the Ontario Federation of Agriculture, and the other is Irving Skene, a beef producer. From Alberta there is Mr. Clarence Jesperson, a beef producer and reeve of the Municipality of Taber. The chairman of the board is Clarence Hookenson, president of the Saskatchewan Municipal Hail Corporation, a beef producer and grain farmer, and past president of the Saskatchewan Federation of Agriculture. He is also a member of the Canadian Wheat Board Advisory Committee. Other members are: Mr. Evans Thordarson, a beef producer and president of the Western Canada Cow/Calf Association; and Mr. Hans Seitz, who is acting as operations manager and who is a dairy producer and president of the Saskatchewan Milk Producers Association.

● (1500)

I might say that there are many appeals to be dealt with. When considering the type of person who should be on such an appeal board, I was firm in my recommendation that it should include livestock producers, beef producers and dairy producers; that it should be sympathetic to those appealing to it; and that it should not be comprised solely of people learned in the law or retired civil servants. Personally, I wanted the board loaded on the side of the beef producers; I wanted it to be sympathetic to them and to be just as determined as I am that payment would be made whenever a reasonable case was presented. As a consequence, the beef producers, as they should, have full confidence in the personnel of the board.

The board's offices in Regina are located at 540 Midtown Centre. The telephone number is 359-6695.

An Hon. Senator: What's her name?

Some Hon. Senators: Hear, hear.

[Senator Molgat.]

Senator Argue: Well, you know, honourable senators, in the past Regina has been passed over, but perhaps Regina should not be entirely forgotten.

I should inform honourable senators that the offices of the appeal board have been situated a reasonable distance from the PFRA offices in order to assure producers that the appeal board is taking an unbiased and independent look at the many appeals now before it. The board is so constituted that three members can deal with appeals. An office has been established in Brandon to undertake the appeals in that area. That office will operate with at least three members of the appeal board, which should be a sufficient number to undertake the appeals there. I certainly support that idea.

A moment ago I gave you the address of the operation in Regina. That may not seem very revolutionary to you, but it was revolutionary in some respects in that previously there had been only a Zenith number to call. We have decided that, even if the mails are slow, it is necessary for people to know its location. We have, therefore, given it an accurate address and proper facilities. Although I have not been on the premises, I understand that the facilities are excellent and that the staff is now working full-time. Obviously, there will be many appeals to deal with, and it may be necessary to make recommendations to Treasury Board to modify the rules. If that is necessary, it should be done.

I should add, for the information of honourable senators, that the matter of bringing in PMU units and dairy goats was approved by a cabinet committee, and a submission is being taken to Treasury Board. I am optimistic; I think we can get that through Treasury Board. As a member, I will certainly be promoting it.

Hon. Senators: Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am fairly intimidated. I had intended to ask my honourable friend a supplementary question with respect to his board, which at one time is "loaded" and which at another time is "unbiased and independent." I don't know how he accomplishes that marvellous balance. However, I am intimidated, as I have said, and I will not say a word about his board.

GRAIN

NEGOTIATIONS RE CROWSNEST RATES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I want to ask the Minister of State for the Canadian Wheat Board about a subject in which both he and I have an abiding interest, and that is the Crow rate. I see that he has been dealing with that matter recently in western Canada. He produced a very interesting suggestion, if the reports of his speeches are correct.

The Canadian-Press says:

> The Saskatchewan senator also emphasized his view that negotiations on the rail rates for grain movement named

after the 1897 Crowsnest Pass Agreement should be handled in secret to increase chances of success.

My question is: Who would he recommend be invited to this secret meeting?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Well, I don't intend to get into that. All I was endeavouring to say was that negotiations of a sensitive nature like this should be held *in camera*. Very often I think that is necessary. I do not think they should always be held in front of a television camera. If "secret" is the word used, perhaps that is not the best word to use. I think they should be confidential meetings. I do not think everything has to be open to the press. My honourable friend may disagree with me if he likes, but I really feel that very often much greater progress can be made in meetings held *in camera*.

In my short experience in the cabinet, and in my short experience in dealing with a number of important questions, I feel that if you bring people of goodwill together *in camera*, you can often accomplish more than by having a meeting that is open to the press on all occasions. That is exactly what I meant.

Senator Deschatelets: If you want a secret meeting, you might hold it in the Senate.

Senator Argue: Just so long as there is no press; that's all.

Senator Roblin: That is a very eloquent defence of the principle of secret agreements secretly arrived at. I am interested to know that this new philosophy is starting to make headway in the ranks of the present cabinet. But perhaps that is not new. Secrecy has been one of their fortes for a long time.

I want to tell my honourable friend that if he thinks secret negotiations in the matter of the Crow will satisfy the affected people in western Canada, he may be disappointed. As the people at the meeting told him after he had made his speech, they will want to see some action and they will want to see the federal government taking the lead. They will want to see this matter discussed openly and frankly, because it is far too important to be disposed of in such an unsuitable fashion as that.

Having expressed my opinion on that point, I go on to ask my honourable friend another question. He has floated again, as he has so many times in the past, the proposition that before the railways can have more money there should be an independent inquiry. Leaving aside the merits of the point, I ask my honourable friend what the policy of the government is. Several times he has mentioned this independent inquiry into railways before the Crow is settled. If he really intends to do it, why does he not get on with it? He has been talking about it for four or five months.

Senator Argue: Who is "he"?

Senator Roblin: You!

Some Hon. Senators: Hear, hear.

Senator Argue: All right.

Senator Roblin: My honourable friend! I could say "Saskatchewan Hazen, the Saskatchewan Boy Scout." I don't know how else I would describe him.

Some Hon. Senators: Hear, hear.

Senator Roblin: Anyway, he has been most assiduous in this matter and he has intrigued me; he has attracted my interest. If he intends to have an inquiry of that sort—and I leave the merits of it to one side—he should get on with it. What is he going to do?

Senator Argue: It is not my responsibility, and I don't suppose that is news to the honourable senator who is making the inquiry. I believe making such a proposal is really the responsibility of the Minister of Transport. But certainly I support a public inquiry—an inquiry not held *in camera* in this case. That proposition was supported by an overwhelming vote at the recent national convention of the Liberal Party of Canada. It has been strongly supported by my colleague, the Minister of State for Economic Development. I believe it has substantial support within the cabinet. But a decision has not yet been taken, and I am not able to say when such a decision might be taken.

I do not hesitate to make my position clear. As the honourable senator has suggested, it is a kind of old record which I have been playing for the last few months, and I intend to keep playing it, because I intend to stay with that position.

Senator Donahoe: For a few more months!

Senator Argue: Whatever it takes! I will stand by that position because, in my opinion, such an inquiry has tremendous merit and should be pursued.

Senator Roblin: Doesn't my honourable friend realize that he is contributing to the climate of uncertainty in the whole of this Crow situation? For example, how could he possibly ask the people who were at his meeting the other day to decide the matter for themselves, rather than having it decided by means of a government stated policy? How could he tell the farm groups to settle their own issue themselves, when the extremely important issue that he has raised in connection with examination of the rail situation is still up in the air, floating around, uncertain, unsettled? My honourable friend has a responsibility to contribute to the solution of the problem and not to confuse it. I would ask him to keep that in mind.

• (1510)

Senator Argue: Well, now, that is a nice lecture from Senator Roblin! I have no intention whatsoever of retracting my recommendation that there should be a CP inquiry; I believe it is absolutely necessary. If the honourable senator thinks it confuses the issue and leaves everything up in the air, that is okay; that is his opinion.

I believe the producers of western Canada, who have a great, historic stake in this, should be able to find out how much CP has made on all those millions of acres of mineral rights it has and holds; the money flow that is coming in; the profit that is coming from them; and the asset value. If you are a railroad, you can say, "Okay, let's get rid of the Crowsnest

rate. You have got to change it; it is obsolete." But there is no suggestion from the CP that the arrangements made back in a somewhat similar time should not be looked at and perhaps changed. I think what is sauce for the goose should be sauce for the gander.

If the government is even going to consider putting an extra cost on to the producers of western Canada, it should look at the CP. In my humble judgment, the CP is more capable of paying than the wheat producers of western Canada.

I make no apologies, certainly not to the honourable senator, for having gone to that meeting and saying to the grain producers and the livestock producers that it is better for them to take some responsibility and leadership and not try to palm it all off on the government. They have seen what happens. It is all right for my honourable friend to make suggestions to the government, but once the government inquiry starts and the task force is established, will there be support for the task force from my honourable friend? Of course not. There will be criticism as soon as it is established. He won't like the personnel; he won't like the travelling schedule; if there is an *in camera* meeting, he will be against it; and if it is an open meeting he will say that it won't work.

We are not going to get any support from western provincial governments or the opposition when we start down this road. All I said to the grain producers and the livestock producers, who have so much at stake, was that if they could agree among themselves on the stand the government should take in regard to a change, if any—and I am not sure there should be any change—then that would be a much more satisfactory way to proceed than to send a task force out in orbit, only to have provincial governments and the Conservative party saying, "Well, aren't we in great shape? We have the Constitution out there and we can really raise hell about that, and we can get our separatist meetings going with prominant Conservatives."

Senator Murray: Careful now!

Senator Argue: I don't have to be careful, I am just putting some facts on the record—but I can leave them; that's okay. Maybe the Tories in Saskatchewan are a different breed than they are in Ontario. I think they are.

Senator Grosart: Go on!

Senator Argue: When the Unionist Party wants a leader, it goes to the Saskatchewan legislature and it gets the Conservative leader, and he converts himself into a separatist pretty fast.

Senator Murray: What about converting yourself?

Senator Argue: I have always been a Canadian. I think it is a good country and the Tories can flirt with separatism, their members can be converted, and they can send well-known Tories to stir up a separatist meeting for Knutson out in Saskatchewan—that's okay with me. I am a Canadian, and I will stay that way. I am very happy to have given what I think was some rather constructive advice to my many and good friends in the farm movement in western Canada who have worked with me so closely. I used the Herd Maintenance Assistance Program, with the kind of people on the appeal board, as a way to do business. It is the Liberal way; it is not the Conservative way.

Some Hon. Senators: Hear, hear.

Senator Roblin: If I had the same thin political skin as my honourable friend, I would be on my feet complaining about his unwarranted slander of a great Canadian political party. I would, indeed, take umbrage at that, but I take note of who is making the remark. I know that kind of remark is just a little airy persiflage by which he seeks to shroud the real issues which are under consideration.

I want to remind my honourable friend that he is not in the opposition; I want to remind my honourable friend that he is not a backbencher; I want to remind my honourable friend that he is a minister of the Crown, and that involves certain responsibilities. One of those responsibilities is the responsibility for policy. If he is intending to deal with the Crow, either by secret meetings—which I see he is going to back off from now—

Senator Argue: *In camera.*

Senator Roblin: —or by his new study of the railway rates, or by some task force which I have heard nothing about so I am not able to complain about it, in spite of the rodomontade of my friend, as a minister of the Crown it is his duty to pay attention to policy; it is his responsibility to stand up for the things he is supporting and get his cabinet colleagues to support them. It is no part of the constitutional process that I know to have a minister such as my honourable friend going around the country making these statements and then disclaiming any cabinet reponsibility for them. His duty is to lead. It is perfectly true that he cannot go so far ahead of his troops that they are not following; it is perfectly true that he does not want to exacerbate regional feeling on most points—on those points I do not quarrel with him; but I do not think he did any good on that subject here this afternoon.

Some Hon. Senators: Hear, hear.

Senator Roblin: Insofar as his goal is concerned, I am not going to fault him on that because I believe in it and I believe that he is a good Canadian. However, I tell him that he is doing Canada no good by making the kind of speech he has made today.

I would suggest to him that if he has a policy he wants to promote in connection with the Crow, he should remember that he is speaking as a government minister, with the power and authority to carry out the policy of the government. Then people will respect his party. I can tell him that they do not respect his party now in western Canada, but I will keep out of that argument because it is not germane to what we are saying here. I merely want my friend to be responsible for his policies and to make sure that they represent the view of the government and that they are not mere kite-flying on the part of my honourable friend.

Senator Argue: After that nice lecture from my honourable friend, I would tell him that I don't need that kind of lecture. I

am willing to operate in this chamber and in this country on the basis of my parliamentary experience, which includes 18 years in the House of Commons.

Senator Grosart: Oh, dear, dear!

Senator Argue: Oh dear—oh, yes. The Tories think it is okay if you are over there, but if you are over here it is, "Oh dear, dear!"

I have heard the lecture, and I consider my position to be very responsible. I have accomplished many things of which I am very proud since I came into the cabinet a few months ago. I am not saying that the government has a policy until the government does have a policy. I have not been one to forecast when policies will be arrived at. The policies are under consideration. I take my position and make my recommendations, and when the cabinet has decided on a policy, that will be the policy for all the members of the cabinet. I don't know how the Tories operate.

Senator Grosart: Do stop that nonsense.

Senator Argue: In the government of which I am a member, the ministers are not throttled.

Senator Grosart: You are in the Senate, not on a soap box.

Senator Argue: I am in the government.

Senator Grosart: You are not on a street corner.

Senator Argue: More lectures now; more interruptions.

Senator Grosart: Who is complaining about interruptions?

Senator Argue: I am not complaining; I am just pointing it out.

I hope that in the days ahead I will be able to make further statements in this house. I also hope to have the literature circulated in both English and French. I further hope to be able to make another announcement before too long to go along with the announcement made yesterday concerning the huge figure of $450 million. You know, the proof of the pudding is in the eating.

AGRICULTURE

IMPORTATION OF RACCOON DOGS—HAZARDS

Hon. Florence B. Bird: Honourable senators, my question is for the Leader of the Government and it does not concern the Crow; it concerns another kind of animal.

Some months ago 135 creatures called "raccoon dogs" were imported into Canada by a fur farm in Ontario. These dogs are not raccoons, although they look like them since they have the same markings and they are also omnivorous—they eat everything.

These animals were originally introduced by the Russians because of their fur value. They have proliferated at a great pace in Europe, since they have litters of about 20 puppies. They are now sweeping from Romania right across Europe and are expected to arrive in western Europe because they are very hardy, propagate rapidly and are omnivorous.

There is a real fear, particularly in my province, that if any of these animals escape and breed, because they are not indigenous, they will destroy our indigenous animals, as has happened in other countries. I would also remind you that if you bring in from other countries animals which do not belong in your country, you create problems such as occurred with the importation of the rabbit into Australia and the mongoose into Barbados.

I would remind honourable senators that rabies is endemic in eastern Ontario and in parts of Quebec, and if these dogs escape—and it is very likely that some of them will—we shall be in a very difficult situation.

Can the Leader of the Government tell us what has been done to prevent more of these animals being imported, and also what effort is being made to destroy the existing animals and to compensate their owners?

● (1520)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I thank Senator Bird for giving me notice of this question. May I say at the outset that there is no official government policy on the matter as yet. The material which I have been able to gather at this point is unofficial. It represents only some of the preliminary thinking of the various government departments.

I can assure the honourable senator that the subject is being followed with interest by several of those departments, including the Department of Agriculture, the Department of National Revenue, and the Department of the Environment. There is presently consultation going on involving those departments, I understand, with a view to an eventual revision of Customs Tariff (C), which would, in effect, include all non-native species of animals and specifically exempt those that could be imported.

In this specific case, I can say that the animals involved appear to meet with all set health standards, including rabies vaccinations. There is some controversy as to whether or not these so-called raccoon dogs could pose a threat to native fauna if they were to escape.

Apparently, there were two incidents of escape in Europe, and the animals are doing very well indeed. However, I am informed that if such an escape occurred in Canada the animals could conceivably head south to a warmer climate. So it is not beyond possibility that they would head for some southern American state—perhaps Florida. The problem seems to be that we know of no cases in North America where the animals have escaped and have done well.

I hope that this is of help to the honourable senator. Again, may I say that this information has not been cleared with all ministers' offices involved, but it is preliminary material that has been received from officials of these departments. I would be pleased to furnish appropriate material provided by ministers if and when it becomes available.

Senator Bird: I have a supplementary question. I am doubtful that they will take flight to Florida, because I have been told by the mammalogists at the National Museum of Science

that these animals partially hibernate. They come from Finland, which has a climate similar to that of Canada and is not a bit like that of Florida. It seems that they would adapt themselves well to Canada. I ask the minister to continue to bring pressure on the government so that something is done about this menace.

Senator Perrault: While no such action is contemplated at the present time, apparently the Ontario Ministry of Natural Resources encouraged this project. There was no alarm raised, as I understand it, until four or five weeks before the dogs were due to be imported. The owner of the farm has invested approximately $100,000 in excellent facilities. However, the Canadian Wildlife Service remains very concerned and is closely monitoring the situation.

HERD MAINTENANCE ASSISTANCE PROGRAM—APPEAL BOARD

Hon. Gildas L. Molgat: Honourable senators, I had a supplementary question to ask the Minister of State for the Canadian Wheat Board before the interesting interlude which occurred.

I thank him for his statement regarding the appeal procedures. I gather now that Manitoba producers will be able to make their appeal to the office in Brandon. That will certainly be helpful to them.

I thank him as well for his reply to my question of some time ago regarding the PMU producers. I hope that the final decision of Treasury Board in that regard will not be long in coming.

Insofar as the appeals are concerned, will there be some way of notifying those farmers who have been rejected that they can appear in person? I ask this because of the necessity of having broad rules. As I understand it, these are based on the average rainfall which occurred in a certain district at a certain time. The weather stations are not always as widely distributed as they might be, and there are areas of the province with serious problems that have been disqualified. If there were a possibility of these farmers knowing that their cases were coming up and knowing that they could appear with evidence from their region, I think this would give an opportunity for fair treatment to the people who have been rejected.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): As far as the office in Brandon is concerned, I want to make it clear that I am not certain whether a decision has been made to put a branch of the appeal board in Brandon. I do not want to mislead the honourable senator, because that is something that the appeal board will decide itself in consultation with the PFRA offices.

There might be good reason for them to be located in Regina because all the data is there. If having an office in Brandon is more convenient for the producers in the Brandon area, and will assist them in having their claims processed, then I think that is a logical thing to do.

As far as individual appeals are concerned, as I understand it, a letter over the signature of the chairman of the board has gone out to all of those who have been rejected to give them the address and explain the appeal procedure. That says that whether individuals appear in person or not, the board will be looking at all the rejections. They will automatically be looking at them. They will be approving, I would hope, a substantial number of those which have been rejected without a formal appeal, and without the appearance of the individual farmers.

The board has also agreed that before any application is rejected finally there will be a notice or letter sent out to this effect: "We have reviewed your application and it is our intention to reject it. If you wish to make an appeal in person, that opportunity will be provided."

It can be understood that, with a great many appeals, it might be physically difficult to handle every one personally, but I am confident that anyone wishing to appeal and take his case to the board will be able to do so. The board is endeavouring to look at all rejections in a sympathetic manner.

What my honourable friend has said about rainfall is absolutely correct. There is not a rain gauge on every farm. Sometimes the rain gauges are some distance apart, and the rain does not follow the rain gauges.

I have argued this with the officials time and time again. That is a good point and the producers understand it, even if my honourable friends opposite do not. This will be considered, as far as I am concerned. Unless rain gauges are on every farm in respect of which application has been made, consideration should be given to what is very often probable—namely, that the rainfall on the farm was not the same as the rainfall recorded some distance away.

• (1530)

THE CONSTITUTION

REFORM OF THE SENATE—STATEMENT OF PRIME MINISTER

Hon. Lowell Murray: Honourable senators, I have good news and bad news for the Senate. The good news is that I am not going to make the speech that I had intended to make later this afternoon on the inquiry standing in my name.

An Hon. Senator: Reconsider.

An Hon. Senator: Explain.

Senator Murray: I shall put that off until we meet again. The bad news is that I have another question, this one for the Leader of the Government in the Senate. I want to ask it now since we will not be sitting next week and since, when we return, we will probably have before us the report of the Special Joint Committee on the Constitution.

Will the government leader report to us on the negotiations that have apparently been taking place between the Minister of Justice and members of the Senate concerning possible amendments to the government's resolution as it affects this house?

I ask the question in view of references to those negotiations made by the Right Honourable the Prime Minister in the

course of a press conference held with Canadian journalists while he was overseas.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the way the Minister of Justice has been in continuing contact with various members of the Senate with respect to this very important constitutional package is very heartening.

Senator Donahoe: We never heard from him.

Senator Perrault: Certainly, the contribution by members of the Senate, from both the government side and the opposition side, to the special joint committee has been quite outstanding. A number of comments have been made about the excellence of Senate participation.

I have discussed with the Minister of Justice certain questions arising from the Senate report prepared by the subcommittee of the Legal and Constitutional Affairs Committee. The views expressed by members of that subcommittee through the report have been of great interest to the Minister of Justice and other members of the government. A number of ideas based upon the report and other sources have been studied in relation to the constitutional package.

Senator Murray: The Right Honourable the Prime Minister referred specifically to negotiations that were taking place between the Minister of Justice and the Senate. He alluded, as well, to specific propositions that were being made with his—that is to say, the Prime Minister's—authorization by the minister to the Senate.

I am asking the Leader of the Government in the Senate now to advise us of the nature of those propositions and who represented the Senate in these negotiations with the Honourable the Minister of Justice.

Senator Perrault: Honourable senators, I am sure, are aware of the fact that there has been a great deal of consultation involving not only members of Parliament from both houses but various individuals representing organizations from coast to coast. A number of senators, including those in opposition—

Senator Murray: Including?

Senator Perrault: —including those in opposition have discussed, from time to time, the role of the Senate in Canada. That has been the principal nature of the discussions with the minister. There is no final draft of any proposal in existence. Perhaps the future role of the Senate and its place in the new Constitution are matters that could be discussed with the opposition at some point.

Senator Murray: I do not want to pursue this too far, or further than is necessary, but we are not getting much information from the leader on a matter that the Prime Minister felt quite free—quite free—to talk about in discussions with journalists on board his plane on January 13 while en route from Dakar to Brasilia.

Reference was made by the Prime Minister to "negotiations" with the Senate, and reference was made by him to the "few" senators who are not satisfied, and he went on to say that he did not know whether the particular proposition that was being made by the Minister of Justice, with his authorization, would satisfy those "few" senators who are not satisfied, et cetera, et cetera. I could quote chapter and verse from the transcript. I will not do that, except to say that the Prime Minister was discussing the possibility of a specific amendment, or perhaps several specific amendments, relating to the Senate. Let me read a couple of sentences.

One of the problems is that some of the questions that were asked of the Prime Minister were inaudible for purposes of preparing the transcript, but the Prime Minister's response, which is in French—and I would ask the government leader to pay particular attention to what the Prime Minister said—was as follows:

[*Translation*]

> I must say frankly that this was one of the proposals put by Mr. Chrétien to the Senate—

I repeat "to the Senate".

> —with my authorization. I do not know what the situation is at the present time, but the reply to your question is yes, probably. This depends on other aspects of the negotiation—

Once again, I underline the word "negotiation".

> —but as for this particular idea which had been submitted, Mr. Chrétien and myself have examined it and have given our authorization. However, I cannot give you the exact details of these negotiations with the senators. What I am saying basically is that I do not know whether this would satisfy the few senators who are not satisfied, and if not, whether it would be worth it to make this particular change. And it is probably on this point that the negotiations are still going on.

[*English*]

The questions I put to the leader will, I think, be obvious, and will be of interest to all honourable senators, and they are: What proposition was the Prime Minister talking about? To whom was it made? Who was purporting to speak on behalf of the Senate in these negotiations?

Senator Perrault: Honourable senators, there have been negotiations with the Honourable the Minister of Justice and discussions concerning such matters as the future of the Senate as presently constituted, the bicameral nature of Parliament, proposals for future change and reform in our parliamentary institutions, the relationship between the Senate and the Queen and the Office of Governor General, regional concerns and other matters of that kind.

When the Prime Minister made his statement, there was not any agreed upon proposal in existence. Discussions were, however, under way. There have been a number of senators who, as individuals, have been in contact with the Minister of Justice, and perhaps members of the opposition have written to the Minister of Justice, or perhaps they have communicated their ideas through their representatives who serve on the joint committee. Certainly, many submissions have been made with respect to the Senate.

The discussions with Mr. Chrétien have not been restricted solely to the position of the second chamber in Parliament. They have related to other matters of interest to honourable senators, such as referendum procedures and a number of other matters of the type which have been discussed at great length in the committee. The subject matter of these negotiations will be debated in this chamber once the report of the Special Joint Committee on the Constitution is before us. I would welcome the opportunity to meet with the Leader of the Opposition to discuss with him his views with respect to the various sections of that committee report, including those sections relating to the Senate. Whatever meetings have been held, whatever negotiations have been held, they have been designed to make the position of the Senate on a number of matters better understood by Mr. Chrétien and other members of the government, and to enhance Canadian parliamentary democracy and the position of both houses of Parliament in that democracy.

Hon. Allister Grosart: I wonder if I might ask the Leader of the Government if there have been any undertakings made on behalf of the Senate in these negotiations.

Senator Perrault: Honourable senators, I cannot say there is an official undertaking on behalf of the Senate. I think honourable senators have demonstrated in the past that they vote according to their consciences and according to their views, and I think most honourable senators are waiting for the report of the joint committee to appear. Honourable senators want to see what is in the report.

I would find it very difficult to give any ironclad guarantees or firm undertakings before a report has been prepared. That, it seems to me, would be a mindless type of guarantee. While I think many of us, through witnessing the committee proceedings, have some views as to some of the recommendations which may come from the joint committee, the report has yet to be written. When that report arrives in the Senate, then I think the senators of both parties represented here will be in a better position to decide what they are going to do. However, a formal undertaking delivered to the government with some ironclad guarantee is not in existence.

● (1540)

Senator Grosart: I have a supplementary. Has there been any kind of informal undertaking given of official support from the government majority in the Senate?

Senator Perrault: No.

Senator Grosart: I have a further supplementary. Would the Leader of the Government not agree that there appears to be an incongruity between his statement that it would be quite improper to enter into any undertakings while the matter is under consideration by a special joint committee, and his statement that negotiations are taking place in exactly the same context?

Senator Perrault: No, I do not think there is any incongruity.

[Senator Perrault.]

QUESTIONS ON THE ORDER PAPER

REQUEST FOR ANSWERS

Hon. Heath Macquarrie: Honourable senators, despite the announcement by my friend and colleague, Senator Murray, that he is not in fact going to speak and therefore there is an hour or two available to us, I am not going to reopen the Question Period in any substantive way, but I would like to put forward what might be called housekeeping inquiries to my good friend, the Leader of the Government.

In light of the fact that we have a week free from our own deliberations, could he give me some undertaking as to when he might be able to provide an answer to the question I put on the order paper on May 16 last year in reference to Irish moss, and to another question of many weeks ago as to how many public servants were subsidized to go across the street and hear that modern and modest Metternich, Dr. Henry Kissinger.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, was there a question about Irish moss again? Let me assure honourable senators that after the question on "mossification" was asked the other day, or the status of Irish moss, I again inquired about it. I regret, indeed I am embarrassed, to say that the information has not been forthcoming. Apparently, the question is of a rather obscure nature. It entails a good deal of investigation to produce the information required by the honourable senator. I find it difficult to establish a plausible reason why the information has not been made available.

With regard to the suggestion that there was subsidization of various public servants to attend Mr. Kissinger's lecture, I know of no such subsidy.

Senator Macquarrie: Honourable senators, years ago at university I was called an incisive questioner, but I had no idea that I could bring the whole process of government information to a standstill for seven or eight months. I would like the honourable minister to obtain an answer to this Irish moss question a little before St. Patrick's so we can celebrate the good answer, and we will wait for the other answer about attendance at Dr. Kissinger's lecture.

Senator Perrault: At the rate of current progress it could be Orangemen's Day, July 12.

INTERNATIONAL TRADE

POLAND—CANADIAN WHEAT EXPORTS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have some additional information regarding the question asked by Senator Haidasz yesterday referring to credit sales to Poland and so on. Poland today has an outstanding credit of some $725 million for the purchase of grain. Approximately $470 million of that credit has been used. The amount of credit being used is increasing rapidly as shipments are made under the government agreement for one to one-and-a-half million tonnes of grain annually in the next three years on the basis of credit. These sales and shipments commenced on January 1, 1980.

I have a table, honourable senators, which informs you of the quantity of grain that was exported to Poland under credit arrangements in each of the last number of years, and I would ask to have it made part of the record.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*The table follows:*)

CANADIAN WHEAT EXPORTS ON CREDIT

(*tonnes*)

Crop Year	Poland		Poland	
1952-53	—		—	
1953-54	—		—	
1954-55	—		—	
1955-56	349 065		—	
1956-57	259 215		—	
1957-58	39 295		—	
1958-59	147 206		—	
1959-60	132 602		—	
1960-61	154 977	Export	—	
1961-62	334 614	Development	—	
1962-63	386 401	Corporation	—	
1963-64	406 577	Credit	—	
1964-65	514 405		—	
1965-66	361 897		—	
1966-67	375 140		—	
1967-68	118 044		—	
1968-69	58 165		—	
1969-70	—		102 940	
1970-71	—		—	
1971-72	—		23 921	
1972-73	—		—	Canadian
1973-74	—		130 721	Wheat
1974-75	—		60 797	Board
1975-76	—		107 460	Credit
1976-77	—		703 353	
1977-78	105 005		571 374	
1978-79	—		546 144	
1979-80	—		983 729	

SOURCE: CWB

SCIENCE AND TECHNOLOGY

RECOMBINANT DNA RESEARCH—REGULATION

Hon. Andrew Thompson: Honourable senators I would like to direct a question to the Leader of the Government, and it arises from the reports by Senator Bonnell and Senator Hicks on their attendance at the North Atlantic Assembly and the meeting of the Subcommittee on Genetic Manipulation.

Is the Government of Canada considering any form of guidelines concerning the recombinant DNA research that is taking place? I ask this because the draft report of the subcommittee which was presented by Mr. Robert McCrindle described a number of nations that do have such guidelines. Mr. McCrindle feels that the potential benefits heavily outweigh the risks, but he is not prepared to give the research a clean bill of health. He feels there should be a set of flexible guidelines concerning the safety of the research, because there is the possibility that dangerous pathogens could escape and have harmful effects. I know that the Medical Research Council has been working on a series of guidelines, and I wonder if we could learn how far they have gone, and what is the view of the government with respect to them.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question must be taken as notice because of the detail involved.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Just before the Orders of the Day are called, may I say that the Standing Senate Committee on Transport and Communications will probably not be sitting next week. Consequently, Senator Smith has told me that he does not require authority to sit during adjournments of the Senate.

Just to tie up that loose end, the Standing Senate Committee on Foreign Affairs does have the power to sit during adjournments of the Senate, and I refer to the *Minutes* of May 1, 1980, at page 73, that reference having been given to me by the Clerk of the Senate, for which I thank him.

To complete the record, the following are the committees with power to sit during adjournments of the Senate: Agriculture; Constitution (Special Joint); Foreign Affairs; Health, Welfare and Science; Internal Economy, Budgets and Administration; National Finance; Northern Pipeline; Regulations and other Statutory Instruments; Retirement Age Policies; and Standing Rules and Orders.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Smith calling the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (The British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submitting that the said decision does not decide the ownership

of minerals off the shores of Nova Scotia—(*Honourable Senator Flynn, P.C.*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask leave to tie up a loose end that was left dangling as a result of questions put by Senator Thompson at the conclusion of my intervention on this inquiry, which was the last intervention. I ask for leave because I am sure that Senator Smith is preparing a reply to my intervention, and he might as well have the whole target instead of nine-tenths of it.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the question that Senator Thompson asked is found in the *Debates of the Senate*—

The Hon. the Speaker: I do not know how long the Honourable Senator Frith intends to speak, but I wish to inform the Senate that there might be a reason for proceeding as quickly as we can.

Senator Frith: I will be 10 to 15 minutes.

The Hon. the Speaker: It is my duty to inform the Senate that there is apparently a security problem in this building. So, if something happens, you will have been informed. I do not mind, because I will be sitting here all the time.

Senator Frith: Honourable senators, I am prepared to proceed. I may say, if I can speak to that question, that I do think it is a mistake for us to respond to that kind of threat, because I think it encourages more of the same, so I feel that we should just proceed. In any event, I will be that length of time, and if what has been announced persuades honourable senators that we should respond to this kind of thing I will not continue, but I think I should.

● (1550)

Some Hon. Senators: Continue.

Senator Frith: Honourable senators, the question that was asked by Senator Thompson will be found in the *Debates of the Senate* for January 15, 1981, at page 1535. In order to understand the question, I should briefly state the propositions upon which my intervention was based, and the footing for the conclusions I reached, that the reasoning in the *British Columbia Reference* case with regard to provincial rights to offshore minerals applies to the Province of Nova Scotia, so as to defeat any claim to such rights by that province.

The propositions are as follows: First, that we are not talking about the territory of a province, or its inland waters, bays and estuaries. Without any doubt, the rights with regard to those areas belong to the provinces under our Constitution. We are talking about the territorial sea, which is the sea and underwater three miles beyond the low water mark, in customary international law. In 1970 that was extended to 12 miles. However, that is not relevant to this inquiry because, whatever rights Nova Scotia has, it had as of 1867, when the territorial sea consisted of three miles.

The Hon. the Speaker: Honourable senators, at this stage, after seeing what is left on the Orders of the Day, unless the Deputy Leader of the Government says it is so important that he must finish it, I shall adjourn the Senate. The debate can be resumed at another time. If by chance or bad luck something distasteful happens, you might find that I was perhaps imprudent in not informing you. Thank you for your understanding.

Hon. Allister Grosart: Honourable senators, I do not know how important it is to Senator Frith that this information be available before we adjourn, but if he cares to ask that the comments he was about to make be taken as read and be placed in *Hansard*, and perhaps made available to Senator Smith, we would certainly have no objection.

Senator Frith: I thank the honourable senator. The observations I was about to make are not in form of a text. I was merely going to follow certain outlines or headings. The matter can be adjourned and I will deal with it at some other time, because it is not one that needs to be settled in the next week or two.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Monday, February 9, 1981, at 8 p.m.

THE SENATE

Thursday, February 5, 1981

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

SPECIAL JOINT COMMITTEE –COMMONS MESSAGE

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Wednesday, February 4, 1981

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that, notwithstanding any previous Order, the Special Joint Committee on the Constitution of Canada shall complete its work and make its final report not later than February 13, 1981.

Attest:

C. B. Koester,
The Clerk of the House of Commons.

INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-54, to amend the statute law relating to income tax.

Bill read first time.

Hon. Royce Frith (Deputy Leader of the Government) moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on Government Annuities, together with the Auditor General's Report on the Accounts and Financial Statements, for the fiscal year ended March 31, 1980, pursuant to section 18 of the *Government Annuities Improvement Act*, Chapter 83, Statutes of Canada, 1974-75-76.

Report of the Department of Indian Affairs and Northern Development for the fiscal year ended March 31, 1980, pursuant to section 7 of the *Department of Indian Affairs and Northern Development Act*, Chapter I-7, R.S.C., 1970.

Report of the Department of Supply and Services, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 12 of the *Department of Supply and Services Act*, Chapter S-18, R.S.C., 1970.

Report of the Department of Consumer and Corporate Affairs for the fiscal year ended March 31, 1980, pursuant to section 10 of the *Department of Consumer and Corporate Affairs Act*, Chapter C-27, R.S.C., 1970.

Statement of the Chartered Banks of Canada showing Revenue, Expenses and Other Information for the financial year ended October 31, 1980, pursuant to section 119(1) of the *Bank Act*, Chapter B-1, R.S.C., 1970.

Report on the operation of the Canada Pension Plan, Statutory Actuarial Report No. 7, dated January 27, 1981, pursuant to section 116(3) of the *Canada Pension Plan Act*, Chapter C-5, R.S.C., 1970.

Report on the Quinquennial Actuarial Examination on the state of the Public Service Death Benefit Account in the Consolidated Revenue Fund as at December 31, 1977, pursuant to section 48 of the *Public Service Superannuation Act*, Chapter P-36, R.S.C., 1970.

Report on Prairie Farm Rehabilitation Administration for the fiscal year ended March 31, 1979, pursuant to section 10 of the *Prairie Farm Rehabilitation Act,* Chapter P-17, R.S.C., 1970.

Report on operations under the *Regional Development Incentives Act* for the month of November 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Background information concerning borrowing authority for the fiscal year 1981/82, issued by the Minister of State (Finance).

Supply Program Expenditure Plan 1980-81, Illustration of Structure and Content for the Department of Supply and Services, issued by the Treasury Board of Canada.

Program Expenditure Plan 1980-81, Illustration of Structure and Content for the Correctional Service of Canada, issued by the Treasury Board of Canada.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—EXTENSION OF REPORTING DATE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I move, seconded by Senator Frith, with leave of the Senate and notwithstanding rule 45(1)(e):

That, notwithstanding any previous Order, the Special Joint Committee on the Constitution of Canada shall complete its work and make its final report no later than February 13, 1981; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Perrault: Honourable senators, by way of explanation, I point out that the motion before us is virtually identical to that which was passed in the other place yesterday. By agreement of the leaders of all three major parties, that motion was not debated. I would ask that the same agreement be made here, so that the committee will have adequate time to complete its important work.

The motion will permit the Special Joint Committee on the Constitution of Canada properly to complete the fine work it has been doing, by extending the deadline for making its final report to February 13. I think most honourable senators share the view that the work of this committee, to which members of the Senate have contributed so much, has proceeded in the highest traditions of parliamentary dedication and excellence. As I say, it is hoped that the motion will permit the Special Joint Committee on the Constitution of Canada properly to complete its work and make a final report by February 13.

Some honourable senators may want to know exactly where the committee is in terms of its clause-by-clause study of the resolution. The information provided to the Senate is that as of 12:30 this afternoon committee members were through section 50 of the resolution, and that leaves sections 51 to 59 to be dealt with.

This request for a time extension is reasonable in light of the circumstances, and it is to be hoped that the committee will finish its work post haste. I therefore urge all honourable senators to support this motion so that the committee may complete its work and report back to Parliament as soon as possible.

[Senator Perrault.]

Hon. Allister Grosart: Honourable senators, the Leader of the Government in the Senate has suggested that there be agreement that this motion be concurred in without debate. He has, however, made a statement on it, which, technically, under our rules, might constitute debate. I am sure he will not object to a statement from this side in response to his remarks.

Senator Perrault: Not at all.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I thank my honourable seatmate for his intervention, because I am glad to speak briefly to the motion that is before us.

Perhaps I ought to begin with a reference to one of our colleagues, Senator Austin. When the question of the procedure of the committee, and the time it would take to do its work, was before the subcommittee on its activities, I was present on one occasion and made an impassioned plea for an extension of time. It was proposed on that occasion—at least, the idea was floated; perhaps "proposed" is too strong a term—that we should meet all day Saturday and all day Sunday and continue our work under considerable pressure and a considerable head of steam. I asked Senator Austin if he would use his undoubted talents to secure an extension of the committee's time, and he has delivered the goods. I want to say that I much appreciate his intervention in this respect.

I should tell the house that at the same meeting of the committee the question of a debate on the motion that we have before us now came up, and although I may have exceeded my authority I was bold enough to say that there would be no extended comments on it from our side of the house, and I think that will be the case today.

The Honourable Senator Grosart, who has a special competence in these matters, has drawn my attention to the fact that the words "complete" and "final", referring to the work of the committee, are in the motion. Those words, I think, have appeared previously. So far as they go, of course, they are correct, but I think I should enter the *caveat* that there is provision, after we have received the complete and final report, for referring that report back to the committee, which would have to be specially revived for that particular purpose.

In order to make sure, therefore, that we have an understanding on that, Senator Grosart advised me to mention it, and I think that is a sound piece of advice.

Honourable senators, I am a member of the committee, and I appreciate the fact that we are being allowed more time in which to complete our work. We will proceed with all due despatch, and I am glad to support the motion.

● (1510)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, just for the record, regarding the procedural point that was added on behalf of Senator Grosart, I agree with his analysis, but I hope he will not think me picking virtually invisible nits when I say that technically the report

would not be referred back to the same committee because any such referral would require a reconstitution of the committee. However, that is simply to complete what I think is generally understood on both sides, namely, that the procedure described by Senator Grosart is quite right, and no doubt he meant that to be included as a corollary thereto.

Senator Grosart: Of course, it was my intention to agree that there would be no debate.

Senator Roblin: Of course, if we must deal with these points of minutiae, the word is "revived." That is the word used in *Beauchesne*, so I think we would have to revive the same old dead body.

Motion agreed to.

INCOME TAX

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the bill that has just been read the first time will not, of course, be available for study by the Banking, Trade and Commerce Committee until it has received second reading. However, it has been our practice when dealing with complicated legislation, consistent with the parliamentary tradition that Senate committees give particularly careful consideration to such measures, to refer the subject matter to a committee in advance.

Senator Asselin: Has the subject matter of this bill not yet been referred?

Senator Frith: No, it has not.

Accordingly, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-54, intituled: "An Act to amend the statute law relating to income tax", or any matter relating thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, Senator Hayden will not be here next week, but either Senator Barrow or Senator McIlraith will be able to chair the committee when it begins its advance study of this bill. The committee will be meeting next Tuesday afternoon at 2.30 o'clock, when officials of the Department of Finance will give their usual opening explanations and answer questions. That, in any event, is the plan.

Motion agreed to.

STANDING RULES AND ORDERS

NOTICE OF COMMITTEE MEETING

Hon. Royce Frith (Deputy Leader of the Government): I would ask honourable senators to note that the Standing Committee on Standing Rules and Orders, which was scheduled to meet at 5 o'clock on Monday afternoon, will now meet at 3 o'clock on Tuesday afternoon.

• (1515)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 10, 1981, at 8 o'clock in the evening.

Honourable senators, because of the extension we have just given the Special Joint Committee to enable it to complete its deliberations, the intention is that the Senate sit on Tuesday evening instead of Monday evening, and that it sit at the usual hour on Wednesday and Thursday. It may be necessary to sit on Friday to receive the committee's report.

Senator Asselin: The committee may report before Friday.

Senator Frith: We hope it will report before Friday, but, if it does not the Senate may have to sit on Friday simply to receive the report. Having consulted with my honourable friends, I suggest that we would then adjourn until the following week.

I believe there is a good chance that the committee will present its report before the Friday deadline. The motion reads "not later than," so the committee can report at any time before February 13.

Senator Grosart: May I ask the Deputy Leader of the Government if an opinion has been obtained as to whether any legal or constitutional necessity exists for the Senate to be sitting at the time a special joint committee makes its report?

Senator Frith: I have asked for guidance on that matter, but I have not been given a precedent or a clear opinion on whether it is necessary for the Senate to be in session on the deadline date in order to receive the report of the committee. If I receive a firm opinion, I will share it with my honourable friend.

Senator Grosart: Perhaps the deputy leader would share it with the Senate on the earliest possible occasion, because it is of some importance for us to know whether, having constituted with the House of Commons a special joint committee, we are committed to receiving the committee's report at any time the committee feels it necessary to report.

Surely, it is not correct to say that we must be sitting to receive the report of that committee immediately upon completion, because that does not seem to apply to any other committee.

Senator Frith: Perhaps I misunderstood. I am not suggesting that we have to be sitting when the committee is ready to report but it may be necessary to receive the report on the deadline date. In other words, if the committee is ready to report on Tuesday, we do not need to sit on Tuesday to receive the report, but the deadline is Friday and it may be that we

will have to be present on Friday so that it cannot be said that the committee did not report by the deadline because the Senate was not sitting.

From preliminary advice I have received I do not think there is any such problem, but if I have anything more definite I will share that information.

● (1520)

Senator Grosart: I am suggesting that there surely cannot be such a problem because I do not see how any committee can tell the Senate or the House of Commons when they shall sit.

Senator Frith: No, but the problem is that the Senate and the House of Commons can tell the committee by what time it shall report.

Senator Grosart: Of course.

Senator Frith: "Report" in accordance with the wording we have, means "submit its report."

Senator Grosart: Yes.

Senator Frith: Therefore, if the Senate says to a committee, "Thou shalt submit thy report by a certain date," then the question is: Does the Senate have to sit to receive the report, at least by the time of the deadline that is set? In my opinion, it does not.

Senator Grosart: Agreed.

Senator Frith: However, I do not have a perfect answer to this yet.

Senator Lamontagne: Does the Deputy Leader of the Government think, if we receive the report before Friday, that the Senate should sit on Friday in order to accelerate the debate on its adoption?

Senator Asselin: Before Friday.

Senator Frith: I think that is a very good suggestion. We will have to discuss this when we see exactly what happens. However, I understand the point raised by Senator Lamontagne. Depending on what day of the week we do receive the report, we should give thought to whether we proceed with the debate.

The other issue that exists, of course, is that some senators may think we should wait for the debate in the other place to take place before we debate the matter here.

Senator Asselin: That is a good point.

Senator Frith: I do not share that opinion, but I respect the view of those who do, and I want to hear what they have to say about it. That is certainly included as part of the question raised by Senator Lamontagne.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I do not think there is any necessity to debate the last point at any length this afternoon because we do not yet know what the proposal from the other side will be.

I only wish to reserve my position because I have some doubt as to whether I am fully in accord with Senator Lamontagne on the point he put forward. I do think that we on this side would like to reserve our position to fully debate the matter when it comes up.

Motion agreed to.

[*Translation*]

THE CONSTITUTION

DISCUSSIONS BETWEEN PRIME MINISTER OF CANADA AND PRIME MINISTER OF GREAT BRITAIN—NOTICE OF QUESTION

Hon. Martial Asselin: Honourable senators, it had been decided that there would be no question period today, and I respect that decision. I want to give the Leader of the Government verbal notice of an important question. So I give him notice now that next week I will ask him to make a formal statement on the contradictory statements made in the other place by the Prime Minister and other ministers regarding discussions with the Prime Minister and other ministers of Great Britain about the admissibility of the resolution of the House of Commons and the Senate on the Constitution. I therefore give notice that next week I will ask for a statement from the government.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I appreciate the courtesy of Senator Asselin in giving me notice of his intention to ask a question respecting certain allegations that contradictory statements have been made. I hope to provide compelling evidence next week that there is nothing contradictory about the position of the government or the Prime Minister with respect to this matter.

Senator Asselin: I can tell you right now that I am not too sure.

Senator Steuart: Be of good faith.

The Senate adjourned until Tuesday, February 10, 1981, at 8 p.m.

THE SENATE

Tuesday, February 10, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

PRIVILEGE

STATEMENT BY SENATOR STANBURY

Hon. Richard J. Stanbury: Honourable senators, I wish to speak briefly on a question of personal privilege pursuant to rule 34 of the Rules of the Senate.

Those of you who have seen or heard various reports in the Ontario media for the past ten days will understand the anxiety my family and I have experienced as a result of the false and misleading nature of those reports. Many of you have been kind enough to express to me, both by telephone and letter, your concern and confidence in me, and for this I am most grateful. These expressions have made me realize that I am not the first person in public life to have been subjected to such treatment over the years.

During the same ten days erroneous comments by two members in the other place have added to the confusion and innuendo relating to the situation.

The various comments that have been made in the media and in the other place relate to the application for incorporation of Astra Trust and falsely suggest that when I was president of the Liberal Party of Canada I used political influence to obtain the charter for that company.

The facts are as follows: I retired from the presidency of the Liberal Party of Canada in November, 1973, and at no time during the events under discussion was I president of the Liberal Party of Canada. Early in 1974 I resumed the practice of law with the firm with which I now practise. I had already been engaged in the practice of law for 25 years.

When that law firm agreed to act for the Astra group in 1974, we had no premonition that six years later, in 1980, the company would go bankrupt. As far as we were aware, the group was a reputable client. That opinion was obviously shared by many other people at that time.

I did not have the responsibility for administration of the file, but I was consulted from time to time over a period of months by the partner who did. For about a year before the charter was issued in 1976 I had lost touch with the matter almost completely.

I can assure honourable senators that at no time did I make any representation on behalf of the applicants to any minister, official or agency of the Government of Canada. I can also assure you that I acted, in all respects, in accordance with the laws of Canada, the requirements of the Law Society of Upper Canada and the standards of ethical behaviour expected of senators. Any suggestion that I acted otherwise is completely contrary to the facts.

Recently, I voluntarily gave testimony under oath before the Administration of Justice Committee of the Ontario Legislature in an effort to assist that committee, but the highly charged political atmosphere of the proceedings resulted in vicious political attacks on me personally during the hearing and flagrant misinterpretations of my evidence in many of the media reports. I appreciate that because of those factors it may be difficult to sort out fact from fiction. Therefore, I felt obliged to make this statement to you in order to clarify the situation to the best of my ability.

DISTINGUISHED VISITOR IN GALLERY

THE HONOURABLE MR. JUSTICE PENNELL—FORMER SOLICITOR GENERAL OF CANADA

The Hon. the Speaker: Honourable senators, you will pardon me if this is an abuse of my privilege, but I should like to draw your attention to the presence in the gallery of a former Solicitor General of Canada, the Honourable Mr. Justice Larry Pennell.

Hon. Senators: Hear, hear.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-24, to amend laws relating to fiscal transfers to the provinces.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 44(1)(*f*), moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Supplement to the Report of the Canada Council, for the fiscal year ended March 31, 1980, pursuant to section 23 of the *Canada Council Act*, Chapter C-2, R.S.C., 1970.

Correspondence between the Minister of Energy, Mines and Resources and J. P. Gallagher, Esq., Chairman of Dome Petroleum Limited, dated January 29, 1981, concerning Dome Canada's arrangements with Dome Petroleum.

Revised Capital Budget of the National Harbours Board for the year ended December 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-184, dated January 22, 1981, approving same.

Orders in Council P.C. 1981-212, P.C. 1981-213 and P.C. 1981-214, dated January 29, 1981, approving Orders numbered NP-MO-11-80, NP-MO-12-80 and NP-MO-13-80 respectively, rescinding in part and adding to the terms and conditions set or deemed to be set out in Schedule III to the *Northern Pipeline Act*, pursuant to section 22 of the said Act, Chapter 20, Statutes of Canada, 1977-78.

Report of the Department of Agriculture for the fiscal year ended March 31, 1980, pursuant to section 6 of the *Department of Agriculture Act*, Chapter A-10, R.S.C., 1970.

● (2010)

STANDING RULES AND ORDERS

FIRST REPORT OF COMMITTEE PRESENTED

Hon. Hartland de M. Molson, Chairman of the Standing Committee on Standing Rules and Orders, presented the following report:

February 10, 1981

The Committee on Standing Rules and Orders, which is empowered by Rule 67(1)(e) "on its own initiative to propose to the Senate amendments to the Rules from time to time", held five meetings between November 20, 1980 and February 10, 1981, to consider the procedure to be followed in the Senate when the report of the Special Joint Committee on the Constitution of Canada is presented to the Senate.

These meetings were held as a result of a suggestion made during Question Period in the Senate on November 4, 1980, and again during debate on November 5, 1980, that your Committee examine the Rules of the Senate in order to determine if an amendment to the Rules is needed to clarify the procedure for dealing with the report of a special joint committee and, if an amendment is not needed, to specify the proper procedure to be followed.

In addition to the quorum, your Committee had, for its deliberations, the benefit of the services of the Clerk of the Senate, the Law Clerk, the Clerk Assistant and the Director of the Committees Branch. Considerable research in authorities such as Beauchesne, Bourinot and May, and in Parliamentary precedents, was undertaken and, in addition, inquiries were made regarding the practices followed in the Parliament of the United Kingdom.

In the motion that established the Special Joint Committee on the Constitution of Canada, both Houses of Parliament ordered the joint committee

". . . to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" . . . and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen."

Until the actual text of the report is known, it is not possible to determine in advance all of the options that may be open to the Senate for dealing with the report. However, certain matters were considered by your Committee that bear upon the manner in which the report may be treated in the Senate.

Your Committee is of the opinion that the Senate can deal with the report in one of at least seven ways:

(1) it can adopt the report in its entirety,

(2) it can adopt the report in part only,

(3) it can reject the report in its entirety,

(4) it can decide that consideration of the report will take place "this day six months",

(5) it can refer the report back to the committee for further consideration,

(6) it can propose and adopt amendments to the report and then refer the report back to the committee giving the committee power to amend the report accordingly, or

(7) it can refrain from taking any action on the report.

Where the report is referred back to the committee for further consideration or amendment, the relevant motion would have to include a provision that the committee be revived for such purpose and that a message be sent to the House of Commons requesting that House to unite with the Senate in the proposed action.

There are a number of authorities for the method to be employed in exercising the second option. Beauchesne's

Fifth Edition, citation 652(2), states that "A report may be adopted in total or in part".

Bourinot's Fourth Edition states, on page 479, that "A report has been sometimes adopted only in part".

May's Nineteenth Edition states, on pages 664 to 665 that "On the consideration of a report motions may be made expressing the agreement, or the disagreement of the House with the report as a whole or with certain paragraphs thereof, or for agreeing to the recommendations contained in the report generally or with certain exceptions . . ."

There is also the precedent of June 25, 1924 where the Senate agreed to the Third Report of the Joint Committee on the Printing of Parliament with the exception of the last paragraph thereof. (Senate Journals, June 25, 1924, p. 362).

Consequently, should the decision of the Senate be to agree to the report of the committee in part, the motion would be worded as follows:

"That the Report of the Special Joint Committee on the Constitution of Canada be agreed to, with the exception of . . .

That a Message be sent to the House of Commons to acquaint that House accordingly."

Beauchesne's Fifth Edition is the authority for the method to be employed in exercising the sixth option. Citation 658, subparagraph (2), reads as follows:

"A report from a committee may not be amended in a substantive manner by the House: it must be referred back to the Committee."

Citation 663 states:

"A special committee ceases to exist at the moment its final report is presented to the House. Therefore the report cannot afterwards be sent back to the committee with instructions to amend it in any particular way unless the House agrees to revive the committee by adding the following words to the motion for recommittal: 'and that the Committee for such purpose be revived.' "

Thus, if the decision of the Senate were to refer the report back to the committee, the motion would be worded as follows:

"That the Report be not now adopted but that it be referred back to the Committee with instructions that the Committee has power to amend it so as to recommend that . . .

That the Committee for such purpose be revived; and

That a message be sent to the House of Commons requesting that House to unite with the Senate in the aforementioned action."

The Rules of the Senate do not set out any specific procedure in the case of a report from a joint committee. However, Rule 1 reads as follows:

"In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, so far as is practicable, be followed in the Senate or in any committee thereof."

Your Committee examined the precedents in both the Senate and House of Commons and found that there were instances where the reports of *standing Senate* committees were referred back to committee for further consideration and there were also instances where the report of a *standing joint* committee was amended by both Houses following the presentation of the report in each House. However, no precedents were found where the report of a *special joint* committee had been either amended or referred back to committee.

The precedents in which the Senate and House of Commons directly amended the reports of a standing joint committee occurred in respect of various reports of the Joint Committee on the Printing of Parliament presented to Parliament in 1873, 1892, 1902 and 1904. In all of these cases, the same amendments were made in both Houses.

There are, however, precedents, and indeed the Rules of the Senate cover the point where a report of a committee is received and no motion for consideration follows its presentation.

Having examined the rules, precedents and the statements of the authorities on Parliamentary practice as set out above, your Committee is of the opinion that an amendment to the Rules of the Senate in the present circumstances is not necessary. Your Committee considers that each of the seven alternatives described earlier in this report is an acceptable procedure within the power of the Senate and may be followed when the report of the Special Joint Committee on the Constitution of Canada is considered in the Senate.

Respectfully submitted,

H. de M. Molson
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Molson: I ask leave to have this report taken into consideration now.

Hon. Jacques Flynn (Leader of the Opposition): Does the honourable senator mean now, before Question Period, or as the first order of business?

Senator Molson: As the first order of business.

Honourable senators, I move, with leave of the Senate, that this report be placed on the Orders of the Day for consideration later this day, and that it be the first order of the day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CABINET

ABSENCE OF MINISTERS FROM CHAMBER

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am sure you all share my regret that Senator Perrault and Senator Olson are unable to attend this evening's sitting. They are on their way back from British Columbia. I expect Senator Olson will be here tomorrow, and I hope Senator Perrault will be here as well. I undertake, of course, to forward to them any questions you may wish to ask.

Hon. Martial Asselin: The best one is here.

Hon. Lowell Murray: We have a number of questions we would have liked to address to the Leader of the Government in the Senate or to the Minister of State for Economic Development, but they can wait another 24 hours or so.

Hon. Jacques Flynn (Leader of the Opposition): We can survive.

Senator Murray: We will ask them tomorrow.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. Lowell Murray: Honourable senators, I have one question for the minister who is present, the Minister of State for the Canadian Wheat Board. I ask the question, not because the subject matter comes directly under his responsibility, but because he has commented on the subject on several occasions.

Last summer the minister indicated that the government was considering the eventual sale of shares in Petro-Canada to individual Canadian citizens. In view of the fact that the government is now considering how to finance the purchase of Petrofina, and whether to impose the Canadian ownership tax, and, if so, when to impose it and to what extent to impose it, I should like to ask the minister if he knows whether the government is considering following the course he suggested last August of selling shares in Petro-Canada to individual Canadian citizens to raise at least part of the necessary financing.

● (2015)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have no knowledge of what the government may be proposing, if anything, with regard to the subject matter of the question raised by my honourable friend. However, I shall be happy to take the question as notice—

Hon. Martial Asselin: Raise the price.

Senator Argue: —and send it to the Minister of Energy, Mines and Resources for his reply. However, when the Minister of State for Economic Development returns perhaps he can answer it directly.

FOREIGN AFFAIRS

POLAND—STATEMENT BY SECRETARY GENERAL OF NATO—COMMENTS BY PRIME MINISTER AND SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have some delayed answers that I can present on behalf of Senator Perrault.

On December 16, 1980, Senator Haidasz asked a question about statements made by the Prime Minister and the Secretary of State for External Affairs.

Honourable senators, there is no difference of substance between the statements of the Prime Minister and of the Secretary of State for External Affairs regarding the western approach to the situation in Poland. Both reflect the Canadian view that the crisis in Poland is one for the Poles themselves to work out, and that all states must refrain from interference in Polish domestic affairs. Both also indicate the inadvisability at spelling out specific countermeasures the west would adopt in the eventuality of a Soviet military intervention in Poland.

PARLIAMENT BUILDINGS

CENTRE BLOCK—SPACE OCCUPIED BY NEWS MEDIA—RENTAL VALUE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Lang on December 17, 1980, concerning space occupied by the news media in the Centre Block of the Parliament Buildings.

Honourable senators, approximately 3,000 square feet are occupied on the third floor of the Centre Block by the media. This space forms a part of the space assigned to the House of Commons.

There is no direct market comparable for accommodation on Parliament Hill. However, the value of similar space in the Wellington-Sparks Streets area would be approximately $7.75 per square foot per annum.

The media does not pay rent for this space.

The Canadian taxpayers are subsidizing the cost pertaining to the use of this space. However, it is understood that the media have been provided with this space and location to enable them to supply the Canadian public with immediate, efficient and factual reporting of the news. The media space is located close to both the House of Commons and Senate chambers, as well as the main cabinet ministers and Leaders of the Opposition for both chambers, who are located in the Centre Block of the Parliament Buildings.

FOREIGN AFFAIRS

POLAND—STATEMENT BY SECRETARY GENERAL OF NATO—COMMENTS BY PRIME MINISTER AND SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on December 17, 1980, concerning the alleged statement by the Secretary General of NATO on the Polish situation.

With respect to the press conference given by NATO Secretary General Luns at the time of the December foreign ministers' meeting, it would appear that he was misquoted in certain press reports as having said that the alliance would respond "diplomatically, economically and militarily" to Soviet intervention. What Dr. Luns actually said was that the alliance would respond "politically, economically and diplomatically." At no time did he mention any possible military intervention on the part of the west.

At that meeting the alliance agreed on a strong reaction to any Soviet military intervention, but as stated by the Secretary of State for External Affairs, it was considered imprudent to specify the details of the response. The minister went on to say:

> We do not assume that the Soviet Union is inevitably going to interfere in Poland. We are hopeful that it can be deterred from taking any such step, and we certainly do not want to give grounds to the Soviet Union for believing that we were interfering with Poland. We believe that Poland should not be interfered with by anybody east or west.

This was also the gist of the message the Prime Minister conveyed to President Brezhnev.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

EDUCATION OF INDIANS IN SASKATCHEWAN AND MANITOBA—REPORTS OF AUDIT SERVICES BUREAU

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on January 14, 1981, concerning a report by the Audit Services Bureau dealing with Indian education in Saskatchewan.

The operational review of the Department of Indian Affairs and Northern Development's education program in Saskatchewan has been reviewed, and a series of consultation meetings with Saskatchewan Indian band authorities is now underway on the subject.

The Federation of Saskatchewan Indians is co-operating by arranging the consultation meetings in Saskatchewan with funding of $29,000 provided by the Department of Indian Affairs and Northern Development. Most districts have now had one or two sessions.

● (2020)

A report is expected from the FSI on the results of those meetings. Following that report, action plans will be developed based on the recommendations made in the report and on the results of the meetings.

The department has not received a first report on operational review of Indian education in Manitoba. When it is received the department's approach to the recommendations will be developed in the light of the Saskatchewan experience.

Honourable senators, I have another delayed answer, but I will hold that for Senator Perrault.

Senator Flynn: What about the Irish moss?

Senator Frith: I am looking ahead here to see if there is anything on Irish moss.

Senator Flynn: Don't look ahead; look back.

Senator Frith: I will try to see that the delayed reply that I am not going to include in today's record of proceedings doesn't gather any.

TRANSPORT

MISSISSAUGA DERAILMENT—REPORT OF COMMISSION OF INQUIRY—CONSIDERATION OF RECOMMENDATIONS

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a reply to a question on the Grange report asked by Senator Smith on January 22. The reply consists of three paragraphs, which I ask to be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

1. In his direction to the Advisory Committee the Minister made the following statement as to the Committee's Terms of References—"To advise the Minister of Transport on the implementation of recommendations of the Mississauga Railway Accident Inquiry, and on behalf of the Minister, to monitor implementation". As you can see, the Advisory Committee is charged with considering all recommendations. In fact, the Advisory Committee has already indicated to the Minister its initial response to all the recommendations. I attach a copy of their First Report to the Minister for your information. As you will see, the Committee is supportive of the majority of the recommendations.

2. The Government shares Judge Grange's sense of urgency. The Minister has stressed this point on several occasions in the House and before the press. In fact, much action has taken place already, as you will note in reading the Advisory Committee's First Report. For example, the CTC has tackled the first three recommendations by issuing a Show Cause Order on recommendation 3 and a request for detailed information on the other railway recommendations to permit swift action on these as well. The Advisory Committee's Report also provides information on the activities of Transport Canada regarding escape control plans for shippers, provision at the scene of dangerous goods accidents of inspectors certified by Transport Canada, simplification of the dangerous goods

code and an analysis of the available facilities for implementing the research recommendations.

3. Concerning the time frame, as indicated in the response to question no. 2, the Advisory Committee and the Government will be working as quickly as possible to ensure minimum delay in the implementation of Mr. Justice Grange's Report. As well, the Advisory Committee will remain together during the period of implementation in order to monitor and appraise progress of implementation and to report thereon to the Minister.

[*Translation*]

THE CONSTITUTION

DISCUSSIONS BETWEEN PRIME MINISTER OF CANADA AND PRIME MINISTER OF GREAT BRITAIN

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have an answer to the question of which Senator Asselin gave notice at the last sitting of the Senate. He gave notice that he wanted an explanation from the Leader of the Government, and I quote:

> I want to give the Leader of the Government verbal notice of an important question. So I give him notice now that next week I will ask him to make a formal statement on the contradictory statements made in the other place by the Prime Minister and other ministers regarding discussions with the Prime Minister and other ministers of Great Britain about the admissibility of the resolution of the House of Commons and the Senate on the Constitution.

Honourable senators, the answer about the position of the government is that given in the other place—

[*English*]

Hon. Martial Asselin: On a point of order, last week I gave notice that I was expecting a statement from the Leader of the Government. If a statement is issued, I hope he will send me a copy of it in advance so that I can prepare a reply.

[*Translation*]

Senator Frith: The answer is that which has been provided; it was the same position as that taken by the Prime Minister, but I can quote from what he said. His statement can be found at page 6822 of the House of Commons Debates for February 3, 1981:

> From now on the position I am taking in this House, and I hope my ministers will take the same position, is that the British can speak for themselves. I do not think they need the Tory party in Canada to speak for the British parliament or the British government. As far as we are concerned, we have stated our views. I will not enter into any more cross-questioning about private meetings between our ministers, or between the British Prime Minister and myself.

That is all as far as answers are concerned, Mr. Speaker.

Senator Asselin: I will merely say that this is a biased answer and that I was expecting something different from the government.

• (2025)

[*English*]

PARLIAMENT BUILDINGS

CENTRE BLOCK—SPACE OCCUPIED BY NEWS MEDIA—RENTAL VALUE

Hon. Jack Marshall: I have a supplementary, honourable senators, with regard to the question by Senator Lang concerning the space occupied by the press.

Since the taxpayers are paying for the space occupied by the press, I am wondering if there is a contract between the government and the press as to the responsibilities of the latter. Do they have a responsibility with regard to what they will cover on a parliamentary basis, rather than on a House of Commons basis? Is there another side to the contract? I wonder if there has been any investigation done with regard to comparable space paid for by the government that is not being used. Was the figure that the Deputy Leader gave us $7.25?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the figure was $7.75.

Could I have some clarification as to what the honourable Senator Marshall means by "what they should cover"? Does he mean what floor space they should cover?

Senator Marshall: Honourable senators, I was referring to the duties and responsibilities they have, in exchange for the free space they occupy on a parliamentary basis.

Senator Frith: The honourable senator will remember that the question itself sets out what is expected in exchange for that space. I doubt that there would be any contract limiting the subjects they could cover. If there is any such provision I will certainly let the Senate know about it. I would be surprised, however, if he is talking about subjects the press could cover. I doubt if there would be such a contract. However, as I say, I will try to find out.

Senator Marshall: I am wondering what their responsibilities are in exchange for that free space. I want to know why they have free space in Parliament, and whether there is another side to the contract in terms of the responsibilities they are expected to fulfil in exchange for that space.

Senator Frith: The Honourable Senator Marshall will remember that the answer says:

> —it is understood that the media have been provided with this space and location to enable them to supply the Canadian public with immediate, efficient and factual reporting of the news;—

That is all the information I have.

Do I understand that Senator Marshall wants to know what the source of that is, whether it is contractual, and whether there is more detail than is furnished in this answer?

Senator Marshall: My point is that the press are certainly not telling the public about everything that goes on in Parliament. They may be telling them about what goes on at one end of the building, but certainly not at both ends.

STANDING RULES AND ORDERS

CONSIDERATION OF FIRST REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the First Report of the Standing Committee on Standing Rules and Orders which was presented earlier this day.

Hon. Hartland de M. Molson moved that the report, be adopted.

He said: Honourable senators, I have today put in your hands a copy of the report of the Rules Committee. You may consider this procedure to be slightly unusual. I have done this, however, because I think all the circumstances from which this arises are somewhat unprecedented. In the first place, we have not discussed our Constitution very often in recent years; and, in the second place, it is unusual in that, being faced with the problem of dealing with a report of a special joint committee, we found there was no clear-cut method by which this chamber could deal with such a situation.

● (2030)

This report arose because, in discussing the possible treatment of a report from the Joint Committee on the Constitution, it was suggested that, as there did not seem to be any clearcut procedure, the matter should be studied by the Rules Committee and possibly a rule or rules prepared which would cover the situation.

Your committee met five times. At those meetings we examined the Rules of the Senate, and consulted the precedents and authorities such as *May, Bourinot* and *Beauchesne.* We had the benefit of the advice of the Clerk, the Law Clerk, the Director of Committees and the Clerk Assistant, and we consulted other houses of parliament whose procedures might have some bearing on what we do here. The net result was that we discovered that it would probably be unwise, unwarranted and unwanted to create a special rule to deal with this situation. Rather, we formulated seven possible options available to this chamber, which are set out at the bottom of page one of the report which you have before you.

I think it may be said that, as a result of the study made by the Rules Committee, these recommendations are perfectly sound. Above all, I think they make clear the possible courses available to the Senate to deal with the report of the Special Joint Committee on the Constitution when it arrives here.

It seemed very important to your committee that it should be known how the Senate could deal with the report of the joint committee when it is finally received. For that reason, your committee felt that this report should be made before consideration of the report of the Joint Committee on the Constitution. I would like to add that the report of the Rules Committee is a unanimous one and I commend its adoption.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I had the honour to serve on the committee with Senator Molson during the deliberations that led to this report. I wish to congratulate him and the other members of the committee on the long hours they put in and on the positive and productive result that he has presented to us today. I also urge honourable senators to support the adoption of the report.

Hon. Jacques Flynn (Leader of the Opposition): At first glance, I agree with Senator Molson and Senator Frith. However, since some members of the Senate have not had a chance to read the report and reflect upon it, I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

PRIVATE BILL

ROYAL CANADIAN LEGION—THIRD READING—DEBATE ADJOURNED

Hon. John M. Godfrey moved the third reading of Bill S-15, respecting The Royal Canadian Legion.

He said: Honourable senators, I would just like to speak to one aspect of this bill, and that is the clause which in effect gives the Legion the opportunity to widen its membership. In that connection, I would like to correct a false impression that I gave in my speech on second reading. It was my understanding that if this amendment were adopted there would be by-laws subsequently passed, pursuant to the enabling clause, which would set out the details of the membership. In fact, I said in my speech that the Legion will no doubt lay down detailed requirements in its by-laws as to who will be accepted for membership. The evidence given before the committee reveals that that has already been done, but the Legion did not realize that it did not have the legal authority and power to do that.

I would like to refer to the evidence given before the committee by Mr. J.E.A.J. Lamy, who is the Dominion Secretary of The Royal Canadian Legion. He said:

> Over the years—not just lately, but over the years—our conventions have made other categories of people eligible to join the Legion—people who they thought deserved to join. They did not really know about the act of incorporation, and they have taken people who were not covered under the act.
>
> . . . Those people who are now Canadian citizens or Commonwealth subjects who had active service in a force of Her Majesty's allies in a conflict in which Canada took part—in other words, the First and Second World Wars and the Korean War. Someone who served, let us say, in the American Army in the Second World War and is now a Canadian citizen was admitted to the Legion. Also those who have served in an actual theatre of war, during a war in which Canada was engaged, in some non-military service, such as the Mercantile Marine, the Merchant Navy, the Newfoundland Rescue Tug, the Deep Sea Salvage Tugs, the Fishery Patrol Service, the Corps of Canadian Firefighters, the War Correspondents; auxiliary services which comprised the Legion, YMCA, Salvation Army, and Knights of Columbus; the Canadian Red Cross, the St. John Ambulance, the Ferry Command, and those members of the Newfoundland Forestry, (Overseas Units), who had at least six months service overseas, the

British Home Guard, the National Fire Services of Great Britain, and the Air Raid Wardens.

Over the years we have also admitted people who have participated in the United Nations or Commonwealth police action in Korea, the Congo, the Gaza strip, Cyprus, or any other area that may be specified by Dominion Command.

Therefore, honourable senators, there is a common thread, in that the additional people the Legion has accepted who are not strictly covered by the by-laws are all people who have actually served in a theatre of war or who have participated in some kind of police action and have been subjected to physical danger. They are, therefore, naturally congenial to the members of the Legion, and the members do not intend to open up to any Tom, Dick or Harry.

On motion of Senator Macdonald, debate adjourned.

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. George J. McIlraith moved the second reading of Bill C-54, to amend the statute law relating to income tax.

He said: Honourable senators, in moving the second reading of this bill, I am somewhat overwhelmed by various factors, some of which are apparent and some of which are not apparent. Anyone who looks at the bill, sees its thickness and tries to read some of its clauses must be somewhat overwhelmed by it, at least if he has any appreciation of taxation law.

● (2040)

I had not expected to be moving second reading of the bill, and it is only because of rather unexpected circumstances that I am. Consequently, when I should have been preparing my remarks for second reading today I had other commitments to attend to, and I hope honourable senators will bear with me as I try to present what is the appropriate approach to the handling of the bill.

This is the first legislative measure arising out of the budget of last October 28 to come before the Senate for consideration, but that is only part of the story. The bill contains many income tax amendments, some of which are relieving to the taxpayer, some of which are more restrictive and some of which are purely technical.

The story goes even deeper than that, because that is only one aspect of the strange story of this particular bill. It has its origin in three different speeches of two different finance ministers. There was the budget presented on December 11, 1979 by the then Minister of Finance, Mr. Crosbie; there was the speech—I suppose it could properly be termed a mini-budget speech—of the present Minister of Finance on April 21, 1980; and there was the budget as delivered by the present Minister of Finance, Mr. MacEachen, on October 28, 1980. It was a matter of gathering up items from earlier budget speeches and embodying them in the last budget. However it was done, that is the origin of the bill. Naturally, with that kind of origin, it is understandable that further changes have been made in some of the budget proposals since those budget speeches were delivered, even including the last speech. It is in that kind of atmosphere, then, that we begin our consideration of the bill.

Because of some of the slightly changed circumstances and because of the considerable lapse of time since December, 1979, I thought I might usefully take a little time to try to gather up some of the changes in thinking or development of thinking that might have come forward since those times. I refer to certain factual changes. My purpose in doing that is solely to put the bill itself into proper legislative context; it is not with any intention of trying to debate those subjects. Rather, it is to bring the origins of the bill into better focus for our examination.

Let me refer now to the last budget. Its basic policy strategy recognized the difficult economic situation that faced Canada, and indeed other national economies as they affected Canada. The approach sought to be moderate and carefully balanced. The Minister of Finance sought to emphasize the need to deal with inflation, and at that time the budget speech envisaged the possibility of some increase on the price front owing to the more rapid increases in energy and food prices. In fact, developments since that time indicate that there has been even more pressure on food prices than he forecast. There are several reasons for that, including the low yield of certain crops, the reduced marketing of cattle and hogs, and other similar factors.

In our examination of this bill, the one fact that is clearer than it was at the time of those earlier speeches is that inflation is the most serious and stubborn problem facing the Canadian economy. I mention that partly to bring the bill into a more up-to-date focus because of the long intervals of time since some of these measures were first brought forward in a budget, and partly because of the unusual aspect that they are only now being legislated into law, as opposed to the normal procedure in which a budget is delivered and then, within a matter of weeks, the consequent tax legislation is in place for examination.

There have been some other changes of a more encouraging nature which I could discuss at great length, but I do not want to begin developing a budget speech or anything of the sort. That is not my role here tonight. I merely want to try to give an indication of the nature of the bill sufficient to enable us to examine it in its proper context.

Taking the package in its entirety, I think it is clear that it is an attempt to reduce gradually the rate of inflation and to promote employment and productivity growth; and the approach that is sought to be reflected in the bill is that it would be wrong to yield to urgings that we should apply greater economic stimulus at this time, at the expense of seeking to curb inflation, because that could get things out of proportion. It is a matter of trying to balance all the factors. Thus, it is a matter of trying to steer a moderate course between the two extremes, on the one hand advocating greater economic stimulus, and, on the other, advocating more restrictive fiscal policies to combat inflation, which would imply a combination of higher personal and corporate taxes and severe

measures to cut government spending, which, in turn, would undoubtedly disrupt important public programs, thus putting a severe strain on employment, or, to put it bluntly, contributing to more unemployment.

Involved in that, of course, are government restraint policies on expenditure that, although perhaps not germane to the bill directly, are of considerable significance. However, although I am quite free to do so, I do not intend to deal with them at this time because I feel they are not entirely germane to what we are considering this evening.

Of significance, honourable senators, is the change in the element of government expenditures consequent upon its attitude towards restraint. The growth rate in total spending, including budgetary expenditures and loans, investments and advances, is projected to decline from 13.2 per cent in the current fiscal year to 12.8 per cent in the coming year and to approximately 10 per cent by 1983-84. These projections are within the trend rate of growth of gross national product, and this policy will bring the government's share of total outlays in the gross national product down to an estimated 20.3 per cent of the gross national product by 1983-84, which is the level it was at in 1979-80. That may reflect a slight change in some of the figures, and I mention it for that reason.

● (2050)

One of the things contributing to this slowdown in government spending growth is the removal from the federal treasury of the burden of financing petroleum import compensation charges and placing the cost elsewhere. It is quite true that that burden will be shared directly by consumers, but they will still pay less for energy than if we had moved toward world prices more quickly.

There are things I could say about the new expenditure management system which makes easier and better both the general restraint in spending and control over the order of priorities in spending. By doing that there is an attempt to finance new initiatives in the priority areas of energy and economic development. In any event, over the next three-and-a-half years the estimate is that the government will be allocating $8.4 billion from new energy taxes to help achieve security of supply and reduce our vulnerability to oil price shocks.

I do not know that I need go on to the new expenditure management system as it applies to economic development with a view to bringing about growth in productivity and restraining cost increases. One of the figures in this respect is rather interesting. Over the next few years, about $1.5 billion will be allocated to major expansion programs for industrial development, research, export promotion and transportation. Another $350 million has been allocated to industrial restructuring and manpower retraining. Two billion dollars will be available to the western development fund for initiatives to expand and diversify the economies of the western provinces. I think that is as much as I need say on that subject at the moment. My purpose is to bring the background of the bill into context.

I could say much more about the budget speech. In addition to this measure we will require two bills that will be very significant, and it ought to be borne in mind when we are dealing with this income tax bill that it is only the first part of the package. The budget speech made reference to improving our economic performance and bringing the deficit under control, and it set out the National Energy Program. The main legislation concerning that part of the budget speech is contained in two bills which have not yet come before us. I refer to Bill C-48, the Canada Oil and Gas Act, and Bill C-57, which implements the 8 per cent tax on petroleum and gas revenues and the new gas and liquid gas excise legislation.

It is true that the income tax amendments in the bill before us do contain some provisions relating to exploration and development expenditures that flow from the National Energy Program contained in the budget speech. However, they are not where the main thrust of that subject is contained; they are only part of it. The other two bills are the legislation dealing mainly with energy policy.

I should mention, insofar as the bill before us is concerned, that there is one change relating to the oil and gas sector from what was proposed in the October budget. At that time, a change was proposed in the tax treatment of well-drilling costs that qualify for 100 per cent write-offs as Canadian exploration expenses. This was to apply to expenses incurred after 1980. However, the industry has expressed its concerns as to the possible adverse effect of making this change before the new petroleum incentives program becomes fully operational. In other words, the two acts which should work together were not coming forward together. As a result, the income tax changes relating to exploration drilling expenses have been postponed until 1982. That has been a pretty well received and approved change. It should be quite helpful to any exploration activity.

Honourable senators, I come now to the bill proper. I apologize for having taken a few minutes in getting to it, but I thought the information would be helpful. Many of these measures affect the 1980 personal income tax liabilities of Canadians, as do some of the measures announced in last October's budget.

I say this to indicate a problem which is bothering me and it is that many of these factors affect the individual returns that have to be made before April 30. The benefits of these changes are of great significance to individual taxpayers or certain groups, and they must be reflected in the returns made. Curiously, some of these returns have to be made before February 28, but most must be made before April 30, and the forms must be printed and sent out before that date. There is some urgency in this respect. We do need to examine the bill with all reasonable speed, and that can probably be done. I only mention that so that we will not be caught by surprise later on with a demand to speed up the hearings of the committee.

I might add that the Banking, Trade and Commerce Committee met today to commence its study of the subject matter

of the bill in advance of its being read the second time. This approach should be helpful.

I should perhaps mention some of the different classes of individuals who will be affected by the returns they file in the next couple of months. There are changes in the deduction paid to a spouse by a person carrying on a non-incorporated business. This would seem to be not very extensive, but it is important to those concerned.

● (2100)

There are other changes to be made to the whole area of support payments made pursuant to a court order and payable to certain persons under the more recent legislation. Those changes relate to the family law field.

There are changes in the provisions concerning a bequest of cultural property to a designated public institution, such as a museum or art gallery. There is a change in the capital gains provision. It will be seen, again, that it is not an extensive tax, but it can be very important in the small number of cases where it arises.

There is a change made in overseas employment income, and the treatment of it. There are certain conditions set down, such as a Canadian resident being employed for at least six months continuously overseas. There is treatment of the formula reducing part of his income that is taxable. Again, this should help the employment situation for Canadians. Of course, it must be a Canadian employer as well as a Canadian employee.

Then there is a change in the refundable abatement for taxpayers in Quebec. There are changes relating to property transferred between spouses, and deductions for travelling expenses of part-time employees. There are deductions allowed for volunteer firemen, and so forth.

I mention these things to indicate the range of this bill.

There are some important measures affecting the corporate tax field, and most of them apply to 1980. So, until this legislation is passed, there will be delays not only in tax assessments, but also in a good number of business transactions and corporate plans. A number of business transactions cannot be completed until the law is in place because this will affect corporate planning or, at least, the carrying out of corporate plans. There is an element of importance in that regard.

There is a provision for the owners of small businesses to deduct salaries paid to spouses, and other such matters.

Interestingly enough, most of these measures affecting corporations were first introduced in the budget of December 11, 1979, and honourable senators are familiar with them in a general way. I do not think it is desirable that I list them, although I can do so. However, I should, out of fairness, draw attention to two in particular.

I referred earlier to one which has to do with the 100 per cent deduction of Canadian exploration expenses, and the change of the date of that. I think that has a significant effect on certain exploration work. There is another that affects the payments by companies to acquire oil and gas resource properties. It deals with the method of deducting the cost at a reduced rate of 10 per cent on a declining balance basis. This change has to be correlated with the other legislation. It is quite important and I draw it to your attention.

Of course, there is the new investment tax credit to encourage new manufacturing investment in poor regions. There are some changes in tax rules affecting credit unions, and so forth. There is a further favourable change affecting small businesses in that it permits them in certain circumstances to treat interest paid on a bond issue as if it were a tax-free dividend. That can have a significant effect when one bears in mind that small businesses have quite a favourable tax base as compared to larger corporations.

There are many other changes in the bill. I have not attempted, you will be grateful to know, to set out all of the changes proposed in the bill, but I think I have indicated the thrust and purport of the bill, and that is what I sought to do.

I hope this measure is dealt with within a reasonable period of time. I am one of those who do not like to see legislation of this nature drag on for years, as the banking legislation did. I shall be glad to see it cleaned up.

Honourable senators, I thank you for your patience, and I commend this bill to your consideration.

On motion of Senator Roblin, debate adjourned.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1981

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C., for the second reading of the Bill C-56, intituled: "An Act to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970".—(*Honourable Senator Smith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I called Senator Smith about this item and found that he has suffered a bad bout of the flu. He told me that he was going to see his doctor today, and that he would let me know what to do with this item. While I did not talk to him on his call-back, his secretary left the clear message that he would not be here this week, and "he wants you to go ahead with the bill and not to hold it".

I spoke to Senator Macdonald about this matter, and I apologize for not speaking to Senator Flynn about it. In these circumstances, I am wondering if we should go ahead with third reading of the bill and then give Senator Smith an opportunity to make any sort of postscriptum notes or comments he might wish to make when his health is restored to him, and he is restored to us.

Hon. Jacques Flynn (Leader of the Opposition): Do you mean on third reading?

Senator Frith: As I understand it, the subject matter of this bill has been studied by the committee. Senator Smith said that there are certain comments he wishes to make before third reading but, because he cannot attend, he now wishes us to go ahead with the bill and give it third reading. He will make his comments when he returns.

Senator Flynn: I have some difficulty with what Senator Frith is proposing. As far as I am concerned, the bill can receive second and third reading. However, this is a special type of bill. It must receive unanimous support because it is of the essence that it not be controversial. I would rather like to discuss this matter with Senator Smith, because if he has any reservations then I think that creates a problem. However, if he has no reservations, I have no problem.

I would prefer that this order stand. I shall try to speak to Senator Smith tomorrow. As I say, as far as I am concerned this bill can receive second reading and third reading, and be passed. However, it is of the essence that it receive unanimous and complete support. Therefore, I would like to clear the matter up with Senator Smith.

• (2110)

Senator Frith: Honourable senators, I understand the position taken by the Leader of the Opposition, and I agree with him that that is exactly the nature of the bill. I assumed that Senator Smith knew that too, and that is why he said it was all right, but let us not take that for granted. It would be good to get it passed this week, but certainly that does not have to be done tonight. I believe we should have that absolute assurance from Senator Smith for the reasons advanced by the Leader of the Opposition.

Order stands.

STATE IMMUNITY BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator van Roggen, seconded by the Honourable Senator Langlois, for the second reading of the Bill S-19, intituled: "An Act to provide for State Immunity in Canadian Courts".—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not believe there is any rush to deal with this bill tonight. Therefore, I will deal with it tomorrow.

Order stands.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—DEBATE CONTINUED

The Senate resumed from Thursday, January 29, 1981, the debate on the inquiry of Senator Smith calling the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (The British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submitting that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will recall that my intention in speaking to this inquiry was to simply tidy up some loose ends that were left as a result of my earlier intervention that particularly related to some questions asked by Senator Thompson. I expected that Senator Smith would want to deal with my earlier intervention, so I told him that I would put on the record what I described as the whole target for him to shoot at instead of just nine-tenths of it.

What I propose to do is to continue from where I left off when this debate was adjourned on January 29. At that time I indicated that I wanted simply to review the basic propositions upon which my intervention was based and the extent to which those propositions dealt with the question raised by Senator Thompson. That question is to be found at page 1535 of *Debates of the Senate* for January 15, 1981, and it concerns certain grants that were made with reference to the seas around Nova Scotia and how they fitted into the position that I had taken, namely, that the reasoning in the *British Columbia Reference* case applied fully to Nova Scotia, although the case itself was not binding on Nova Scotia, for the reasons that I set out then. I do not now propose to give all the authorities that I gave then because Senator Smith will want to deal with them also, but simply to give the propositions and say how I see them answering the question raised by Senator Thompson.

Those propositions are as follows: first, that we are not talking about the inland waterways or the land territories of the province. Clearly, under the British North America Act, the rights to the resources in those lands and inland waterways belong to the province. We are talking about two areas. One is called the territorial sea, which was from the low-water mark to the three-mile limit until 1970, and thereafter to the 12-mile limit. That is the territorial sea. For purposes of our discussion we are talking about the three-mile limit because the effective date is 1867. The second area we are talking about is the continental shelf. The question we are dealing with is: Who owns the resources in those two areas.

The next proposition is the crucial date. For Nova Scotia it is 1867, because that is when it entered Confederation. For the western provinces it is a later date, and for Newfoundland it is an even later date. For Nova Scotia it is that date because of the British North America Act, which provides in section 7:

> The Provinces of Nova Scotia and New Brunswick shall have the same Limits as at the passing of this Act.

So that is proposition 3.

Proposition 4 is that the principles in the *British Columbia Reference* case are as follows: First, with reference to the territorial seas, the limits of Nova Scotia must be based on the proposition in the *Keyn* case, which was accepted by the Supreme Court of Canada—and as a matter of fact by other Commonwealth countries, particularly Australia, when dealing with the same question. It is important to know that the principle in the *Keyn* case is in these words:

> I think that usage and the common consent of nations which constitute international law, have appropriated these waters to the adjacent State to deal with them as the State may deem expedient for its own interests.

Then it goes on to say that the only way—this is in the *Keyn* case and the *British Columbia Reference* case—those limits can be extended is by an act of the Imperial Parliament, not by an order of the Sovereign in Council.

With regard to Nova Scotia in 1867, that province, so far as I am aware, has never been able to produce evidence of a British statute that extended its limits beyond the common law limit, namely, the low-water mark.

Hon. Jacques Flynn (Leader of the Opposition): Where did Canada get its authority?

Senator Frith: You and I discussed that before. The answer is in the *British Columbia Reference* case. I am attempting to demonstrate that the reasoning in the *British Columbia Reference* case applies equally to Nova Scotia. The reasoning is very clear. There was nothing to prevent the British Parliament from giving that authority to Nova Scotia, but not having given it, it belonged to Canada. That is so by reason of the British North America Act, and as a successor in international law to the British Crown. I can only say that is what the court said.

Senator Flynn: But it is your interpretation of it that I do not agree with.

Senator Frith: I submit that it is not my interpretation; it is precisely what the court said.

In the case of Nova Scotia the same reasoning applies, namely, that only an act of the British Parliament could have extended that province's limits beyond the low-water mark, because the court adopted the principle enunciated in the *Keyn* case.

Senator Flynn: A province needs an act of the British Parliament, while Canada gets it without any authority at all.

Senator Frith: No, according to the Supreme Court of Canada, it gets it through the British North America Act plus the succession in international law.

[Senator Frith.]

Senator Flynn: That is quite different.

Senator Frith: That is what they said.

Now, that same reasoning—and I emphasize the word "reasoning"—applies to Nova Scotia because that province has not been able to produce such a statute any more than British Colombia has.

Senator Flynn: It is quite different.

Senator Frith: At that point it is the end of the matter, in my submission, but Senator Smith mentioned two other reasons why the limits of Nova Scotia should be extended. In my submission, they are irrelevant because the matter ends at proposition 4. It ends because Nova Scotia, like British Columbia, was unable to produce such a statute. Even taking the two additional points that Senator Smith based his position on, that there were treaties that extended that, the *Keyn* case, which was approved by the Supreme Court of Canada, said:

> —nor could treaties with all the nations of the world have that effect. That can only be done by Act of Parliament.

So, again, you are back to "Act of Parliament."

To review that, if there is no act of Parliament, that is the end of it. Senator Smith asks "What about treaties?" The *Keyn* case, approved by the Supreme Court of Canada, says that treaties cannot do it.

The final matter that Senator Smith dealt with was the two commissions. The first commission, in 1621, did refer to "seas". A subsequent commission—and, again, using commissions is, in my submission, irrelevant—in 1763, the Wilmot Commission, clearly put the limit as being the Atlantic Ocean, just as the limit in the case of British Columbia had been the Pacific Ocean. So, again, the reasoning in the *British Columbia Reference* case applies equally to Nova Scotia, and the rights of Nova Scotia, because of that reasoning, are the same as those of British Columbia—namely, none. Those rights are in Canada.

• (2120)

That is now the full target for Senator Smith and the Leader of the Opposition, the former Minister of Justice, to take a shot at. That completes my submissions on this inquiry.

Senator Petten: Hear, hear.

Senator Flynn: I am quite sure that Senator Petten does not want to applaud that.

Senator Petten: I was applauding my friend.

Senator Flynn: But you are certainly not speaking for your province when you applaud what Senator Frith has just said about the limits.

Senator Molgat: Just on general principles.

Senator Petten: He said that—

Senator Flynn: You tried to make that speech in St. John's, to tell them they had no rights to offshore resources. If you come back, you will be lucky.

I move the adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 11, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Property and Casualty Insurance Companies, for the year ended December 31, 1979, pursuant to section 8 of the *Department of Insurance Act,* Chapter I-17, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada on Trust and Loan Companies for the year ended December 31, 1979, pursuant to section 8 of the *Department of Insurance Act,* Chapter I-17, R.S.C., 1970.

Report of the Department of Regional Economic Expansion for the fiscal year ended March 31, 1980, pursuant to section 22 of the *Department of Regional Economic Expansion Act,* Chapter R-4, R.S.C., 1970.

INTERNATIONAL TRADE

BRITISH COLUMBIA COAL—EXPORT AGREEMENTS BETWEEN CANADA AND JAPAN—STATEMENT BY MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator Olson wishes to make a statement, copies of which have been circulated. It might be the subject of some questions during Question Period.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to make a statement to the Senate respecting the signing of a protocol in Vancouver yesterday respecting a huge coal development for western Canada. What I propose to do, if the opposition agrees, is to read the statement that I made at the ceremony, which will take me less than five minutes—

Senator Marshall: How long did it take you in Vancouver?

Senator Olson: It took quite a bit longer, because it had to be translated into Japanese along the way. I think that was a very useful thing to do, since there were a lot of people there who understood it better under those conditions—

Hon. Senators: Oh, oh.

Senator Olson: You are tempting me to make a different kind of speech. This is just a factual statement, but the project is such a great economic development for Canada that I could redesign it and give it that way. But if honourable senators would like me to read it exactly as I gave it in Vancouver, I will do so.

Senator Asselin: Why do you not stick to your text?

Senator Olson: Honourable senators will realize—

Senator Frith: The opposition do not want to be part of history unless they are making it.

Senator Olson: You will realize, as I read the statement, that it was designed for, and, of course, targeted to, the audience that was at the ceremony, which means that it will sound slightly different from the way it would have sounded if I had designed it to be read in the Senate. The statement reads:

> I am here on behalf of Prime Minister Trudeau and the Government of Canada to congratulate the Canadian and Japanese companies on their successful negotiation of the largest export agreements ever achieved between our two countries. I endorse Mr. Nemoto's remarks both now and during the negotiations of the importance of these agreements to the healthy and growing trade relationship between Canada and Japan.
>
> It has been an honour for me to lead the federal government's involvement in this project. I had the constant encouragement and support of the Minister of Transport, Jean-Luc Pepin, who, while he cannot be here today, has ensured the full co-operation of the National Harbours Board and Canadian National Railways for which he is responsible. In Senator Perrault, who will be making his own comments in a moment, I want to say that this project and British Columbia have had an effective spokesman.
>
> I have just released to the media a copy of a telex I sent to the companies and the B.C. government yesterday outlining the basis for the federal government's involvement in the northeast B.C. coal project.

The federal government has always maintained that we would honour our commitments to provide the port and rail infrastructure essential to the success of this project. These investments will open up a second corridor for exports not only of coal but also grain, potash and many other resources from British Columbia and other provinces. We are participating in the northeast B.C. coal project in several ways:

—through a $35 million coal terminal at Ridley Island to be provided by the National Harbours Board;

—through $10.1 million in associated offsite services;

—through a contribution by DREE of $4 million for an access road to the terminal;

—through a guarantee of an indexed throughput charge of $3.00 per tonne for six years for the coal terminal at Ridley Island;

—through $72 million for upgrading of the CN mainline from Prince George to Prince Rupert, another $85 million for train sets, and an estimated $50 million for new CN plant capacity, all of which are to be provided by Canadian National.

I want to stress all of CN's investments will be recovered through the commercial freight rate it has quoted to the companies. With respect to any public investment related to the terminal, the government has directed the National Harbours Board to fully recover it in the throughput charges to be calculated after April 1, 1989. Moreover, it has always been a primary objective of the federal government to ensure that these investments would in no way alter the competitive positions of other coal producers in British Columbia and Alberta.

It would be difficult in these few short moments to enumerate all of the economic and social benefits which could flow from these coal agreements for the province and the country as a whole. There are the $9 billion in exports, the 2,400 jobs during the construction phase, the foreign exchange benefits, the industrial spin-offs for companies right across the country, especially in transportation and port equipment.

Let me focus, however, on three points which matter greatly to me.

One is the way in which the native people of the area will participate in the development while, at the same time, complementing their traditional way of life. It is my view that when major economic projects occur in this country—projects involving taxpayers' dollars—more care be taken to ensure that the people living in the area can take advantage of the unprecedented opportunities represented by the project.

In the case of the northeast B.C. coal project, my colleague, the Minister of Employment and Immigration, will be assessing the manpower needs and designing training programs for local workers. As well, I am establishing a consultative process with the native groups in the area to plan for their involvement in this project and the Alaska pipeline project.

• (1410)

Secondly, I want to emphasize that the federal government will undertake to exercise all of its responsibilities relative to the protection of the environment in the northeast B.C. region.

The final point I want to make is that this major project contributes significantly to the unity of this great country. Senator Perrault and I came to British Columbia last spring to talk to Mr. Phillips and the B.C. government about the expansion of Roberts Bank, about the construction of the Ridley Island grain terminal and about northeast B.C. coal. Indeed, yesterday we met again to discuss British Columbia's economic development priorities and how these fit into the national framework.

As of today, and in only a few months of hard but effective work between the two levels of government, I am happy to report that those problems have been resolved. This country does work. The national government does listen to the provinces and does respond as best it can.

For me, and I am sure for all of my colleagues in the federal cabinet and indeed for the people of the country as a whole, the northeast B.C. coal project marks a step toward our greater prosperity as Canadians and the stronger interdependence and unity of our many parts.

Some Hon. Senators: Hear, hear.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I hardly think it necessary for me to congratulate the honourable minister, because he has clearly congratulated himself quite well. In fact, he has left nothing out.

There are some points in his statement which I think must encourage all of us, because what he said with respect to the native people of the area and the problems of environmental preservation are statements that we are all glad to hear because they are aspects of resource development which, over time, we have learned are more important than they seem to be at first. If those problems are solved in connection with the coal movement in British Columbia, that will be good for everybody. I certainly hope it will be good for the people of Alberta and the people of British Columbia whose coal is being sold in this way.

I should like to ask my honourable friend one or two questions about the financing of the project, because he left me with the impression that he expected the contributions of the government to be self-financing. I believe that is the policy he is following, and I should like to inquire about a couple of items in that connection.

I am not clear that the $10.1 million in associated offsite services and the contribution by DREE of $4 million for an access road to the terminal are part of that self-financing package. Perhaps he could tell me if that is the case.

I should also like to know the tonnages on which the amortization of the Canadian National investment is to be based, because I see that Canadian National is to recover, through its commercial freight rates, its out-of-pocket capital costs. The reason I am interested in the tonnages on which the calculation is based is that the Government of British Columbia has made it clear that British Columbia will not be recovering all its costs from the coal that is planned to be moved under this arrangement. I believe that approximately 11 million metric tons more of coal—either coking or thermal, and I do not suppose it matters which—will have to be moved in order to bring the British Columbia accounts into balance. My inquiry is really whether there is any problem of that kind in connection with the Canadian National situation.

I was glad to hear the minister enumerate the economic benefits that flow from natural resource developments of this kind. That is an important thing for him to have done. He also emphasized the benefits that accrue from that, not only in British Columbia but all over the country and particularly in central Canada, and that, too, is a good thing to have done. If he were to apply the same line of reasoning to the development of new projects that are in the deep freeze right now in respect of oil, and were to tell the people of Ontario and central Canada of the enormous advantages that would accrue to them when those policies are freed up and put into operation, I think he would be doing us a good turn.

● (1415)

Perhaps he could give us that information without ascribing—and I am not ascribing—any blame either to the Alberta government or the federal government. In this particular comment regarding the holdup involved, I leave the question of blame to one side because I think it would be inappropriate to mention any disagreement in connection with successful coal development of this kind. If the minister could tell the people of central Canada what they would have to gain if the oil and gas projects got the go-ahead, I think he might help reduce the ice jam that presently seems to afflict the energy policy.

Naturally, I am glad to see the development of any part of this country. If he could throw any light on the problems I have raised—which are perhaps relatively small points—I would be grateful to have the minister's statement.

Senator Olson: Honourable senators, I would be very glad to comment. Perhaps there are other senators who would like to ask further questions during the Question Period, but we are not at that stage yet. However, I would reply directly.

The $10.1 million for infrastructure and the $4 million for the access road are not to be calculated in the cost recovery in the first instance.

In order to make some calculations—and I want to be careful about this—two things had to be done: one was to give the coal companies a freight rate; and the other was to give them a port loading charge so that they could negotiate. We now believe that there are two million tonnes more immediately available under these two contracts than the original calculations were based on. Therefore, it follows that the higher the tonnage the lower the cost per tonne. However, we have not yet worked out the exact calculation. The amount that we are talking about from these two companies alone—that is, Teck and Denison—is now up to 7.7 million tonnes annually. In addition, we have had some further inquiries from at least two other companies which also want some space at Ridley, when it is completed, to load coal.

[Senator Roblin.]

It would not be unfair of me to estimate that by the time the port is in full operation—which would be in 1984 or, perhaps, 1985—we could expect to have offered in excess of 10 million tonnes to be loaded at that port. However, I want to make it clear that that is my view of what is coming in behind, because the demand for thermal coal, from all around the world—the Pacific Rim, parts of the Mediterranean, Europe and other places—is becoming very strong indeed.

The other point that requires some explanation is the $3 per tonne maximum charge that we offered to the coal companies for six years from the commencement date so that they could negotiate. Indeed, the escalation factor is based on April 1, 1980, so that by the commencement date, 1983 or 1984, it will have escalated from the April 1, 1980 figure to whatever the level is at that time.

We have also offered the companies 80 per cent escalation, rather than 100 per cent escalation, over what really turns out to be a nine-year period of escalation, because although it is to apply for six years, it will be three years before we actually get to the point of loading the coal and charging for it.

Senator Frith: What is the index for the escalation?

Senator Olson: The index for the escalation is the CPI.

If we have any losses because of guaranteeing that $3 maximum plus escalation charge, then we will set a commercial rate after April 1, 1989, which will take care of whatever the costs are then plus the recovery of any losses that we may have suffered.

● (1420)

I hope that is clear, because we may have some losses. We are going to forego some interest charges on the original capital investment of $35 million, but if there is a loss to be recovered we are going to get it back in the charges after 1989.

As far as concerns the comment with respect to how we should present the gas, oil and mega projects particularly, as being of economic benefit to Canada, I say, in a non-partisan way, that I concur with what the honourable senator has said. We are going to try to do that.

I conclude by saying that, at the beginning of the Alaska Highway pipeline project we sent out specific press releases to every town that was going to be affected. We sent them to Welland, Stratford and Hamilton. We knew that some of the compressors were going to be built at those locations. We also sent them to Montreal because we knew that the engines were going to be built by Rolls Royce. I think it is extremely important that it is understood that a large part of these economic benefits flow right across this country.

Senator Roblin: I thank the minister for his statement. I can say that I find it encouraging. I should like to make a supplementary point. I think what I want to get at is whether we are exporting energy at cost, below cost, or at some concessional price. Obviously, the minister and I agree that we should not export energy at a concessional price, and I think what he tried to tell me is that he is not doing so in these circumstances.

I should like to have a breakdown, particularly of the railway costs, showing how the $3 a tonne relates to the 7.7 million tonnes he talks about, because if the British Columbia figure of 11 million tonnes shortfall for covering their costs has any relevance at all to the federal picture—and I am not sure that it has—then it would be disclosed by whatever figures the minister could give me on that. If he could give me the tonnages being moved and the relationship between the cost recovery to the railways' capital costs, carrying costs and operating costs, I could then form an appreciation as to whether or not this coal is being moved at what I call economic rates.

The minister may have that information, and if he does, I would be pleased to have it.

Senator Frith: The 11 million tonnes they will move?

Senator Roblin: To answer Senator Frith's question, the statement from British Columbia is that they would need over and above the 7.7 million tonnes sold now—or even the 10 million tonnes—another 11 million tonnes, which means more than double the amount, in order to clear their books in terms of making sure it is a fully economic non-concessional proposition with respect to exporting these large quantities of coal to Japan.

Senator Frith: In relation to the costs?

Senator Roblin: That is right. I am anxious to find out whether there is any gap of that kind in the federal cost picture, because, from what the minister has stated, it is not clear to me what the facts really are. So I would appreciate having that information.

I think it is important to establish the rules of this coal exporting game now that the government has taken such a large role in it. I agree with the minister when he says that the prospects for the future are very buoyant with respect to coal, and I think we want to get off on the right foot.

In another capacity I have had some experience negotiating with the Japanese on the price of coal, and, believe me, they know how to do that. So, if we have a deal with the Japanese that is fair to the Canadian economy, then I think that that is a pretty good mark.

Senator Olson: Honourable senators, I can partly answer that question. The coal that is being sold by Quintette starts out at a base price of $75 per tonne f.o.b. Ridley Island. That is an amount, depending on which contract one looks at, which is from $2 to $10 per tonne above any other price at the moment. Indeed, some people would say that this is a premium that the Japanese will pay for the supplies they require because they want access to that port to be open.

• (1425)

Senator Roblin: Just to clarify that, when my honourable friend talks about a premium, there is a time element involved. What set of prices is he comparing it to? Is it the price of Ridley coal two years down the road compared to what he estimates current contracts will be, or what current contracts actually are today?

Senator Olson: Honourable senators, this is one of the problems you get into, namely, the base. We have to start somewhere even if you are going to escalate.

Senator Roblin: I want to know what your base is.

Senator Olson: The base is $75 a tonne in April 1, 1980 dollars. The price that they get will be escalated at an index no less than the CPI, but perhaps more. I cannot say exactly which index will be used above the CPI. The other contract, as I understand it, was for $75.50 a tonne because there is a little more trucking involved with that one than with Quintette.

I just received the hand-outs—that is, the information handed out by Quintette Coal Company and Teck Corporation—and I believe there are copies available. I would be pleased to send copies to my honourable friend opposite if he does not get them directly from the companies.

Senator Roblin: I thank my honourable friend, but could he also give me the government's calculations on the CNR? I would be pleased to have them also.

Senator Olson: I can do that as soon as we have them, but let there be no misunderstanding that these are the best estimates that can be made. As far as the CNR is concerned, it is far more predictable. They know how many train sets they are going to buy and what the price is going to be. In any case, the CN's rates will be escalating at some index too over that period—perhaps from 80 to 100 per cent—whether it is the CPI or some other index. They are intending to set it up in such a way that there is no cost recovery on their part, although obviously, they have to make some capital investment, and its return will be included in the price.

Senator Roblin: I want to ask one final question, and I thank my honourable friend for his patience. I am concerned about this question in more ways than one. Most of these contracts have a clause which enables the shipper to decline to accept volumes of coal if the market in Japan for steel, for example, falls off. They are not fixed quantities in the sense that the buyer cannot vary the quantity from time to time. Are there any such qualifications in the two deals we are talking about?

Senator Olson: Honourable senators, I have to be careful what I say concerning what is still under negotiation and what has already been made public information with respect to—I think this is what you are talking about—"take or pay."

Senator Roblin: That is right.

Senator Olson: I know that that is part of the negotiations, but I cannot attempt to announce anything until the company is ready to say what that may be, and it could obviously be a

plus or minus figure from the 100 per cent figures that are in the contract.

Hon. Andrew Thompson: Honourable senators, the minister in his reply to me on January 27, 1981, when he was reporting on the progress of this sale to Japan, said:

> There is every indication that this contract will be highly beneficial economically, and will require very little subsidy, even in the initial stages.

May I ask him to whom that subsidy will be paid? Is it to the Canadian coal companies, and is it money that will have to be paid back over the years?

Senator Olson: Honourable senators, how to define "subsidy" is always a good question, because obviously there is going to be some capital investment in what I have described—more specifically, for infrastructure such as access roads, and also the preparation of the site on Ridley Island. Some people will claim that is a subsidy. What we are confident of is that the charge levied for loading the coal will be high enough to recover all of that money, but we have set a maximum of $3 a tonne plus escalation starting in 1983 or 1984. If there are any losses during the first six years—that is, to April 1, 1989—it is clear we will adjust that price not only to take into account the commercial requirement for doing it based on the cost then, but also to begin the recovery of any losses that we might have had earlier.

● (1430)

Senator Frith: Honourable senators, I wonder—

Senator Thompson: May I ask the honourable senator—

Senator Frith: Perhaps the honourable senator will excuse me for a moment. He may wish to respond to what I am about to say. We have anticipated Question Period to some extent with this statement, but, in my opinion, it has been useful to have an exchange between the minister and the Deputy Leader of the Opposition, and also the questions asked by Senator Thompson. Do honourable senators agree that we should proceed to Question Period, as there is nothing on the order paper between this item and Question Period?

Senator Grosart: Why?

Hon. Senators: Agreed.

Senator Grosart: Why change the rules?

QUESTION PERIOD

[*English*]

INDUSTRY

BRITISH COLUMBIA COAL—DEVELOPMENT ASSISTANCE

Hon. Andrew Thompson: Honourable senators, I appreciate the minister's suggestion concerning the ambiguity of "subsidy", and how it could be broadly defined. May I be more specific? Is there to be an actual financial grant, to be paid back to the government over a period of time, of so many millions of dollars to help the coal companies to get started?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there will be no grant or payment made directly to coal companies in the beginning, and therefore there would be no recovery. Any capital investment at the front end would be through the National Harbours Board for the port and, I suppose indirectly, through the railway in the purchase of the equipment it needs. The exceptions which I mentioned are minor compared with the totality of the program—that is, for some infrastructure related to the island and the access road. The rest of it will be subject to cost recovery.

INTERNATIONAL TRADE

IMBALANCE IN EXPORTS TO AND IMPORTS FROM JAPAN

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the minister. It will probably be considered by him to be naive, but nevertheless I shall ask it.

About 15 years ago I served on a provincial trade mission that travelled to Japan. In the course of that visit there was much discussion about trade relations between Canada and Japan. The thing that seemed to exercise the minds of most people at that time was the fact that what we exported from Canada to Japan was in the nature of unprocessed or raw natural resources—

An Hon. Senator: Right.

Senator Donahoe: —and that what we imported from Japan was in the nature of highly processed manufactured products, which came into the Canadian market and made things difficult for the manufacturers of this country.

One cannot help but be impressed this afternoon by the extent to which here again we are arranging to export to Japan vast quantities of our unprocessed raw resources. I noted, when the minister spoke, that he said this would lead the way to other exports to Japan. I was struck by the fact that each of the new exports that he said might follow in the wake of the coal was, in its turn, an unfinished, unprocessed, natural resource.

My question is: Is there anything in this deal which will tend to assist in the imbalance of the nature of the exports to Japan, as opposed to its imports? In other words, does the Canadian manufacturing industry have anything to hope for in the export market as a result of this deal?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the coal that will be exported will be in as highly a processed state as it can be. I understand that when it reaches Japan, it will be put into their steel furnaces. Therefore, if we are unwilling to sell them the coal in this state of process, then we are unwilling to sell it to them, period—unless honourable senators feel there is some way in which we can sell them the steel instead of the coal. It is for plants that are already in operation.

There will possibly be a capability to load potash and sulphur at Ridley. Potash will be largely in the state in which it is put into the ground to fertilize the soil. It leaves me a little bewildered as to what kind of upgrading honourable senators would want of that resource, because that is what it is used for. It is either put in the ground, wherever it is taken in the world, or it is not sold.

I am sure my honourable friend knows that most of the sulphur that is exported is used for the making of sulphuric acid, which is the backbone of industry around the world. It is far easier to ship it in that form than in the form of sulphuric acid. We could add a few more to this, but it seems to me that the honourable senator has picked the wrong set of commodities if he is arguing that they should be upgraded, because they are upgraded to the highest level possible for the uses that will be made of them.

Senator Donahoe: In view of the minister's reply, may I say that I was not in any sense suggesting that there was anything wrong or improper about the sale. I was interested to note from the minister's reply that the commodities he mentioned are all products of the extractive industries; they are all part of our natural resources that are produced through the extractive industries. I was referring to products manufactured in this country, and asking if, in addition to the great boom that the minister says will be created in the extractive industries in this country, there would be any corresponding increase in our sales of manufactured products on the export market.

Senator Olson: Honourable senators, there will be a great deal of material and equipment— a wide range of supplies from equipment to steel products of many kinds—that will be required for this deal—

Senator Donahoe: For use in Canada.

Senator Olson: —including several hundred hopper cars and locomotives, and that sort of thing. All of that will be widely spread across this country.

BRITISH COLUMBIA COAL—RECOVERY OF GOVERNMENT INVESTMENT

Hon. Stanley Haidasz: Honourable senators, I should like to ask the minister how much and how soon will the federal government recover from this huge investment in the sale of British Columbia coal to Japan?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not have the figures before me, but hopefully everything necessary to get the project under way will be done relatively quickly. For example, last Thursday the National Harbours Board began a series of newspaper advertisements calling for proposals concerning the private operator who will be actually doing the loading at the port. However, I cannot give any specific dates with respect to this. All I can say is that the preparation of the site at Ridley Island is already under way, and I expect that the CN has probably already put out calls for the equipment it is going to buy.

BRITISH COLUMBIA COAL—PROCESSING AND SOURCE OF MINING EQUIPMENT

Hon. Robert Muir: Honourable senators, I commend the minister for his statement and I hope this project will have vast economic benefits for the whole of Canada.

Having said that, may I ask a question along the lines of Senator Donahoe's questions? If this is strip mining, will the drag lines be made in Canada, or will the equipment come from Japan? If the coal that will be produced is to be shipped in its raw form, will it be sized in Canada, therefore providing employment, and will it be treated in Canada with oil, therefore providing employment? In connection with all of the preliminary work that will be done in the production of the coal for export to Japan, will there be much Canadian content with respect to machinery and labour, or are we just going to fill the ships with the raw material from western Canada?

• (1440)

Senator Olson: Honourable senators, this government has always, consistently, attempted—and, indeed, has been successful in doing so—to maximize the benefits to Canada of such undertakings, insofar as this is possible, and that will be done in this case, too.

Senator Muir: That is one of the finest non-answers I ever got, either here or in the Commons.

GYPSUM EXPORTS

Hon. Robert Muir: Further to what the minister has just said, may I ask him why the government has not done the same thing with regard to the gypsum industry in Canada, which has poured out millions of tonnes, under the same administration, for many years, none of which was ever processed in Canada?

Hon. H. A. Olson (Minister of State for Economic Development): I will have to take that question as notice, because I am not sure that the situation is as my friend describes it.

Senator Muir: I have stated it correctly. None of it was ever processed in Canada. It was just shipped out.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development about the Petrofina purchase.

There has been considerable concern expressed by both business and political people about what appears to be a very high price per share in this transaction. Even the founder of Petrofina expressed his amazement last week at what he called the exaggerated price paid by the government to Petrofina for these shares. My understanding was that $80 to $82 would have been considered a good market price, and that a price in the order of $90 to $100 would have been a fair bonus for active participation in that market. The price of $120 a share seems to be an outright gift from where I stand, and sounds

like an exaggerated price to the president of the company concerned.

I wonder if the minister can comment on that. There are some very serious concerns in that area.

Hon. H. A. Olson (Minister of State for Economic Development): I could comment at length on what the honourable senator has said, but I certainly cannot give a full and complete answer under the rules in the context of the Question Period. I think it is fair to say, however, that the price that was arrived at for the purchase of a sufficient number of shares to acquire the desired percentage of control was that which was negotiated, and I think the negotiation was done in good faith by good negotiators. If that is the comment the honourable senator wants, it seems to answer all the questions he has asked so far. Perhaps tomorrow afternoon I could bring him a somewhat more detailed explanation of some of these factors.

Senator Doody: I have a supplementary question. I certainly think it would be appropriate to elaborate on the comments that the minister has made to date.

He says the negotiations were conducted in good faith. That really begs the question. I think that somebody, some time ago, said that faith without good works does not mean a great deal, and we certainly do not have much in the way of good works in this particular transaction, where a price of $80 has been exaggerated to $120.

My understanding is that the Canadian public will now have to pay for that purchase at the gas pump, and that 50 per cent exaggeration, if you will, is going to be reflected in the price of a gallon of gas. It seems to me to be a kind of a cynical way of treating the promises made during the last election campaign. I remember very well being told that this new government, when elected, would not go anywhere close to the increase of 18 cents a gallon which caused so much concern at the time. As I understand it, the price has already increased by more than 23 cents a gallon, that the cumulative increase is up over 32 cents per gallon, and now we are talking about another 4 to 8 cents per gallon on this particular boondoggle, as some people have called it. In addition, the price of home heating oil will go up another 6 cents per gallon, and all we are told in this chamber is that it has all been done in good faith.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary of the minister in connection with the purchase of Petrofina by Petro-Canada?

I notice a statement by Mr. W. H. Hopper, the Chairman of PetroCan, to the effect that he intends to ask the federal government to raise $1,460 million to enable him to complete this purchase that he has embarked upon. As my honourable friend Senator Doody has made quite clear, the price becomes a matter of some public concern if public finances to that amount are to be dedicated to this purpose.

I notice that in his statement to the press Mr. Hopper, in reply to some questions about valuation, said that the price was based on a report prepared by an outside consulting firm, and he believes it to be fair.

[Senator Doody.]

I ask the minister whether he would undertake to let us have a copy of this outside consulting firm's advice to PetroCan, because if we are going to be asked to supply $1,460 million we had better have a pretty good idea of just how that sum was arrived at.

Senator Olson: I will try to get more information for my honourable friends tomorrow. I have a fairly detailed memorandum respecting some of these matters in front of me now. I believe that this has, for the most part, been made public in any event; but it seems to me that I should look at these questions fairly carefully, both as to how they are asked, and as to what information they ask for, and make sure that I get specific answers to them. I can tell my honourable friends, however, that the answers will probably be a whole lot more elaborate than that, because there are a few things the honourable senators have left out.

Senator Doody: There are a few things we do not know.

Senator Roblin: I admit that. There is a great deal I left out, but I am trying to keep my questions pretty short and succinct.

Senator Olson: For a change.

Senator Roblin: "For a change," my honourable friend says. I am doing my best. I would like to get any information that he is able to offer, however, in connection with PetroCan, because $1,460 million is still a great deal of money, and if the taxpayers of this country, through the gasoline filling stations of Canada are being asked to provide this, as is possible, then I think we need to know more about it than we have been told so far.

Senator Olson: There are a great many assets involved, of course.

Hon. Azellus Denis: Honourable senators, my question is also for the Minister of State for Economic Development.

What would be the revenue expected from the acquisition of Petrofina, as compared to the sale price, and, secondly, what are the taxes we are going to lose? Petrofina, of course, used to pay taxes to the government, but from now on it will not have to do so, and those taxes will be lost. I would like to have answers to those two questions.

Admittedly, the price paid for Petrofina is high, but if the revenues are going to be pretty high as a result, then it is a good thing for us to have bought it. We must, however, take into consideration that the taxes Petrofina paid to the government will no longer be available.

Senator Flynn: How much will you have in your pocket?

Senator Olson: I take that question as notice, and will try to find those particular figures.

Hon. Ernest C. Manning: Honourable senators, when the minister is preparing this more comprehensive statement on Petrofina that he referred to, I would like to ask him to include one other aspect to which very little reference has been made so far.

Last summer Petrofina stock could be bought on the open market at $46 a share. The price shot up from $46 to over $80.

This was due, not to any significant change in the operations or the assets of Petrofina, but, as I think is generally recognized, almost entirely, if not wholly, to rumours that were spread around to the effect that Petro-Canada was thinking of buying Petrofina. At the point when trading in the stock was suspended, when the deal was under way, the price was up over $80. The comparisons we are hearing today are between $82 or $88 and $120, and references are made to a 50 per cent premium.

• (1450)

I draw the attention of the house to the fact that the value of that stock on the open market just last summer was merely $46. If that is the fair market price as set on the exchange, then the price Petro-Canada is paying for this stock is not a 50-per-cent premium but a 150-per-cent premium, the difference between $46 to $50 and $120. If that is the situation, I think all honourable senators agree it is a matter of serious concern to the Canadian people, who are now being asked to pay an additional charge on energy products to cough up the money to pay $120 a share. I do not want to belabour the point, but I would appreciate the minister looking into this matter, because it is causing concern to a lot of people.

Senator Olson: Honourable senators, that is one interpretation which can be made on the value of these shares. I am not arguing, at the moment, whether the prices went from $46 to $82 or $87 or any other number, on the basis of rumours that Petro-Canada was interested in an acquisition. That may or may not be a fact. I know there are such arguments made from time to time when the market responds to certain stocks, whether it is Petro-Canada or any other company involved in the process of a take-over plan. I think it can be demonstrated—and I will dig up the figures—that the value of this company's assets, both in terms of today's dollar and the future value of the dollar, considering that the price of gas and oil is surely going to escalate, probably forms part of the basis on which the $120 per share was arrived at. We cannot simply say that there is something wrong in Petro-Canada getting involved in one of these acquisitions, and disregard the fact that every time there has been an acquisition there has been an increase in the value of those shares. There is nothing unusual about that.

Senator Roblin: The taxpayer is paying for this.

Senator Frith: It is a good deal for the taxpayers.

Senator Olson: I would like Senator Murray to do an assessment of the acquisitions that Petro-Canada has made prior to this time; take the value of those assets at the time they were acquired and compare it to their value today. I think he should swallow that kind of comment, which I regard as completely unfair in the context here. I think, too, that honourable senators know very well that quite often what the market responds to, in determining the shares on the board, has something to do with dividends and distributed earnings. We will have to look into that, too, and the situation may be completely different with respect to the assets of Petrofina when it becomes part of Petro-Canada. Therefore, as a result of owning, controlling and using the distribution system, the cash flow into the company may be substantially higher than it was before. That also has to be taken into account.

I will take the question as notice. I think my honourable friends opposite will probably want us to look also at the reserves, additional land values, and all of the other assets that go along with that, divide that by the number of shares and see what it comes out to.

Hon. Lowell Murray: I would like to ask the minister about the financing of this take-over. The head of Petro-Canada has made it clear that that company is not in a cash position to finance the take-over and that the taxpayers will have to finance it. I think the government, through the Minister of Finance, has confirmed that it is the Canadian ownership account under which the government is apparently seeking authorization to put a tax of as much as $4 a barrel on oil which will be used to raise the money for this.

I want to ask the minister to confirm that it is through the Canadian ownership account tax that the money is going to be raised for this, and to tell us what the extent of the tax will be. Will they immediately put the $4 a barrel on, thereby raising the $1.4 billion in six months, or will they put a lower tax on and spread it out over a longer period? If the latter is the case, who is going to pay the interest charges on the money that will have to be borrowed from the banks in order to provide interim financing for the take-over? This must be considered, because I think there will be very considerable financing charges. Will that money also come out of the Canadian ownership account tax?

Senator Olson: Many of the questions that Senator Murray has just asked, of course, are still in—

Senator Murray: Limbo.

Senator Olson: No, they are not in limbo. They are part of a normal acquisition negotiation that is announced in all its final details when it is completely consummated. I think that that has to be taken into account. My honourable friends know that. Some senators complain that the price of Petrofina shares went up substantially because of rumours that Petro-Canada may be in the position of making an acquisition. That has now been put to rest and some kind of offer has been made for sufficient shares so that the acquisition can materialize; and now they want all the rest of the details. Of course, my honourable friend knows there are some further details, such as those he has just asked about. As rapidly as those details become public information, I will see that the Senate is informed of them.

Hon. Richard A. Donahoe: I would like to address a question to the Minister of State for Economic Development on a slightly different aspect of the matter we have just had under discussion. Yesterday in the other place the Minister of Industry, Trade and Commerce said that the matter of Petro-Canada's acquisition of Petrofina came before the government and was dealt with on the same day. He said that day was Thursday, January 29. Having said that, he also said that the government provided no direction to Petro-Canada with regard

to the Petrofina purchase price. As Senator Murray has just indicated in a question, the president of Petro-Canada has announced that his company is "pretty well strapped with debt." He expects that the revenue from the Canadian ownership charge will be used to pay the entire $1.46 billion purchase price of Petrofina.

If all those things are correct, and I believe they are, would the minister indicate whether Petrofina will be allowed to continue to enjoy a régime under which it is entitled: first, to select targets; second, the negotiate a price independently; and, third, to cause taxes to be levied at the same time?

Senator Olson: Honourable senators, I think I should answer that question by saying, as I said a few minutes ago, that when all of those details are known they will be brought to the attention of this chamber. However, one or two of those questions are really quite easy to answer. I can say that Petro-Canada does not levy taxes; the Parliament of Canada does that. A proposal will be made to the Parliament of Canada, based on the budget, for acquisition, when the time comes. Furthermore, it is not difficult to understand why the president of the company would like to have maximum equity with respect to the deal, because that, of course, gives him much more latitude. Whether that is just speculation, or whether it would be $1.46 billion or, say, half of that, $700 million, has not been made public information, probably because an agreement on the ratio has not yet been reached.

● (1500)

Senator Donahoe: Honourable senators, I should like to direct a supplementary question to the minister. I had intended to ask the question in any event, but I am now impelled even more strongly because of the cogent intervention of Senator Manning. My question concerns the price at which the Petrofina shares were acquired. Surely it must be obvious, even to the Minister of State for Economic Development, that there is a considerable body of thought that it was a leak of Petro-Canada's intentions that drove up the share price of Petrofina.

The Minister of Energy has told us repeatedly that that is not the last purchase to be made. He hopes that Petro-Canada will make other similar purchases.

Can the minister indicate to this house what action is being taken to ensure that the Minister of Energy, in creating this acquisitive climate, will not contribute to unrealistic stock price increases of prospective future targets?

Senator Olson: Honourable senators, it has always been the view of this government that such acquisitions should be made. Apart from that, I believe the honourable senator will find the answer to most of his question in his own notes, if he is willing to accept what the minister said, that the proposal was put before the government and dealt with in one day. If that is so, then whatever else he was arguing about must have occurred before the proposal was put before the government. I am sure that if he looks at his own notes he will find a clear-cut answer to the question he has just put.

[Senator Donahoe.]

Senator Donahoe: In dealing with constitutional and other matters we often find leaks, and there may well have been a leak in this case.

ALASKA HIGHWAY GAS PIPELINE—OFFICIAL CEREMONY

Hon. Paul Lucier: Honourable senators, I understand that a few days ago the Minister of State for Economic Development attended a ceremony in Spokane, Washington, which was sponsored by Pacific Gas. Can the minister tell us the significance of that meeting?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators. On Monday evening of this week I was in Spokane attending an official ceremony to mark the construction of the Alaska Highway gas pipeline in the United States. Many miles of that 42-inch pipeline have already been welded and placed in the ground, but the significance of the ceremony, in my view, is that it is a justification or an exoneration—or whatever the right word might be—of the action that this government took last July when it authorized the beginning of the construction of the Alaska Highway gas pipeline in Canada. They have gone forward with that pipeline at an accelerated rate in the United States. Indeed, even in Alaska, where the most difficult construction area and climatic conditions are to be found, a significant amount of activity has taken place at an accelerated rate with respect to the design and engineering of the conditioning plant and certain other considerations respecting the line itself. According to my information, the pace at which that work is proceeding is beyond what was anticipated even last summer.

THE ECONOMY

CONFERENCE BOARD OF CANADA FORECAST

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, by way of a delayed answer I should like to respond to a question raised on January 20 by Senator Nurgitz concerning the forecast made by the Conference Board of Canada.

I am informed that the Conference Board indeed published a forecast in December of 1980 that predicts that the increase in the consumer price index will be 11.7 per cent in 1981 compared with their forecast view in September of 10.1 per cent. Also, their forecast for output growth in 1981 has been revised downwards from 1.9 per cent in September to 1.0 per cent in December.

The period from September to December was a particularly volatile one in terms of economic events. The U.S. economy emerged more quickly than expected from a recession and this put considerable upward pressure on interest rates and, to some extent, on prices. The extent of the impact of the poor weather on crops was better appreciated. Higher energy prices in Canada were announced and began to be put into effect. In this environment, it is not surprising that forecasts prepared in September were changed. In general, forecasts of real output growth were revised up from 1980 and, in some cases, revised

down for 1981. For some forecasters, the revision to the output forecast largely reflected a re-allocation of output growth between the two years. That is to say, some of the cyclical recovery expected for 1981 was recognized as having actually occurred in 1980. It may be noted, however, that the latest Conference Board forecast for real growth to 1981 is identical to the forecast for that year in the budget speech.

On the inflation side, most forecasts of the short-run outlook have been revised up in both the U.S. and Canada. The Minister of Finance has already indicated in a speech to the House of Commons on January 16 that pressures on prices, particularly food prices, will be greater in 1981 than anticipated at the time of the budget. He added that "it seems even more clear now than at the time of the budget that inflation is the most serious and intractable problem facing the Canadian economy". However, it is not the government's practice to release detailed official forecasts every month or so.

EFFECT OF NATIONAL ENERGY PROGRAM—CAPE BRETON DEVELOPMENT CORPORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to give in response to a question raised on January 29 by Senator Muir concerning layoffs at a heating plant operated by Devco.

I am informed that 11 employees, not 20, as reported by the honourable senator, will be relieved of their duties in June of this year. The reason for the layoff is not because Devco is changing its heating system from coal to oil but rather because the major clients of the industrial park are moving to new quarters and the number of services required for the park will be reduced.

Five of the 11 employees to be laid off were hired on a temporary basis knowing their employment was not permanent. One of the 11 workers will be returned to another division within Devco and one worker will be retiring. The employees will have received nine months' notice of the termination of their employment. They will be eligible for severence pay up to a maximum of 28 weeks' salary.

Meanwhile, a committee has been formed which is working with Canada Manpower to assist the employees who will be out of work. Two union representatives and two representatives from the provincial department of labour are members of this committee. I can assure the honourable senator that every effort is being made to place these people in new jobs.

ENERGY

OIL AND GAS EXPLORATION LICENCES—PROVINCIAL REVENUES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have another delayed answer I should like to give in response to a number of questions raised on December 16 by Senator Smith. His questions concerned oil and gas exploration licences.

I am informed that the first British Columbia land sale of 1981 was held on January 21, and that the resulting revenues amounted to approximately $5.9 million. The next sale will be held on March 4, but B.C. has made no statement relative to the estimated revenues accruing from this sale.

With reference to sales in 1980, there was a land sale in January 1980 which netted $37 million. I am not prepared at this stage to give a view as to the effect of the NEP on British Columbia land sale revenues. I can say, however, that the marketing prospects for B.C. gas in California are temporarily restrained due to domestic gas surpluses in that export market.

In Alberta no official estimate has been made by that province regarding revenue expectations from land sales for the year 1981.

INCOME TAX ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Croll, for the second reading of the Bill C-54, intituled: "An Act to amend the statute law relating to income tax".—(*Honourable Senator Roblin, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Roblin has had to leave in order to attend a meeting of the Special Joint Committee on the Constitution of Canada. He asked me to request that the order be allowed to stand, on the understanding that if anyone wanted to speak Senator Roblin would yield. In any event, the subject matter is before the committee, so it probably makes no difference.

Order stands.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1981

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C., for the second reading of the Bill C-56, intituled: "An Act to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970".—(*Honourable Senator Smith*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have spoken to Senator Smith and he has agreed that his worries do not justify holding up second reading of this bill.

Hon. Royce Frith (Deputy Leader of the Government): Thank you, Senator Flynn. If the debate is considered as

having been concluded, I will ask leave to move second reading.

Senator Flynn: You do not need to do that because the motion has already been put.

Senator Frith: Yes, that is right.

Senator Flynn: It is simply time for the question.

Motion agreed to and bill read second time.

Senator Frith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—SECOND READING

Hon. Sidney L. Buckwold moved the second reading of Bill C-24, to amend laws relating to fiscal transfers to the provinces.

He said: Honourable senators, one of the outstanding features of the Canadian federation is the fact that since 1867 we have had some method of equalizing the revenues of the country in order to provide a minimum standard of service for all areas of the country. That approach has grown in complexity and in volume to the extent that it has now become an important part of the whole structure of Canadian society.

Fiscal equalization is a federal program of annual unconditional payments to provinces which have a below-average capacity to derive revenue from their citizens by means of taxation. Such provinces have, as I say, this below-average capacity to finance public services for their own citizens. The purpose of equalization, then, is to make it possible for these provinces to provide reasonable levels of public service to their residents without having to resort to levels of taxation which are above the average of all provinces. I make that statement just as a general introduction to Bill C-24 which involves itself with this whole fiscal equalization program.

● (1510)

I am sure honourable senators will be impressed with the extent of equalization programs. The first arrangement made in 1957 resulted in equalization entitlements to the provinces in 1957-58 of $139 million. By the year 1976-77, financed by the federal treasury, that had grown to over $2 billion. The 1977 fiscal arrangements would show, for the year 1980-81, a total payout of equalization entitlements to the provinces of over $3.395 billion. In other words, the growth has really been quite fantastic. It has grown from $2 billion in 1976-77 to almost $3.5 billion a relatively few years later. This has put a very heavy burden on the federal treasury and, I believe, this is recognized by all parties represented in Parliament.

Bill C-24 provides for certain restrictions on the fiscal equalization program, pursuant to which the federal government makes payments to provinces that are below the national average of capacity to raise revenues for the financing of public services. The bill accomplishes this restraint in two ways. First, it bars from eligibility for equalization any province that is regularly above the national average in personal income per capita.

I think most members of this chamber are familiar with the concept of provincial personal income. It comes from the National Economic Accounts produced by Statistics Canada. It consists of the sum of all incomes received by persons resident in a province. It, therefore, includes wages, salaries, net income of unincorporated businesses, both farm and non-farm, interest, dividends, rent and transfer payments from governments.

Largely as a consequence of the importance given to natural resource revenues in the equalization formula, it is possible for a province to qualify for equalization under the formula, even though it is above the average in respect of personal income per capita. In fact, this has actually happened in the case of Ontario in recent years.

Senator Frith: What is the reason for that?

Senator Buckwold: Under the formula, if you take into account the revenue received from natural resources, even Ontario would qualify—it has not, but it could qualify.

When the government decided that a general expenditure restraint program had become necessary in 1978, it concluded that one logical way of proceeding would be to deny equalization to a province in a position such as that of Ontario. This was proposed on the grounds that the purpose of equalization is to provide support to genuine have-not provinces, and that a province with personal income per capita that is regularly above the national average cannot be accepted as falling within such a category.

In some respects, this may appear to be a harsh proposal, but it is never easy to curtail expenditures. In this regard, I note that Ontario is not the only province which would presently be barred from equalization by this provision of Bill C-24, since it would apply equally to Alberta and British Columbia. In addition, it is not an exclusion that would apply, in all circumstances, to any one of these provinces, but only in the case where such a province continues to have personal income per capita that is above the national average. The explanation of that continuum means that it must be above the national average for a period of three successive years.

The second restriction on equalization provides for phasing-out of equalization one of 29 categories of provincial revenue in respect of which equalization is calculated. Revenues subject to equalization are classified into categories known as "revenue sources," with a separate measurement of fiscal capacity and of equalization entitlement for each such source. One of the 29 sources, known as "oil and gas land sales," is particularly volatile, and it is proposed to phase out this revenue source of equalization.

Provinces derive revenues from oil and gas land sales by selling rights to oil companies to explore and develop specific tracts of Crown land which are considered to have the potential to produce oil or natural gas. The sales do not provide for

the transfer of title to such land, but relate rather to the sale of certain specified rights to land. The sales take the form of an auction in which sealed bids are received from the participants, with the winner being the highest bidder. The bids are sometimes referred to as "bonus bids."

As one would expect, revenues of this kind are extremely volatile. For example, they grew from $253 million in 1976-77 to $932 million in 1977-78. The exclusion of these revenues would remove a major element of uncertainty from the formula. Moreover, it is not appropriate to regard oil and gas land sales as a normal means of financing public services, with which equalization is concerned. Accordingly, the bill proposes to phase these revenues out of equalization, with one-half of the revenues otherwise eligible coming out in respect of the 1979-80 fiscal year, and all of them in 1980-81 and thereafter.

Honourable senators, of the two measures that I have described, the first is much the more important in terms of achieving a saving for the federal government. Accordingly, the major impact of the proposals contained in this bill would fall upon the Province of Ontario. Potentially, the first measure could impact also upon Alberta and British Columbia, but since neither of these provinces qualifies for equalization under the formula, they are unaffected at this time.

The second measure, relating to oil and gas land sales, is much smaller in its financial impact, but it does affect all of the provinces that now receive equalization grants. As a consequence, equalization entitlements would be reduced for six provinces—Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec and Manitoba. In the case of Saskatchewan, there would actually be an increase because this province tends to be above average in respect of its capacity to derive revenues from oil and gas land sales.

As a consequence of the proposed phase-out of oil and gas land sales, the negative equalization which Saskatchewan has for this source would be eliminated. The province's overall entitlement, which is determined by netting out positive and negative amounts for all the various revenue sources, would be increased.

The program would continue to be most generous to the six other provinces which now receive equalization. While those provinces would have a reduction in their entitlements from what would otherwise be payable, in all six cases, the amount of their total equalization would increase substantially over the two-year period covered by the phase-out—that is, from 1978-79 to 1980-81.

● (1520)

In the case of Newfoundland, the increase would be $58 million; for Prince Edward Island, $17 million; Nova Scotia, $74 million; New Brunswick, $56 million; Quebec, $251 million; and Manitoba, $45 million. Accordingly, this is not a harsh measure and the government continues to give a high priority to the equalization program.

The foregoing explains how Bill C-24 would achieve savings for the federal government. Before concluding, I will comment briefly on the background of this bill because I think honourable senators should be aware of the general context in which the measure was conceived and of its subsequent history. In so doing, I will refer to a provision, which was dropped from this bill in the House of Commons on second reading, relating to payments to provinces under the Public Utilities Income Tax Transfer Act.

The origins of Bill C-24 go back to 1978 when an identical measure, Bill C-26 of the Thirtieth Parliament, was brought forward by the then Minister of Finance, the Honourable Jean Chrétien, as one element of a package of proposals to restrain federal government expenditures. This package covered a large number of federal programs and departments.

The government felt that restraint measures of the magnitude called for would have to impact upon the provinces given the fact that roughly 20 per cent of total federal expenditures consisted of cash transfers to the provinces. Discussions were held with the provinces in the fall of 1978 concerning the form which these cuts would take. Following these discussions, Bill C-26 was introduced incorporating those changes affecting provinces that required legislation.

The programs affected by Bill C-26 concerned fiscal equalization, which I have talked about, and transfers to provinces under the Public Utilities Income Tax Transfer Act. The latter is a statute which provides for payments to provinces of an amount equal to 95 per cent of the federal income tax paid by investor-owned public utilities on income which is attributable to the generation and/or distribution to the public of electrical energy, gas and steam.

Because the government received numerous representations about this component of the bill, the particular clause was dropped in Bill C-24. Most of the representations, I may say, came from Alberta, but some came from the eastern provinces, notably Newfoundland and Prince Edward Island. In response to these representations—and to the fact that most of them came from western Canada—the government decided to drop the portion of the bill relating to the Public Utilities Income Tax Transfer Act. This was done on second reading of Bill C-24.

Honourable senators, this gives you a bird's eye view of what is, in fact, a complicated piece of legislation. Although it appears to be a simple bill because of the number of pages contained in it, it is, as I said, a complicated piece of legislation when considered in the context of its entirety in relation to the fiscal arrangements with the provinces.

I think this is an important piece of legislation. In fact, it will not save the federal government money immediately, because the actual cash payments will be higher in the forthcoming years, but it will minimize the otherwise onerous impact of higher and higher payments which could be ruinous for the overall economy of this country.

I feel that this should have the support of all members of the Senate, and I am sure it will. I commend the bill for their careful consideration.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I just want to make a few brief comments as I have not had the opportunity to make a detailed examination of the bill. Moveover, I understand that the Committee on National Finance, to which the bill will be referred, has arranged to hold a meeting tomorrow morning where we will have a practical demonstration of the effects of this bill. Of course, the principle of equalization is not new. It goes back to 1957, I believe, and should bring back memories to my friend Senator Lamontagne. He will remember that, for once, the Quebec Premier, Mr. Maurice Duplessis, was satisfied with the federal decision because he stated at the time that this was a step in the right direction—

Hon. Maurice Lamontagne: He did not understand the formula.

Senator Flynn: He did not understand the formula, but he understood what it meant for the provincial treasury.

Senator Lamontagne: He always liked figures!

Senator Flynn: I think that there are very few people who can really understand the formula. Even after the learned explanation given by the mover of this bill, whom I would like to congratulate in passing, I am not sure that we can understand exactly what this bill will accomplish. In fact, perhaps we can understand what it will accomplish, but not necessarily how.

Of course, the rationale of the principle of equalization is to give to the poorer provinces funds which should normally allow them to provide their residents with services of equal quality to those offered by the richer provinces. Naturally, most provinces benefit from this system, and in fact, the amounts received by certain provinces represent a rather significant proportion of their budgetary expenditures. There is no doubt about that. The principle of equalization has gained so much popularity that people are now talking about enshrining it in the Constitution. It was mentioned in Bill C-60. It is mentioned in the proposed resolution which is still before the joint committee.

I believe that if our only problem was to enshrine the principle of equalization in the Constitution we would have the unanimous consent of the provinces.

In any case, for the time being it is a matter of adapting the formula to changing conditions. It is obvious that exploration for oil and gas, as well as for other forms of energy, has indeed changed the situation. It is very interesting to think that today, unless the formula is changed, Ontario would qualify for federal government subsidies, a province which was the wealthiest, the richest and which under that principle used to contribute more money than any other. In fact, before long the province of Saskatchewan, where my excellent friend Senator Buckwold comes from, I believe, will no longer qualify because the situation has changed radically in that province. Those facts demonstrate that all the elements which are taken into consideration to draft the equalization formula or, if you will, the amounts payable to the provinces by the central government change with the passage of time.

So if we are to have this bill properly explained I think it is a good idea to call a sitting of the Committee on National Finance tomorrow and to hear spokesmen from Treasury Board—From Treasury Board?

Senator Everett: From the Department of Finance.

Senator Flynn: From the Department of Finance. Apparently the Department of Finance has prepared excellent diagrams which will make it still easier for us to understand. However I would not want Senator Buckwold to feel I am being critical. What I am saying is that when we read the formula, and even when we have someone explain it verbally, we certainly cannot see as clearly as on a diagram exactly what this bill will achieve.

In any event, if other senators on this side of the house were planning to speak to this bill, they are not here. But if after the committee stage they feel they have something to add on third reading, they will be able to do so.

Again, I thank the sponsor of this bill and I agree that he should move that the bill be referred to the Committee on National Finance.

• (1530)

[*English*]

Hon. Douglas D. Everett: Honourable senators, first of all I should like to congratulate Senator Buckwold on his extremely able presentation of a very difficult subject, and also to thank Senator Flynn for agreeing to have the bill read the second time today so that it can be referred to committee and considered tomorrow.

As honourable senators know, the committee is involved in a major examination of Government Policy and Regional Disparities. In that connection we had a hearing on October 23 last that involved officials of the Department of Finance who explained to us the fiscal arrangements with the provinces, because that is very much a part of the study we are making. At that time we became aware of the fact that it was a much more complicated subject than we had thought. Our witness was Mr. Gérard Veilleux, Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, Department of Finance. At that hearing he said:

> We often hear comments about the complexity of these arrangements, not only from our political masters, but from our colleagues in other departments and people outside the government. A number of academics have commented that there is a subculture of bureaucrats who maintain the complexity of these programs for its own sake.

He is speaking here of the fiscal arrangements with the provinces. He goes on to say:

> I think this notion of complexity has perhaps to do, to some extent, with the fact that we have not attempted to explain everything. Certainly, this is one of my objections, and it is the advice I give to my minister, that is that we

should try to find ways and means to explain these things better to the public in general and to people like yourself. To that end we have developed recently in the department a sort of audio-visual presentation of those arrangements and, through you, Mr. Chairman, I would gladly offer to make that presentation available to your committee if and when the committee would like to receive it.

I indicated on behalf of the committee at that time, and the committee agreed, that we would like to have that presentation. So it seems to me this is a happy turn of events because we can deal with Bill C-24, which amends the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, and at the same time we can absorb the audio-visual presentation and be right up to date on the latest information about this very important subject. This will have quite an effect on the committee's final report.

The meeting at 9.30 tomorrow morning is not only for the purpose of considering Bill C-24. It will be the committee's thirty-second meeting to consider Government Policy and Regional Disparities.

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: I should like to draw the attention of honourable senators to the fact that if the Honourable Senator Buckwold speaks now his speech will have the effect of closing the debate.

Senator Buckwold: Honourable senators, I thank the Leader of the Opposition for his co-operation in this regard, and for his kind words indicating, first, the complexity of the presentation and, secondly, the necessity of having the bill looked at more closely by the committee, which will report back as soon as possible.

Before I sit down, I should advise honourable senators that in the other place a special committee, composed of seven members to be named at a later date, has been established to act as a parliamentary task force on federal-provincial fiscal arrangements, and to report no later than June 26, 1981, in order that its views may be considered in the negotiations with the provinces leading to new arrangements to begin in the 1982-83 fiscal year. That is of interest because what we are talking about now does not include anything past the year 1980-81. It only emphasizes the complexity of the whole situation and the necessity for a complete review of the statutes involving, particularly, fiscal equalization, tax collection agreements, the Canada Assistance Plan and established programs financing, which represent billions of dollars in expenditure both by the federal and provincial governments. It is important that we recognize that further negotiations will go on to deal more thoroughly with the distribution of funds across the country so that all parts of the country can benefit.

Having said that, I hope that this bill will receive second reading, after which I can move that it be referred to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Buckwold moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

• (1540)

STATE IMMUNITY BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator van Roggen for the second reading of Bill S-19, to provide for State Immunity in Canadian Courts.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, this is an interesting but highly technical bill which does not lend itself to a long discussion in the Senate.

Senator Cook: It is too late for Sir John Ford.

Senator Flynn: No, no; I think we can deal with it before he leaves. I hope that he will not be too shy to speak to some members of the house at social receptions, because not all of us are the tattletales some have been.

Senator McElman: Shyness is one of the things of which he will not be accused.

Senator Flynn: Anyway, we are getting a little astray here. I was interested in the bill because early in my practice I had to consider the problem of immunity of foreign states in Canadian courts. A few months ago I read in *The Canadian Bar Review* an article by Hugh M. Kindred relating to this question, entitled "Foreign Governments Before the Courts." It is a review of the jurisprudence, and I am quite sure that Senator Langlois has been interested in this problem for some years.

Senator Frith: I am sorry to interrupt the Leader of the Opposition, but has he the date of the intervention of the sponsor of the bill, so that we can follow the honourable senator's remarks?

Senator Flynn: No, but I believe it was about three weeks ago.

The question before us is whether it is useful to codify or whether we should leave it to the courts.

As I read the bill, and also the review of the jurisprudence by the learned professor who is on the faculty of Dalhousie University, it seemed to me that we might be embarking on a course which might not offer the solution we are seeking. Perhaps to codify is the right approach, but by leaving the matter to the courts, we leave it to entities that are usually able to adjust to varying circumstances. It is difficult to foresee exactly how each case will present itself to the court. Previously I referred to clause 14, which says:

> The Governor in Council may, on the recommendation of the Secretary of State for External Affairs, by order restrict or extend any immunity or privileges under this Act in relation to a foreign state as follows:—

We are dealing here only with foreign states. We are not dealing with the problem of whether it applies equally to an

unrecognized foreign state, a state with which we have no diplomatic relations. I do not know what the solution is. That is a problem for the committee to solve. At the same time, I was looking at the French translation, which does not in all cases correspond to the English version. That is another problem for the committee.

We are faced here with whether or not we should codify this question of immunity of foreign states before our courts. It is really a legal problem on which I would like to have the advice not only of the officials of the Department of Justice but also of someone like Hugh M. Kindred, a learned professor, and others who may have views on the bill now before us. It is an interesting question. In principle, it appears correct to codify, but we should not just adopt the bill blindly. I hope that the committee will give serious consideration to this problem.

Senator Frith: It is *The Canadian Bar Review*?

Senator Flynn: Yes, the September, 1980 issue.

Senator Goldenberg: If I remember correctly, when Senator van Roggen presented the bill he said it was being done because the United Kingdom and other countries had done it and we were just following suit.

Senator Flynn: I believe he said it was a recommendation made by the members of the Council of Europe.

Senator Goldenberg: That is right.

Senator Flynn: There is nothing wrong with that, but they may not necessarily be right.

Senator Frith: It was the Council of Europe; that is right.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Flynn: Honourable senators, I believe it was agreed that the bill should be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Frith: Honourable senators, in the absence of the sponsor of the bill, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

STANDING RULES AND ORDERS

FIRST REPORT OF COMMITTEE ADOPTED

The Senate resumed from yesterday the debate on the motion of Senator Molson for the adoption of the First Report of the Standing Committee on Standing Rules and Orders.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, yesterday I stood this item in order to give some honourables senators an opportunity to read the report. Those honourable senators with whom I have spoken are in agreement with the report and, therefore, it can be adopted, at this time, if that is the wish of the Senate.

[Senator Flynn.]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe that Senator Molson moved its adoption yesterday. I do not recall who seconded the motion, but I have spoken in support of it, as has Senator Flynn. Therefore I understand that the question can be put.

Motion agreed to and report adopted.

SPECIAL INVESTMENT TAX CREDIT

CONCEPT AND DESIGN OF PROGRAM—DEBATE ADJOURNED

Hon. Lowell Murray rose, pursuant to notice of Tuesday, December 16, 1980:

> That he will call the attention of the Senate to the government's *Special Investment Tax Credit Program* for areas of greatest disparity, announced in the Budget address of October 28th 1980, and to inter-ministerial confusion in the concept and design of the program.

He said: Honourable senators, I placed this Notice of Inquiry on the order paper just before Christmas, and I have put off dealing with it until today. In the interim there have been references to the subject matter in the other place. In particular, there was a speech on January 21 by Mr. Russell MacLellan, M.P., the Parliamentary Secretary to the Minister of Regional Economic Expansion. I mention that speech, which can be found at page 6430 of Commons *Hansard*, as a matter of interest and not to indicate that his defence of the program satisfied in any way the concerns and objections I intend to express. There was also a speech by Mr. Robert Howie, M.P. for York-Sunbury on the same date, to be found at page 6433 of Commons *Hansard*. Mr. Howie raised some of the questions that gave rise to my inquiry. Finally, there has been some correspondence between the Minister of Regional Economic Expansion and Mr. Howie, to which I may have occasion to refer in the course of my remarks.

● (1550)

Honourable senators, I am not questioning for a moment the good intentions of those who conceived this program; but there is confusion of purpose about it. The planning is faulty and the design of the program, in my judgment, is as muddled as it is arbitrary. I believe that in terms of a serious attack on regional disparity this program has serious defects in principle. There is not, as we are frequently reminded by the Minister of State for Economic Development and others, an unlimited amount of money available to be committed to regional disparity programs, or to any other activity of government. It therefore behooves us, as legislators, and perhaps especially the Standing Senate Committee on National Finance, which has now embarked upon a study of regional policy, to satisfy ourselves that the money that is so committed, whether by way of so-called tax expenditures or in actual outlays, is used in ways that are sound in concept and execution.

Anyone who has had any acquaintance with the regional disparity problem in this country, or who is interested in it, will acknowledge at once that it is as complex as it is persistent, and all of us who are interested in the subject will welcome a better idea in this area, from whatever source it comes.

Back in December, 1979, when Mr. John Crosbie brought in his budget, he announced what he thought, and what many of us felt, was, a better idea, namely, the introduction of a new concept in the form of selective tax credits for firms locating in the Atlantic provinces and the Gaspé. This was to be a new program that would have been added to the existing regional incentives. This new initiative announced by Mr. Crosbie in his budget had been forecast by the Conservative Party in the preceding general election.

On April 21 last, when Mr. Allan MacEachen brought in his economic and financial statement, he abandoned the Crosbie program, and by way of justification for doing so stated at page 243 of Commons *Hansard* for April 21, 1980:

> The Department of Regional Economic Expansion has considerable flexibility under existing legislation to support regional development. These mechanisms will naturally be under review prior to the expiry of the legislation next year.

On November 4, when Mr. De Bané, the Minister of Regional Economic Expansion, appeared before the Standing Senate Committee on National Finance, he outlined the rationale for the government's having abandoned the earlier initiative announced by Mr. Crosbie. Mr. De Bané said that the tax contracts proposed by Mr. Crosbie would have had to be negotiated case by case, that the incentive was reserved for programs of $2 million and over, and that the Crosbie program had been limited to the Gaspé and the Atlantic region, being applied everywhere in those regions. I ask honourable senators to note that Mr. De Bané took objection to the fact that the Crosbie program was to have been applied everywhere in the Atlantic region.

On October 28, when Mr. MacEachen brought in his budget, he announced the program called the special incentive tax credit program for areas of greatest disparity. This is the program that he was bringing forward to replace the Crosbie initiative which he had earlier aborted. On this subject I quote from Mr. MacEachen's budget address of October 28, 1980:

> Finally, on the advice of my colleague, the Minister of Regional Economic Expansion (Mr. De Bané), I am proposing a bold and experimental new program to help deal with regional inequalities in this country. For new manufacturing investment in specially designated areas of the country, characterized by high unemployment and low income, I propose an investment tax credit of 50 per cent terminating at the end of 1985.

Now, I ask honourable senators to note that the Minister of Finance spoke of an attack on regional inequalities. He did not speak of sub-regional inequalities; he did not speak of intra-provincial inequalities; he did not speak of inequalities among census districts. Yet what kind of program is it that he and Mr. De Bané have now brought in, and which purports to attack regional inequalities?

There was an information sheet put out by the Department of Regional Economic Expansion shortly after the MacEachen budget was brought down, which states that first of all the program is aimed at the 5 per cent of the Canadian population suffering the most from high family unemployment and low per capita income. Having said that, the information sheet goes on to say:

> —Located in every province and territory, the eligible areas generally account for less than 40 per cent of the population of any one province;

Now, those two statements form a *non sequitur*. It simply does not follow, because if you measure the 5 per cent of the Canadian population that is suffering the most from high family unemployment and low per capita income, it will be clear that most or all of some provinces would be included, and that some other provinces would be completely excluded.

Having decided to target the 5 per cent of the Canadian population that suffers from high family unemployment and low per capita income, the decision then to restrict it to 40 per cent of the population of any one province was clearly taken separately, even though it runs counter to the other decision to aim at the most needy 5 per cent of the Canadian population. Notwithstanding those two partially inconsistent and contradictory criteria, the government forged ahead. They decided to operate on the basis of census districts, using 1976 data for family unemployment rates and for per capita income. They decided that for a census district to qualify its family unemployment rate had to be at least 30 per cent more than the national average and its per capita income had to be less than 89 per cent of the national average. On the basis of census districts, if you took all the census districts that qualify under those criteria, you would have to include far more than 40 per cent of the entire population of some provinces. So they decided that they would have to exclude a number of census districts and parts of census districts which, on the basis of their family unemployment rate and per capita income rate, fully qualify and should be included.

At the same time the government, for whatever reason, decided that it wanted to make sure that, in this purported attack on regional disparity, there would be at least part of every province included in the program, regardless of whether that part of that province qualified by reason of the unemployment and per capita income criteria. To accomplish this they went through some unbelievable contortions of map-making and gyrations of policy design. First of all, they drew a line at the 50th parallel in Ontario and Quebec, but not in Alberta or British Columbia or anywhere else, and they said everything north of that line will be included. Now, there is no census district above the 50th parallel in Ontario and Quebec that qualifies on the basis of the unemployment and income criteria.

● (1600)

Senator Frith: And everything was half an hour later in Newfoundland.

Senator Murray: I will get to Newfoundland in a moment; it is another very interesting case. It was decided, for whatever reason, that in the context of this so-called attack on regional disparity everything north of the 50th parallel in Ontario and

Quebec would be deemed to be disadvantaged in the same sense that the Gaspé and the Atlantic region are deemed to be disadvantaged, and that is because it is northern and isolated. However, even that did not include everything they wanted to include. It is a classic example of trying to beat a good idea to death. They wanted also—and, I am sure, for the best of social, economic and humanitarian reasons—to do something for the native peoples who, in the words of Mr. De Bané, are not accounted for in the unemployment and per capita income data furnished by Statistics Canada. Therefore, on December 3 in the House of Commons a new criterion was mentioned for the first time: the isolation factor.

Now, we have the DREE information sheet issued after Mr. MacEachen's budget. We have Mr. De Bané's testimony before the Standing Senate Committee on National Finance on December 4. We have Mr. De Bané's speech in the budget debate in the other place on November 6. We have Mr. MacEachen's testimony before the Standing Senate Committee on National Finance on December 2. There was never a mention of the so-called isolation factor as being a criterion in this regional disparity program. The criteria up to that point always were unemployment and per capita income. Suddenly the isolation factor emerges. On December 11, in a letter to Mr. Robert Howie, MP, the Minister of Regional Economic Expansion says, presumably by way of explanation:

> The precise criteria applied with respect to the family unemployment rate and the per capita income are as follows: the family unemployment rate had to exceed the national average by at least 30 per cent, and the per capita income had to be less than 89 per cent of the national average. As you can see, the combination of these criteria results in a very stringent and severe approach to designation.
>
> As a result, we utilized an isolation factor to add a few more census divisions to those otherwise designated. For example, we added northern census divisions (or partial ones as indicated above) in Quebec, Ontario and some of the western provinces. In the West, in particular, we knew that this criterion of isolation would also serve to include the many native people who are not accounted for in the unemployment and per capita income data provided by Statistics Canada.

The result of all this, honourable senators, is that we have a so-called regional disparity program that is a dog's breakfast. There are 11 census districts in this country that fully qualify to be included in this program on the basis of the government's unemployment and per capita income criteria—11 census districts that fully qualify on the basis of both those criteria—but are excluded. I may say in passing that the threshold of per capita income amounts to $4,003 per year, and the family unemployment rate would be three per cent or more in order for a census district to qualify.

Taking Newfoundland as an example, the government has included Labrador because of the isolation factor, although Labrador does not qualify by reason either of the unemployment or the per capita income criterion established by the government. As a matter of fact, my impression is that that census district has the highest per capita income and the lowest unemployment rate of any census district in the Atlantic provinces.

Senator Frith: Is that just one census district?

Senator Murray: Yes. Having done that, the government excluded two census districts, which cover roughly the Avalon Peninsula and the west coast of Newfoundland, which do qualify on both the per capita income and unemployment criteria that had been set. In Nova Scotia there are three census districts—Digby, Cumberland and Yarmouth—that meet both of the criteria but are excluded arbitrarily from this program.

The anomalies that occur are very difficult to understand. The census district of Inverness, for example, which has a per capita income of $3,674 and a family unemployment rate of 3.1 per cent, is in the program, but Digby, which has a per capita income of $2,826 and a family unemployment of 3.3 per cent, is out of the program. That is, frankly, incomprehensible. In New Brunswick there are five census districts included in the program, and all of them qualify according to the unemployment and per capita income criteria set by the government. However, Queens County in New Brunswick is excluded. Queens County not only qualifies but it has a lower per capita income than any of the districts that are included and an unemployment rate as high as most of them.

[*Translation*]

In Quebec, there are four districts, L'Islet, Labelle, Charlevoix East and Charlevoix West, which qualify according to the per capita income and the family unemployment rate criteria, but they are not in the program. Here again, there are things which are hard to understand or explain.

Let us take the case of L'Islet and Rivière-du-Loup, for instance. The district of Rivière-du-Loup has an average per capita income of $3,577 and a family unemployment rate of 3 per cent. It is included. Yet L'Islet, with an income of $2,760 and an unemployment rate of 3.3 per cent, is excluded.

Senator Frith: Before leaving Quebec, I would like to know how many qualify and how many do not deserve it. You have given both with regard to New Brunswick. There are two or three which qualify but do not deserve it, according to your criteria, and there are others which do not qualify but deserve to be included in the program.

Senator Murray: What I have just said is that there are four districts in Quebec that qualify according to the per capita income and the family unemployment rate criteria. These are the four districts which are excluded despite the fact that they qualify.

Senator Frith: As in the case of Labrador, are they districts that qualify but do not deserve it? That was the point you made with regard to Labrador.

Senator Murray: As far as I know, the answer is no.

● (1610)

[*English*]

In Ontario there is only one census district that qualifies. That is the census district of Haliburton. But it is out; it is excluded from the program.

As I indicated earlier, parts of three others are included because they are north of the 50th parallel, although none qualifies on either the unemployment criterion or the per capita income criterion.

All in all, there are 14 census districts that do not meet the unemployment or income criteria, but are included, in most cases because they supposedly meet the northern or isolation criterion set by the government. If you take the two criteria separately, that is the criterion of family unemployment rate and the criterion of per capita income, there are numerous census districts not in the program that have far higher family unemployment rates than many of those included and numerous others excluded that have far lower per capita incomes than many of those included.

The Minister of Regional Economic Expansion keeps saying, as he did on December 3 in the other place, that those designations were not made on the basis of arbitrary, gut-feeling criteria. But, honourable senators, they are arbitrary; they are not objective. The government is bringing in a so-called regional disparity program that says a maximum of 5 per cent of the Canadian population may qualify. That is arbitrary. Then they say it must be confined to 40 per cent of the population of any one province, and that is arbitrary as well as being inconsistent.

The so-called isolation factor is completely subjective and arbitrary, and I suggest that it is applied subjectively and arbitrarily. For example, is northwestern Alberta, which is included—except for Grande Prairie, a community around which the planners drew a circle excluding it—isolated, while northeastern Alberta, which is excluded, not isolated? Are the Indians who live on reserves in northeastern Alberta not isolated, while those who live on reserves in northwestern Alberta are isolated?

Why and how was it decided that to qualify a district had to have an unemployment rate 30 per cent higher than the national average and a per capita income 11 per cent lower than the national average? I don't want to make too much of this, but I suggest that there was a unique reason for selecting those particular figures. The government drew up two maps, one to show family unemployment rates across the country and the other to show per capita income rates by census districts. They coloured those maps in various shades ranging from deep blue to deep red. They coloured the census districts in, roughly, $1,000 segments of per capita income. It seems pretty clear from looking at the maps that they decided to have a cutoff at $4,000 in terms of per capita income. The per capita income had to be below $4,000. They cut off at that point because it suited the colour code on the map. They then calculated back and found that that indeed, in terms of per capita income, would amount to 89 per cent of the national average. In other words, those criteria were established in virtue of the colour codes on the maps and not in any other way, I suspect and, in fact, I suggest that that is the case. Moreover, an examination of some of the correspondence will support that assertion.

Senator Frith: I don't suppose the deep blue and deep red had any other significance.

Senator Murray: So far as I know, the deep blue and the deep red had no other significance.

Senator Frith: I am sure you would have found it, if they had.

Senator Murray: The constraints on the program are, in my opinion, crazy to begin with. Five per cent of the Canadian population; 40 per cent of the population of any one province; the so-called isolation factor; the 30 per cent higher family unemployment and the 11 per cent lower income—those things do not stand up as criteria for a regional disparity program.

In the Notice of Inquiry I placed on the order paper I referred to "inter-ministerial confusion in the concept and design of the program". Well, the minister, Mr. De Bané, is confused about how the tax credit will apply. The information statement put out by DREE just after the October budget said that "the 50 per cent tax credit cannot exceed $15,000 plus one-half of the remaining federal tax liability in any one year." Yet Mr. De Bané, on November 6 in the other place, said:

> Now, the tax credit . . . will be limited to $15,000, plus half of the taxes to be paid over that amount. For instance, if a company invests $100,000 eligible for tax credit and its federal taxes are $25,000, the tax credit will bring down the taxes thusly: $15,000 plus half the taxes for the year, which is $12,500. Therefore, the tax credit will amount to $27,500. As the tax due was $25,000, the tax credit cancels out the federal taxes.

Well, that is not a tax credit; it is almost a tax shelter of rather attractive proportions, if you can do that. But it is clear that Mr. De Bané is wrong in his speech. It is clear that the tax credit is not $15,000 plus half the total tax liability, as Mr. De Bané has calculated, but is $15,000 plus one-half of the remaining tax liability. The tax credit on a $25,000 tax liability is $20,000, not $27,500, as Mr. De Bané indicates. That is an important point to have clearly understood by people who may be thinking of taking advantage of these incentives. The tax credit will not be more than 100 per cent of the tax owing.

In the Standing Senate Committee on National Finance an even more fundamental issue was alluded to by our colleague Senator Thériault, when he questioned the wisdom of having a tax incentive program for regional development that discriminates within regions and provinces which, as regions and provinces, suffer from disparity. This program is not true to the regional development concept in industrial incentives. This program separates census districts of equal poverty, including some and excluding others. It divides the poor from the less poor, and separates some of the poor from others.

• (1620)

The philosophy seems to be that if there is not enough investment money going, for example, into northern New Brunswick, the thing to do is to design a program to make it impossible to invest in southern New Brunswick. I firmly believe that is a faulty concept.

Mr. De Bané tried to make virtue of it when he appeared before the Standing Senate Committee on National Finance. During some exchanges with Senator Hicks and others he said:

> Let us take a blunt example. Let us take Prince Edward Island as an example. I do not think this is the case, but let us suppose the computer had shown that that province, on those two scores, family unemployment and per capita income, is among the poorest in Canada, and we had designated the whole province; what would then happen? Everybody knows that Charlottetown, in relation to the rest of the province, is a lot wealthier. Of course, all investment would have only been in Charlottetown. So we said it is going to be the 5 per cent poorest Canadians, and in every province there will be a limit to 40 per cent of the population within that province because, again, people in a province compare themselves with the rest of the people living in the province.

I must interject at this point, honourable senators. I do not see what that has to do with regional disparity or with an attack on regional disparity.

A little later during the exchange with Senators Hicks and Godfrey, referring to an allusion made by Senator Godfrey, Mr. De Bané said:

> I remind you that that wealthy person in Kings—

Kings is a county in Prince Edward Island—

> —comes under the provisions which apply to Prince Edward Island. That is exactly what I want. I want investment to be made in that region.
>
> SENATOR GODFREY: You want him to double his plant.
>
> HON. MR. DE BANÉ: Yes, and not invest in Summerside, where we already have a big base.

I do not think that that is a very suitable, proper, or effective regional disparity program because I do not think you do the people of Summerside, Prince Edward Island, as an example, any great favour by excluding Charlottetown from such a program. The problem is that a province and a region lose if, under such a program, the incentive to settle a manufacturing industry, for example, in Fort Nelson, British Columbia, is the same as the incentive to settle in the Miramichi.

Honourable senators, no one denies that there are special and, indeed, unique problems, opportunities and potential in the northern areas and that there is good justification for special programs designed to help attack those problems and to realize that potential. The same holds true with regard to the serious need to improve economic opportunity for our native peoples. I quite agree that the tax contracts initiative introduced by Mr. Crosbie, concentrated as it was on the Gaspé and the Atlantic region, did not address these areas of concern. But does this program, the MacEachen-De Bané program, really address those concerns? I think not, really. I think they were thrown in as an afterthought, hoping that something would come of them.

Mr. De Bané tried, by an ingenious drawing of maps, to include Indians living in reserves, and yet, consider this: the Peace River-Liard area in northern British Columbia is included. It has 800 Indians on reserves out of a total of 32,000 Indians living on reserves in British Columbia, whereas Okanagan-Similkameen, where there are about 5,000 Indians living on reserves, is excluded.

Even acknowledging that the Crosbie program has some limitations, it looks better and better to me when it is compared to what Mr. MacEachen and Mr. De Bané have come up with, which is a program that tries to do too much with too little, and may well be counterproductive in terms of attacking regional disparity.

Furthermore, I think, in fairness to Mr. Crosbie, it should be pointed out that his budget also announced a $50 million program for labour intensive projects in the Gaspé and Atlantic region to include such matters as small craft harbours and so on, a program subsequently axed by Mr. MacEachen.

The 50 per cent tax credit is apparently generous, but it is clear to me, at any rate, that DREE intends that this program will, to a large extent, replace, not supplement, existing incentives such as those available under the Regional Development Incentives Act. The information sheet put out by DREE just after the budget stated:

> Stacking of the 50 per cent tax credit with other incentives is not generally permitted; the tax credit will be taken into account in determining the need for and amount of incentives under the Regional Development Incentives Act.

This is another area of inter-ministerial confusion because when Mr. MacEachen, the Minister of Finance, appeared before the Standing Senate Committee on National Finance he said, in answer to a question by myself, that the government would be willing to give both the tax credit and the RDIA grant to a particular firm and that the total amount that that firm would receive would be more than would have been the case under the RDIA program alone. I will not take the time of the Senate to quote his testimony directly, but it may be found in the verbatim transcript of the proceedings of the Standing Senate Committee on National Finance of Tuesday, December 2, 1980.

Senator Frith: What form do the incentives that can be stacked take?

Senator Murray: The incentives under the RDIA program are on a job-created basis or, in any event, they used to be.

Senator Frith: Is it a cash or a tax credit?

Senator Murray: It is a cash grant. They are grants on the part of DREE to particular projects that qualify.

It seems to me that there is also a danger here in respect of the amount of money that is available. Mr. MacEachen indicated to us that they were allowing for a loss to the federal treasury in the area of $15 million from these tax credit programs. Senator Thériault indicated that he did not think that was a very rich incentive, and perhaps it is not, although, if you divided the money between the census districts which qualify, it may be fairly impressive. However, there is nothing whatever, so far as I can see in the information that we have so far that would prevent all of the available money being taken up by one or two very large projects in one or two parts of the country.

• (1630)

Honourable senators, my remarks have been quite negative on this matter because I feel quite negative about the program. In many ways, I think it is wrong in principle, and I think it is apt to be ineffective in practice. I say that again while adding that I do not question the good intentions of those who designed the program. Like any program, and more so than most, I suspect, regional disparity programs must be analyzed to make sure that they are going to advance the objectives that are claimed for them. We know there is little enough money available for that field of government policy. The DREE budget is now somewhat less than one per cent of the total federal budget. So, everyone wants to get value from the incentives available, including the so-called tax expenditures. While there is a pretty fair consensus in this country, particularly on the part of the richer governments, traditionally Ontario and now Alberta, in favour of attacking regional disparities, I do not think anyone would suggest that there is an overwhelming demand for regional disparity programs in the country at large. So, we have to be careful, I think, in making sure that the programs that we do design and execute are effective and are seen to be effective.

Personally, I would prefer to see this program dropped and replaced by something else, something closer to the Crosbie program, which I believe is a proper regional disparity program, as such. I would suggest that some program be devised that attacks regional disparities alone, and not one that tries to attack regional disparities, northern development, isolated areas, native opportunities and intraprovincial disparities all at the same time. I do not think that can be done with a program of this kind.

Certainly, I would suggest that the rule that DREE has imposed—that the program must be limited to 40 per cent of the population of a given province—should be eliminated. Indeed, I suggest that if the unemployment and per capita income criteria were to be adjusted somewhat, they would include, as they should include, the entire Atlantic region and the Gaspé.

Failing that, I simply wish to make the point that some body—perhaps the Standing Senate Committee on National Finance—should keep a critical eye on this program over the next year or so and call the government, the minister and his officials to account for it as time goes on.

I thank honourable senators for their attention on this matter. Some other honourable senator may wish to express his or her views on this subject at a future date. In any event, my remarks are on the record. I hope that, at the very least, my remarks will serve to generate some interest on the part of honourable senators so that they will keep an eye on this program as time goes on.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I ask Senator Murray a question for the event that I may, as I probably will, adjourn this inquiry? Of course, I will be interested in looking into the indictment part of his observations to see if there are answers to that. But I should also like to understand more clearly what might be called the "Murray plan." The MacEachen-De Bané plan has not pleased him, for reasons he has put forward. He has said that the Crosbie plan was imperfect but preferable. Could he tell me how he would supplement the Crosbie plan to make it closer to what he would be prepared to support, so that I may include that in any remarks I make, or so that it may be included in the remarks anyone else wishes to make on the subject of this inquiry?

Senator Murray: Well, honourable senators, as I indicated, my fundamental objection to the MacEachen-De Bané plan is that it carves up part of the provinces and regions, such as the Atlantic provinces, that, themselves, as provinces and regions, suffer from regional disparities. I believe that a more effective attack on regional disparities, as such, would not eliminate parts of the Atlantic provinces but would include that entire region.

I quite agree that in the case of a large province, such as the province of Quebec, there is ample justification for targeting a program to a particular region, for example, the Gaspé region, and for other parts of that province to have particular programs directed, as they are, at the Montreal region or at the western Quebec region. I would certainly like to see the Atlantic provinces left intact in any such program.

Senator Frith: As they were in the Crosbie plan?

Senator Murray: As they were in the Crosbie plan. I would suggest that other programs be developed to attack the particular problems of northern Ontario or of the northern parts of the other provinces, or the problem of native unemployment. I do not think that those are problems that can be attacked effectively in a program purporting to attack regional disparities.

Senator Frith: Would you add anything more to the Crosbie plan?

Senator Murray: There might be a great deal more that I would add to the Crosbie plan. Perhaps an opportunity will occur for me to think about that and to enlighten the Deputy Leader of the Government and other honourable senators on that. I certainly do not claim for a moment that the Crosbie plan—which was to be a supplement to all other existing regional incentive programs—would have been the last word in regional disparity programs. I think we are all agreed that this

is a problem that has been almost chronic and that will be with us for some time.

So, I do not claim that the Crosbie program was the last word. I would certainly be willing to entertain new programs, some of which were contained in the platform of our party, though I need not go into that now. I would be willing to support other new programs to attack regional disparities, as I said.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 12, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report:

February 12, 1981

The Standing Senate Committee on National Finance, to which was referred Bill C-24, "An Act to amend laws relating to fiscal transfers to the provinces", has, in obedience to the order of reference of Wednesday, February 11, 1981, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

D. D. Everett,
(*Chairman*)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Everett moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

MOTION FOR ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Friday, February 13, 1981 at 11 o'clock in the morning.

Honourable senators—

Senator Asselin: Explain.

Hon. Jacques Flynn (Leader of the Opposition): The motion has to be put first, and, as a matter of fact, I am not prepared to give leave at this time, although I may be prepared to do so later. I have not had time to discuss this matter with the deputy leader, but it seems to me that we should have some discussion before leave is granted.

It may be that we will eventually give leave, but if there are other arrangements that would be satisfactory to the government and to honourable senators generally—and I am more worried about senators generally than the government—it may be that the Senate could adjourn until Tuesday next.

I would ask that this motion be kept in abeyance, and the deputy leader may ask for leave later this afternoon.

Senator Frith: I should like to explain why I am asking leave to adjourn until tomorrow morning at 11 o'clock, since we are now speaking to that question.

I understand the concern of the Leader of the Opposition, and I regret that, although I did talk to him a couple of times earlier today, I was not able to tell him about this most recent development. Therefore, as he says, we have not had a chance to discuss this matter, so I want to explain why I am asking for leave to sit tomorrow morning at 11 o'clock.

The information I have is that the committee will make its report tomorrow, in accordance with the deadline set for it. That report will be tabled in the House of Commons at about noon—and I am just giving you my best estimate, although I think it is a good guess. Then there is the strong possibility that, pursuant to the committee's report and for other reasons that seem proper to it, the government will move a resolution for an Address to Her Majesty, because it is anticipated that will be the recommendation of the committee, and the government intends to proceed in that way.

Honourable senators, on that basis, the report of the committee on this important issue could be ready to be presented at a time when the Senate is not in session. I leave aside the question of whether or not it is technically and legally necessary that the Senate be sitting. There are differences of opinion on that. In the final analysis, I doubt very much that one could make an absolute case for saying that it is necessary that the Senate be in session to legally receive the report. Whether or not it is legally necessary is not the question. I feel that it is very desirable that the report on this important question be received by the Senate, and that the Senate be available to receive it when it is ready to be presented. It is very likely that at the same time the government will present in the other place a resolution for an Address to Her Majesty on this important question, and I think it undesirable too that the Senate not be here if the government proceeds in that manner—that is, on a concurrent basis.

If leave is not granted to meet tomorrow morning at 11 o'clock, then, according to our rules, we will meet at 2 o'clock in the afternoon. If that is what honourable senators prefer, that is all right. However, I believe that we should sit at 11 o'clock so that we can take the steps necessary for tabling or receiving the report. If the government is then going to propose this concurrent resolution for an Address to Her Majesty, we can also prepare to give notice of that tomorrow morning. If

honourable senators prefer to sit in the afternoon, that will be the result if leave is not granted.

Hon. W. M. Benidickson: Honourable senators, I heard the discussion on this matter yesterday, to the effect that this is a rather unique thing to come before the Senate. However, it is a report from a joint committee. I probably do not appreciate the urgency of this matter, but I think the procedure is rather unusual, if not unique. I am not opposed to it, but I would not want it to become a precedent of this chamber until we have had further discussion or until I, personally, have become better acquainted with the rules. I am prepared to be present tomorrow, but I am not sure that it is necessary that we meet promptly at the time a joint committee makes its report. Perhaps those who know more than I do have come to the conclusion that we should be here tomorrow and for some reason, perhaps of necessity or urgency, rapidly adopt the joint committee report. If we are being asked to give unanimous consent, I do not object; I will be present tomorrow. However, I want it to be clearly understood that the debate on the joint committee report will be wide open. I am even willing to agree to a five-day week. I do not object to that at all. My only point is that I do not want it to be regarded as a precedent that a joint committee report requires consideration by this chamber on the very day it is received by us. We run our own affairs. I am in agreement that it be dealt with tomorrow, but I do not want that to be taken as a precedent to be noted in *Bourinot* or *Beauchesne*.

● (1410)

Senator Flynn: Honourable senators, Senator Benidickson has made a point which should be obvious to us all. We do not have to be here tomorrow, and the only reason the deputy leader has requested our attendance tomorrow is to receive the report.

Senator Frith: That is not the only reason.

Senator Flynn: I will come to that. He has not indicated that the government has made up its mind to present a resolution based on the report. If that is the case, I can deal with it eventually.

What I am suggesting is that we do not have to sit tomorrow, because the report can be received by the other place and we do not have to receive it on the same day. But we could agree to give permission to the committee to publish its report, just as we have done regarding our own committees; or, alternatively, we could agree that the report be deemed to have been received by the Senate tomorrow. We, on this side, are prepared to give that undertaking, if that is the only reason for sitting tomorrow.

The second point I want to make has to do with the Leader of the Government's giving notice that tomorrow the government will move a resolution based on the report. We, on this side, are prepared to waive the two days' notice so that the motion can be moved on Tuesday, if that would meet with the agreement of the government. Again, I am speaking of the government, because I know the sentiments of certain senators

[Senator Frith.]

on the other side. They do not necessarily agree with the instructions that come from higher up.

You can smile more than that, Senator Stanbury. Don't be shy.

We could agree to that, and that is the reason why I wanted to confer with Senator Frith before he moves that motion. The only reservation we have is with regard to proceeding at the same time as the House of Commons to consider that resolution.

Senator Benidickson: Yes.

Senator Flynn: I have several reservations about that, and I believe some senators on your side have some as well. My proposal would be, first, to give leave to the joint committee to publish its report tomorrow. Next, we waive the two days' notice as far as the presentation of a resolution based on the report is concerned, but on the condition that the first Order of the Day be a motion moved by us that the Senate not take this resolution into consideration before the House of Commons has completed its consideration of the resolution. We would have a debate of one or two days' duration on that motion, and if the majority says we are going to proceed concurrently with the House of Commons, then there is nothing we can do about it. That would be the decision of the Senate, and we would have no choice. It would be a more reasonable way of doing things.

It seems to me that the government should not be quite as concerned about the way in which we should proceed on this problem. The Senate should be in a position that allows it to debate as wisely as possible in the proper context and with the proper decorum. That is why I suggest to the Deputy Leader of the Government that we should wait until later today after we have had a chance to discuss it along the lines I have indicated. There may be some refinements to my proposal. If there is an agreement, all the better; but if there is no agreement, then we on this side will do what we can to try to prove that the Senate is not a rubber stamp of the government.

● (1415)

Senator Frith: Honourable senators, let us be clear about what is before us at this moment. It is a request for leave to move that we sit tomorrow at 11 a.m. If leave is not granted, and it is left at that, we shall sit tomorrow at 2 p.m. Let it be understood that I am not asking for leave to sit tomorrow at 2 p.m. That would take place automatically. The leave that I am asking for is leave to move that we sit tomorrow at 11 a.m. instead of 2 p.m.

I understand the concern of the Leader of the Opposition about the concurrent procedure. There are advantages and disadvantages to such a procedure, and there are advantages and disadvantages to the consecutive procedure. It seems clear that in this case the government will decide to proceed on a concurrent basis. If that is so, it would appear to me to be highly desirable that senators be here to commence dealing with the matter at roughly the same time or, at least, on the same day that members of the other place begin dealing with it.

On the question of leave to proceed on Tuesday, if notice of a resolution for a Joint Address to Her Majesty is given tomorrow, it would normally be moved on Tuesday—

Senator Flynn: That's right.

Senator Frith: —because it needs two days' notice, and there must be a sitting day in between.

On the question of debating whether or not the government should proceed concurrently, in my view it is not desirable for us to do that because the government intends to proceed concurrently if it is going to proceed with that separate resolution.

Senator Flynn: Oh no.

Hon. Allister Grosart: Honourable senators, on a point of order, we are now being told—

Senator Flynn: That is not what you said—

Senator Frith: I said the government intends to proceed—

The Hon. the Speaker: Order.

Senator Grosart: Surely the Deputy Leader of the Government will recognize our rules at least to the extent that when a senator rises on a point of order, he has the floor.

Senator Frith: Yes, certainly.

Senator Grosart: Perhaps I should point out to the deputy leader that the leave for which he asked was to move a motion. Leave was not granted. Nevertheless, he has proceeded to debate the motion.

Senator Frith: I thought we had both decided that we wanted to discuss it. I will be glad to drop the whole thing.

Senator Grosart: Leave was not granted to move the motion to discuss it. That is the present situation. I now ask the following question: Is it the intention of the government to introduce a motion which would implement a possible recommendation of a committee which will present its report to this house before that report has been discussed or concurred in? Assuming there is a certain recommendation in that report, is it the intention to move a resolution based on that supposed possible, potential—

Senator Molgat: That is not a point of order; it is a question.

Senator Olson: The honourable senator raised a point of order. He should not ask a question, and he should sit down after disposing of the point of order.

● (1420)

Senator Molgat: There is no point of order.

Senator Grosart: His Honour will decide.

The Hon. the Speaker: I think the first point of order relates to whether leave is or is not granted. If leave is not granted, that is all there is to it; there is no discussion on that point.

Do you maintain your position, Honourable Leader of the Opposition?

Senator Flynn: If you remain standing, I will sit down.

The Hon. the Speaker: I do not want another speech. I want to know if you grant leave.

Senator Flynn: If you want an explanation, give me the opportunity to make it.

I have been trying to discuss this matter of leave. I think we can always debate whether leave should be granted or not, but if you say, Mr. Speaker, that we cannot debate that matter, then I am going to sit down. I have not given leave, however.

I was prepared to see whether later on we might give leave, and that is what I was proposing to the deputy leader, namely, that he postpone his motion to a later time today; but if not, then so be it.

Senator Frith: I can do that. Honourable senators, I see no difficulty, because we can always, with consent, revert to Notices of Motions. At the moment let us assume that with regard to this motion leave has not been granted. We will try to confer about it. If we agree on something and want to give a notice of motion we can revert to Notices of Motions and deal with it at that time.

Senator Flynn: Honourable senators, I give notice that on Monday, if we come back on Monday, I will move that the Senate not consider approval of the report of the Joint Committee on the Constitution, or any resolution based thereon, before the House of Commons has disposed of the same.

This is a notice of motion. That is all. I will style it more elegantly later.

QUESTION PERIOD

[*English*]

GRAIN

CROWSNEST RATES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I was looking forward to having the opportunity of asking a question of the Minister of State for the Canadian Wheat Board, but I see he is not here. I suppose I can proceed with my inquiry anyway, and no doubt he will furnish me with an answer in due course.

I am looking for some guidance from him as I try to find my way through the labyrinth of government policy in connection with the Crow rate, because last night the minister made a very clear statement on the radio to the effect that he had no intention of recommending any change in the Crow to the cabinet. I linked that with his statement of the other day that he thought any negotiations on the Crow should be conducted in secret.

Hon. H. A. Olson (Minister of State for Economic Development): Until the producers support that action.

Senator Roblin: Well, I do not care how you modify it. He was going to have a secret meeting.

Senator Olson: That is not quite right.

Senator Roblin: I do not think I am misrepresenting the matter.

Senator Olson: I am just suggesting that you have taken his remarks out of context.

Senator Asselin: Don't be nervous.

Senator Olson: I am not nervous.

Senator Roblin: Senator Olson has perfect confidence in his colleague; I know that.

The point that puzzles me is that prior to that, at the end of last year, the Minister of Transport warned that there would be rationing on the railway system in western Canada in a few years' time—I think he said in 1983—unless something was done. Then he again is quoted in *House of Commons Debates* as having had the opinion that whatever would be done would be done openly; a resolution would be sought openly and in consultation with most of those concerned. Incidentally, I think that is quite a good idea.

● (1425)

Then the Minister of Agriculture, speaking on the same subject in the House of Commons on another occasion, made it quite clear that in his opinion something would be done about the Crow rate. I quote from Commons *Hansard* of December 9, at page 5552, and this is the Minister of Agriculture speaking:

> I did not say it should not be touched or changed. It should be changed.

We have three different matters at issue here: whether the Crow should be changed; whether the change should be in secret; and whether it should be changed in time to deal with the anticipated rationing situation on the railway.

My question is: Who is speaking? What minister is charged with the responsibility, on the part of the government, in making statements with respect to the Crow?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if the question is directed to me, clearly all the ministers who have been making statements are charged with the responsibility of agriculture, and this, of course, includes the agricultural producers who are involved. Some of the allegations—if that is the right word—in the quotes that have been made are those that put in certain pieces and leave out certain pieces.

Of course, the minister responsible for the Wheat Board—and he will be back in a few minutes and can speak for himself—has said that, as far as he is concerned, the government is reluctant to move until there is great support by the producers who will be affected. There is no question about that.

We also know that the Minister of Transport expressed some concern respecting certain statements that have been made about increases in the capacity of at least the southern delivery system to the west coast unless there are some changes made to the Crow rate.

I can tell my honourable friend opposite that we dismiss that kind of allegation rather quickly because it attempts to relate two things that ought not to be related. I do not think there is any great contradiction in all those statements, although my friend is trying desperately to indicate that there is.

Senator Roblin: Well, my friend does not answer the question, because surely three ministers saying essentially two or three different things cannot be speaking with the same voice, with the same responsibility and for the same government. Who is speaking for the government in this matter? The three ministers make statements on the subject which certainly contradict each other. I think people interested in the Crow have a right to know what the real policy of the government is.

Senator Olson: Honourable senators, my friend will know that there has been some very significant movement, if that is the right word, in the attitude of the representatives of the producers in western Canada through such things as the Western Conference. What is also clear is that some of those organizations which subscribe to what the Western Conference has recommended to the government have also issued separate and independent positions which, in our interpretation, vary considerably from what was supposedly contained in the recommendations from the Western Conference. Therefore, we not only need to know where those views will be reconciled but also how large the support of the membership of the organizations is in relation to what has been put into and has come out of the Western Conference. If my honourable friend is unaware of that, he simply has not been following the situation quite as precisely as he ought to have been.

Senator Roblin: Of course, I am well aware of the situation. I know what the minister says is quite true, that there is a difference of opinion and that the Western Conference has one point of view and the Farmers' Union has another. Sometimes we do not know where the Saskatchewan Wheat Pool stands, and the livestock people have an input into this as well. I am not pretending it is a simple policy, nor am I pretending that the minister is wrong in trying to seek agreement among the people affected; I do not think he is wrong. However, I think he is wrong to make statements which foreclose the issue. Last night on the radio the Minister of State for the Canadian Wheat Board said that he would not recommend to the cabinet any change in the Crow. Well, if that does not at least in part foreclose the issue without any agreement with those concerned having been reached, I don't know what does. My complaint is that I wish my honourable friend would get busy with co-ordinating the producers, if that is what he wants to do, and stop issuing these statements which have the appearance of the form but not the substance of government policy.

● (1430)

Senator Olson: Honourable senators, there is obviously a disagreement on the interpretation in the contexts of certain things involved in this. For example, I would be rather surprised if my honourable friend opposite were to claim that what he might have heard on the radio constitutes the total expression of opinion by the Minister of State for the Canadian Wheat Board. If he is unwilling to accept all of the other

statements and put them in context relative to the Crow, I am not sure what we can do about that. But there is much more to the position taken by the minister responsible for the Wheat Board than what the honourable senator might have heard on the radio last night.

Senator Roblin: Then I wish he would explain himself.

Senator Olson: That has been done.

Senator Roblin: Then it has not been explained well, because this morning the news report on the CBC—which is not myself quoting the minister but is the CBC summarizing his statement—was that Senator Hazen Argue, the minister responsible for the Canadian Wheat Board, had stated that he was opposed to any re-opening of the issue of the Crowsnest Pass rate. The CBC news goes out over the whole country, and people believe what they hear on the CBC.

Senator Olson: But that is not all.

Senator Roblin: If that is not correct, then I want my honourable friend to say what is correct. If that statement does not mean what it appears to mean on the face of it, then I want the minister of state who made the statement to tell us what it does mean.

Senator Olson: Honourable senators, I see no purpose in continuing this discussion or in engaging in these questions and answers with the honourable senator. The minister has been invited to make a full and complete statement, and I am sure he will be happy to take 40, 60 or 80 minutes, or whatever time it requires, to do that at the appropriate time.

Senator Perrault: What you have been hearing are just fragmentary news reports.

Senator Godfrey: The minister has just arrived.

Senator Roblin: No doubt the minister will answer my questions tomorrow, after he has read what has been said today.

CONSTITUTIONAL REFORM

LETTER FROM MR. TOM SIDDON, M.P.

Hon. Peter Bosa: I should like to direct a question to the Leader of the Government in the Senate. I recently received a letter from Mr. Tom Siddon, M.P., Richmond-South Delta, which states in part:

> I think you would want to know that the Prime Minister, Mr. Trudeau is receiving thousands of letters similar in form to those attached. There is a genuine feeling, especially in Western Canada, that his unilateral approach to Constitutional Reform is in fact *unconstitutional*.

Can the leader tell us whether it is a correct interpretation to say that the Prime Minister's approach is unilateral when, in fact, the Prime Minister has the support of the federal New Democratic Party, which has two dozen members out west, has the support of the Premier of New Brunswick, who is of Conservative political persuasion, has the support of the Premier of Ontario, the most populous province in Canada, and has, as well, the support of Mr. Bill Yurko, the Conservative Member of Parliament for Edmonton East, who, I am sure, has the support of tens of thousands of people out west? How could anyone describe that as a unilateral approach?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, obviously the honourable senator has a firm grasp of the facts.

ENERGY

FEDERAL-PROVINCIAL PRICING NEGOTIATIONS—REPRESENTATIONS BY CANADIAN FEDERATION OF INDEPENDENT BUSINESS

Hon. Richard A. Donahoe: Honourable senators, I should like to address a question to the Minister of State for Economic Development. I noted that earlier this week the Minister of Energy, Mines and Resources blamed Alberta for the fact that high-level energy pricing negotiations had not yet begun. Can the minister indicate whether his government is prepared to be flexible on price, if the negotiations resume?

Hon. H. A. Olson (Minister of State for Economic Development): That has already been stated a number of times, honourable senators.

Senator Donahoe: According to my understanding of what the minister has just replied, his government has fixed a price which, by its nature, is flexible and may be increased. I believe that was implicit in his answer.

May I direct a supplementary question to the Minister of State for Economic Development? Subsequent to his meeting on Tuesday with John Bulloch of the Canadian Federation of Independent Business, the Minister of Energy, Mines and Resources is reported in the press as saying that it was "certainly an erroneous impression" if anyone thought he was going to offer Alberta higher prices.

When the government is, in advance in that way, closing the door on the prospect of fruitful negotiations in which, presumably, the federal government would have to demonstrate its willingness to compromise, is the minister responsible for economic development at all surprised that Alberta declines to participate?

Senator Olson: Honourable senators, we could go and dig out any number of quotations from *Hansard* of the other place, but my honourable friend can do that just as easily as I; he can do his own homework. If he wants to see what the minister has said about an attempt to re-open the negotiations with Alberta, it is all there, laid out quite clearly in black and white. As I have said, he can do his homework just as easily as I can do it for him.

REPRESENTATIONS OF CANADIAN FEDERATION OF INDEPENDENT BUSINESS

Hon. Richard A. Donahoe: I have a further supplementary question for the Minister of State for Economic Development. Is the minister aware of the representations made to the

Minister of Energy, Mines and Resources on Tuesday by the Canadian Federation of Independent Business, which happened to include the view of 69 per cent of the respondents to its internal poll that Canadian oil prices should move more rapidly to 75 per cent of the world level? Is it the intention of the government to dismiss the views of small businessmen, as it did those expressed by the banking and pulp and paper industries?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators, it is not the intention of the government to dismiss the views of the members of that important sector of our economy.

To answer the first part of the honourable senator's question, no, I am not directly aware of the representations made to the Minister of Energy, Mines and Resources within the last day or two, but I will ask for a report on that and then I will be aware of the situation.

Senator Donahoe: Good. You will find it informative.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Gildas L. Molgat: Honourable senators, I should like to address a question to the Leader of the Government in the Senate with respect to the meeting that was held between Mr. MacGuigan, the Secretary of State for External Affairs, and his American counterpart. Obviously, we are all pleased that that visit could take place so soon after the appointment of the new United States Secretary of State.

Prior to that visit the indication was that certain items were to be discussed, including, in particular, the fisheries treaty, but among the other items to be discussed was the matter of the Garrison Dam.

I should like to quote from the French text of a press story, if I may:

[*Translation*]

> —intends as well to raise the matter of the Garrison Diversion project, in North Dakota. Among other things, he would like to get assurances from the United States that nothing will be done which might spread pollutants in Manitoba's waters.

[*English*]

This is my question: Was this matter actually discussed, because in addition to its immediate concern for Manitoba, it has a much wider concern with respect to the whole matter of international waters between ourselves and the United States? Was it discussed, and what assurances do we have from the new Secretary of State in that respect?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I wish to thank my honourable friend for that important question. It is my understanding that there was in fact a discussion of the Garrison situation at the meeting between the Secretary of State for External Affairs and the United States Secretary of State, General Haig. However, I understand that no decisions have yet been made as a result of those conversations.

• (1440)

I have further information relating to Garrison. The U.S. Department of State has requested that a process of bilateral consultations regarding the Garrison diversion be initiated in March. As a prelude to these consultations, Canadian scientific and technical experts, on January 21, 22 and 23, visited the Water and Power Resources Service Engineering Research Center in Colorado to receive a briefing on the possible project design modifications. This technical review will provide us with a basis on which to proceed in the consultation process, keeping in mind Canada's firm position that any inter-basin transfer water is unacceptable.

Honourable senators, as far as the meeting between the new American Secretary of State and the Secretary of State for External Affairs is concerned, the agenda items included these other matters: The long delayed East Coast Fisheries and Boundaries Treaty; environmental issues such as acid rain; extraterritoriality; the auto pact; an exchange on east-west and north-south matters, particularly in light of the forthcoming Ottawa Economic Summit; and a review of events in other regions of the world such as the Caribbean, southern Africa, and the Middle East.

Certainly, an inquiry will go forward to the department to determine whether any additional material is available with respect to Garrison.

[*Translation*]

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Martial Asselin: I have a supplementary. Is it true that at the meeting between the two Secretaries of State, Mr. MacGuigan did not receive from his American counterpart the assurance that the U.S. Senate was ready to sign the fishing rights treaty?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no detailed information available on that matter and for that reason the question will be taken as notice.

Senator Asselin: Will you make an inquiry of the minister?

Senator Perrault: Yes. The question will be taken as notice.

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, my question is supplementary to those raised concerning the Garrison. At some time in January a group of Canadian scientists went to the United States to join with their counterparts to discuss the various aspects of the Garrison. I believe the minister referred to it in his statement.

Has a report of that meeting been issued? If so, I would appreciate having a copy. If no report has been issued, is it the intention that one be issued?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question must be taken as notice.

I do have some late, additional information regarding the Garrison that I can add to the previous information. The U.S. Secretary of the Interior has agreed to place the funds associated with those aspects of the Garrison project that might affect Canada in a so-called "reserve fund" pending completion of consultation with Canada.

We have now been informed that the U.S. Office of Management and Budget has rejected this proposal. The Department of the Interior assures us, however, that the funds will be spent only on the West Oaks test area, work which involves no effects on Canada.

However, I do not have a report from the committee to which the honourable senator is referring.

Senator Roblin: You will check into it for me?

Senator Perrault: Yes.

NATIONAL REVENUE

CHILD TAX CREDIT

Hon. Andrew Thompson: Honourable senators, I should like to address my question to the Leader of the Government. Last month 3.6 million families across Canada received, along with their family allowances, a slip indicating the requirement to make application for the child tax credit for the coming year, and we know that 2.6 million parents qualified for this tax credit last year.

However, we are also aware that a number of children do not receive the tax credit benefit because of the inability of the mother to receive co-operation from the father in signing the application because it would disclose his income to his wife. I note that there are no statistics on this matter.

Surely some sort of cross-reference system could be initiated which would not expose the confidentiality of the husband's income. By such cross-reference we could also obtain statistics concerning those who are not receiving the tax credit because of the inability of the mother to acquire the husband's signature. In Britain, for example, it is suggested that between one in three and one in six husbands refuse to sign a somewhat similar application.

I would ask the Leader of the Government to inform the house what the Minister of National Revenue proposes to do to overcome this log jam which results from the husbands' refusal to sign. The husband's signature on that form ensures that the mother does receive the tax benefit which, in turn, benefits the children.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I thank Senator Thompson for that important question, and for the positive suggestion he has made. The information will be sought and provided as quickly as possible. Furthermore, his idea will be passed along to the appropriate ministry.

ENERGY

STRAIT OF CANSO—POTENTIAL SITE OF NATURAL GAS LIQUEFACTION TERMINAL

Hon. Robert Muir: My question is for the Minister of State for Economic Development and concerns a very disturbing situation.

Yesterday in the other place, Mr. Rosaire Gendron, the member for Kamouraska-Rivière-du-Loup, quoted a Canadian Press item as follows:

> The federal Minister of the Environment, John Roberts, announced yesterday that the Canso Straight area—

Of course, our *Hansard* reporters are brilliant enough to know that that word is spelled S-t-r-a-i-t.

> —had been rejected as a possible site for a natural gas liquefaction terminal.

In his reply—after explaining in great detail that he really did know the difference between New Brunswick and Nova Scotia—the Honourable John Roberts tried to explain the situation by saying:

> There has been no change in the situation. The site at Gros Cacouna and the site in Nova Scotia are both under the process of environmental review undertaken in each case by the province with the participation and co-operation of the federal government.

I would ask the honourable gentleman who is in charge of economic development—and God knows we need economic development on the east coast—if he would advise us when the National Energy Board will be in a position to provide a report as to whether the Strait of Canso will even be considered as compared with Gros Cacouna, and, if so, how soon will that take place. He may be able to contact the board and receive some advice.

Hon. H. A. Olson (Minister of State for Economic Development): I will take the question as notice and try to obtain the information.

NATIONAL ENERGY PROGRAM—EFFECT ON DOME PETROLEUM LIMITED

Hon. Lowell Murray: Honourable senators, my question is for the Minister of State for Economic Development and it concerns the latest example of Mr. Lalonde's energy program in action. Will the minister confirm that the situation with regard to Dome Petroleum under the Lalonde energy program will be as follows: That Dome Petroleum, which is now approximately 30 per cent Canadian owned, will create a new subsidiary, Dome Canada Limited, of which the parent, Dome Petroleum, will own 45 per cent; that Dome Petroleum will attain its 45 per cent interest by turning over to Dome Canada Limited $250 million worth of shares in TransCanada PipeLine, of which Dome Petroleum now owns 48 per cent; that Dome Canada Limited will attain a 50 per cent interest in

Dome Petroleum's acreage by borrowing $225 million from Japan's national oil company, and by issuing about $400 million worth of shares on the Canadian market; that Dome Canada Limited will pay all of the parent's Canadian exploration expenses on both federal and provincial lands in return for this 50 per cent interest; and, when all the smoke has cleared from this magic, that there will be a paper company—managed by the parent, Dome Petroleum, with the parent's senior officers as the majority of the board of directors—eligible for special grants from the taxpayer to finance exploration.

Will the minister explain what all of this will do for energy self-sufficiency or for the Canadian economy?

● (1450)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the complexities of what is involved in this deal I do not think have been fully explained by what my honourable friend has just stated. He is like his colleagues. He leaves out certain parts that are important—that is, the totality of the exploration budget of the companies involved, such as Dome Canada, Dome Petroleum and so forth. They will go up by 50 per cent. He did not mention that at all.

If my honourable friend wishes to dig deeper, he will see that there is a transition period also involved. All of this is important in making sure that the beneficial ownership in the end result winds up in the hands of Canadians at the levels that are indicated. Of course, he did not indicate that either.

I am sure that as he goes through his examination of oil company activities, whether it be Dome, Petro-Canada, or any one of the others, he will find that there are complex arrangements made between oil companies to share the risk of exploration, development and bringing the product to the delivery system. All of these are extremely expensive.

My honourable friend could keep himself occupied for a long while if he wants to sort out not only what has happened in this case, but the complexities of what has happened in the past.

Senator Flynn: You are, on the answer.

Senator Murray: What is it doing for Canada?

Senator Roblin: It is doing a lot for Dome Petroleum.

Senator Olson: They are Canadians.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Heath Macquarrie: Honourable senators, if the front bench contretemps has ended, I shall be delighted to put a question. I always like to ask questions of the Leader of the Government, especially questions on education, since some weeks ago I followed him at the Vernon Campus of Okanagan College. The students were unanimous in saying that they had no idea the Senate was such a lively place until they had heard from Senators Perrault and Macquarrie. We want to keep that up!

[Senator Murray.]

I should like to ask the leader—I will not exhaust the totality of my interest in education, to use Senator Olson's obviously patented word—whether he has anything further to relate to me and other honourable members of the Senate on the serious matter I raised the other day with respect to the concern that the leaders of Canadian universities have with respect to a particular problem which has been presented to them.

There is further reason for anguish—and I present this to him as a long time friend—having heard that the Natural Sciences and Engineering Research Council has not yet been told what its budget is for 1981-82, and that they are having great difficulty in planning their future research, an area which is of the utmost concern to a country such as ours which must prosper in technological advances. Incidentally, implicit in this, and in the foreground, is the loss of perhaps 2,000 jobs.

In case the minister asks for the source of my information, I will refer him to an article written by Margaret Munro, educational writer, which appeared in the Ottawa *Citizen* of February 7 last.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question of financial support for higher education in this country is of real concern to all of the provinces and the national government. During the past week, I met personally with the presidents of three of Canada's universities. They expressed their apprehension and concern regarding the future of university funding.

With the honourable senator's background in higher education, I believe he is aware of the fact that at least in some provinces there has been a substantial increase in the amount of federal funding for higher education in recent years, with the federal government assuming a greater and greater percentage of the support of higher education.

The federal government has concerns about the ultimate cost and budgetary implications. Additionally, in some of the provinces where there is a trend toward a greater percentage of federal financing in higher education there are budgetary surpluses. The federal government, of course, has a substantial deficit.

There is no intention on the part of the federal government to abandon higher education in this country. I think it can be said that a majority of Canadians want their taxes to be deployed in an effective and efficient manner. They want to reduce waste as much as possible, and they want to make sure that every program which receives taxpayers' funds has been properly established and they want to make sure that there is a fair balance between the contributions of the two senior levels of government.

I would be pleased to bring a statement to the Senate on this entire subject. We will know later this month, of course, some of the details of the budget proposals when the estimates become available for consideration and study. As I said, I shall be pleased to bring further information to the Senate on this subject.

Senator Macquarrie: Honourable senators, by way of a preamble to a rare supplementary, I am not one who knocks what the federal government has already done over many, many years, and neither am I one who exonerates the provincial governments on all of these matters, but we are reaching another aspect. Important educational authorities are having difficulty planning their vital operations because they cannot find out from the federal government what, in fact, is the financial commitment for the upcoming year. I would ask the leader to apply himself to that important aspect of the matter. I know a little about educational administration and know that it is difficult at best, and these are not the best of times, by any means.

Senator Perrault: Honourable senators, this is an important subject, and I understand the implications of it. As I have said, these same concerns were expressed to me by the presidents of three of our institutes of higher learning in meetings which I had with them this week. Certainly, it is difficult in any field of endeavour to try to proceed without knowing what the budget is going to be.

Hon. Robert Muir: Honourable senators, my question is supplementary to the one posed by my brilliant and learned friend, Senator Macquarrie. I know this subject is very dear to his heart. I know the government leader is also interested in it, and am I not correct in pointing out that just a few days ago he said that there would be no cutbacks in higher education in this country? Did he not say that to the universities?

Senator Perrault: Honourable senators, I cannot recall a statement of that kind made by me. The whole matter of finance for higher education and other worthwhile endeavours is under review. I do not believe I made a suggestion that all things would remain as they are.

Senator Muir: I trust that you will soon be making that statement.

Senator Olson: That is anticipatory.

Hon. Lowell Murray: Honourable senators, is it not a fact that the Minister of National Health and Welfare has excluded the possibility of any cuts being made in other programs that come under Established Programs Financing, such as medicare, the hospital plan and so forth? The possibility of cuts in those programs has been excluded by the government leader's colleague, Madame Bégin, and the only conclusion or inference one can draw from that is that if cuts are coming, they are coming in the area of post-secondary education. Is that not correct?

● (1500)

Senator Perrault: Honourable senators, at the present time there are a number of cost-sharing programs being discussed with the provinces, such as Royal Canadian Mounted Police services in the provinces, hospital services, medical services and higher education. Surely the honourable senator, whose party talked in terms of a need to reduce government spending and the funding for certain services in the country, cannot object to this thoughtful approach by the present government to determine the efficiency of programs and whether or not a proper balance has been established between provincial and federal funding for those programs. The honourable senator should be—

Senator Asselin: That is a funny statement.

Senator Perrault: —most enthusiastic in view of the support he gave in the last federal election compaign to his mentor, Mr. Clark, on this whole issue of government spending.

It should be borne in mind, honourable senators, that allegations have increasingly and disturbingly been made that where the federal government has provided increasing amounts of block funding for certain programs, some provincial governments have withdrawn their previous degree of support for those programs or they have reduced their percentage contributions. If these allegations have any substance, federal efforts to help people may constitute a self-defeating process. If the premiers are saying, "Now that we have this federal money we will take our provincial funds and expend them for other purposes, such as road building," surely it may be time to question whether national programs designed to supplement provincial efforts are working for the people of this country.

Hon. Senators: Hear, hear.

Senator Murray: Honourable senators, with regard to those allegations, I simply remind the minister that they were made in the first instance by his colleague, the Minister of National Health and Welfare, who, once the evidence was in, found it necessary to swallow them and to apologize for having made them. I am surprised he has not kept sufficiently in touch with the situation and that he is now repeating allegations that she has largely withdrawn.

So far as the process is concerned, no one has any objection whatsoever to a thoughtful process, but one must wait to see what the results of that process are. The former government brought in its budget in December, 1979, and there was no talk at that time of severe cutbacks in assistance to post-secondary education or to the other established programs.

Senator Perrault: Honourable senators, I will take this matter up with the Minister of Finance and, hopefully, a statement can be brought to the Senate which will cover the important points that have been raised by various honourable senators.

Senator Flynn: You improve every time you make a reply.

PARLIAMENT

INTERNSHIP PROGRAM

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the parliamentary internship program.

In light of items in the press that some of the outside sponsors of the program, such as business and industry, are threatening to reduce their support of the program, could the leader find out if it is the intention of the government to keep that worthwhile program going?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take that question as notice.

Senator Marshall: I have a supplementary. Could he also find out, regarding this program which has been so valuable over the past three or four years—and it is called a parliamentary program—why those who are participating in the program studying parliamentary procedure are attached to the House of Commons, and why there is not an educational program for them to learn what the Senate is all about? If it is going to be called a parliamentary program, why doesn't it include the Senate?

Senator Flynn: It might be risky in some cases.

Senator Perrault: Honourable senators, I understand that a number of representations have been made by interns and prospective interns on this very point. Discussions are underway, and I have been assured by my deputy leader that representations are being made to include the Senate in the program.

EDUCATION

REPAYMENT OF STUDENT LOANS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Riley on January 27, 1981, concerning the recovery of defaulted Canada student loans, and in particular, the use of commercial collection agencies for this purpose.

(*The answer follows:*)

Before dealing specifically with the points raised by the honourable senator, I thought it might be useful to review the general procedures followed when a student defaults on a loan. Under the Canada Student Loans Act, chartered banks or other designated lenders (such as caisses populaires) advance the funds under guarantee by the Government of Canada against any loss they may suffer should the loan not be repaid by the borrower.

When a borrower has ceased his studies, a repayment agreement is signed between the lender and the borrower. This repayment agreement sets out the terms of the loan and how it is to be repaid—normally, in equal monthly instalments over a period of time not exceeding ten years.

The obligations undertaken by the borrower when signing for a loan include not only an undertaking to repay the loan in the manner and time-frame set out but, as well, to keep the lender advised of all changes of address at all times. Unfortunately, a number of borrowers fail to fulfill these obligations, particularly with respect to keeping the bank advised of their whereabouts. About 75 per cent of all claims by lenders under the guarantee are submitted because the whereabouts of the borrower is not known or because of refusal to respond to bank requests for attention to the loan. I might add that where a borrower finds that the previously agreed terms for repayment are proving too onerous, the legislation authorizes lenders, in consultation with the borrowers, to revise repayment terms, taking into account the current financial position of the borrower, and thus avoid default on the loan. Our experience has been that a great number of students, who keep in touch with their bank, have benefitted from this facility and, therefore, have not necessitated a claim for loss on their loan.

Where a borrower fails to keep the bank advised of his or her location or fails to honour an agreed repayment schedule and does not respond to the bank's correspondence, the loan is claimed under the guarantee and, when paid by the government, the debt becomes due the Crown. The borrower is advised by program officials of this fact and that the debt is due and payable forthwith. The borrower is also advised that the account will be monitored by a commercial collection agency and that, should the borrower be unable to make payment in full, financial circumstances should be fully discussed and revised periodically so that an equitable monthly repayment schedule may be arrived at which is sensitive to the borrower's resources—the original agreement with the bank now being void because of the default. The government introduced the use of commercial agencies in 1970 after it had been determined that the cost to taxpayers would be less and results more effective than setting up a government collection system.

Two collection agencies are currently monitoring and/or collecting from some 80,000 defaulted accounts or about 9 per cent of nearly 1 million students who have borrowed. The agencies operate under contracts which are awarded under the normal tendering process. In addition, a directive, which forms part of the contract, places limitations on normal commercial collection procedures, such as seizure of assets, in the handling of student loan accounts. Agencies are not permitted to call a debtor at his place of work unless they have been unable to maintain contact through a home address or where the latter is not known. The level of complaints, such as that reported by the honourable senator, has been extremely low, amounting to less than ½ of 1 per cent of cases handled. Financial Collection Agencies Ltd. has been a successful bidder for the past 11 years, and in the very few cases where an employee has been found to have operated outside the directive, disciplinary action has been taken by the company.

With reference to the specific question by the honourable senator, Mr. McMillan is an employee of Financial Collection Agencies Ltd. at the Ottawa office. He is an experienced collector and has been monitoring the particular case to which the honourable senator has referred and subsequently identified to me. I have had an inquiry conducted into the handling of this case, and I find that the borrower in question had received very sympathetic treatment from the bank over a period of four years during which time payments were very erratic. The bank had been forced to send frequent reminders to the borrower to honour the repayment terms that he had agreed

upon. Finally, when the borrower had ceased to respond to the bank's requests and the loan was 14 months in arrears, the bank claimed under the guarantee. The borrower's account was then sent to a maritime branch of the Financial Collection Agencies because the borrower's last known address was in the maritimes. However, after considerable tracing effort, the borrower was finally located in Ottawa in mid-July of last year. The account was, therefore, transferred to the Ottawa branch.

The debtor was contacted at home in July but refused to discuss financial circumstances, although a nominal monthly payment on account was offered. Then, three days later, the debtor called the agency and the financial position was discussed. Since the debtor had amounts outstanding with a number of creditors, some at high interest rates, the question of possible consolidation of loans at a bank was discussed. The debtor undertook to explore this avenue and the agency agreed to accept $50 per month failing full payment through a bank loan and, in fact, in August the debtor forwarded six post-dated cheques for $60 each. During this period the debtor and Mr. McMillan talked a number of times by telephone both at the debtor's office and home phones and the debtor did not express any concern at conducting this type of discussion at his office.

In accordance with normal procedures all accounts are reviewed on a six-month cycle by the agencies in order to ensure that payments are adjusted to the varying financial situations of the borrower. Accordingly, on January 27 the very same day that the honourable senator raised the matter in this chamber—Mr. McMillan endeavoured to contact the debtor to request an updated financial statement; the debtor returned Mr. McMillan's call from the office but refused to provide any financial data other than that there had been no change in the circumstances since last July. The debtor subsequently contacted program officials and was advised to provide further post-dated cheques and a certificate to the effect that there had been no change in earnings or general financial situation in the past six months. I understand that the debtor (who, by the way, is not a government employee) has since provided the necessary cheques and certificate and that the agency has accepted this for the next six-month period. In reviewing this case, I cannot find that the few telephone calls made by agency staff to the debtor over a six-month period would constitute harassment, nor do I find that, since the debtor called the agency a number of times from the work place, calls to the debtor at that telephone number were unwarranted.

The honourable senator also asked what commission is paid, and the answer is that the contract with Financial Collection Agencies provides for a commission of 25 per cent of amounts collected.

I hope my rather full statement will clarify the process for honourable senators and at the same time answer the points raised by Senator Riley.

In response to the supplementary question by Senator Bonnell, the Canada Student Loans Act is jointly administered by participating provinces and the federal government. Provincial authorities receive and assess applications for a loan and issue the necessary loan authorization to the student. Commercial lenders negotiate the loans on the basis of the loan authorization and, as I have noted earlier, the Government of Canada guarantees the lender against loss. The Department of the Secretary of State administers the guarantee provisions of the act and is responsible for the collection of delinquent loans, as I have already outlined.

FOREIGN AFFAIRS

IRAN—RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked on January 27 by Senator Macquarrie concerning the possible repudiation of Ambassador Ken Taylor's actions in the freeing of American hostages.

The assertion by Iranian Executive Affairs Minister Nabavi on January 27 that Canada has asked to send diplomats back to Iran is without foundation. As the Secretary of State for External Affairs has stated on several occasions, the government believes there is no urgency about reactivating our embassy in Tehran. Before we take any decision on this, we will have to assess carefully the degree of risk to our staff there.

Similarly, there is no foundation in Mr. Nabavi's reported remark that we have asked for Iranian assurances on the safety of the staff we eventually send back. The Iranian government is already party to the Vienna Conventions on the immunity of diplomatic staff. However, it will be equally important for us to assess over the coming months whether the Iranian government is really willing or able to live up to their obligations.

In stipulating that Canada should not itself engage in certain activities—kidnapping, transferring people secretly and engaging in espionage—we assume Mr. Nabavi was talking about the sheltering and extrication of the six Americans. We do not see the need to give any assurances on this score. We consider that what we did to assist persons entitled to the protection of international law was fully justified from a legal as well as a humanitarian standpoint. The government would in any case hope that the circumstances which existed between November, 1979 and January, 1980, when the six Americans took refuge with us, will not arise again.

● (1510)

Honourable senators, on the same subject, a question was asked by Senator Smith on January 27 concerning the availability of information on Iran.

In the period from November 4, 1979 to January 28, 1980, when he finally departed Tehran, our former Ambassador to Iran, Ken Taylor, provided External Affairs with daily situation reports which sometimes included information available to

him about the whereabouts or treatment of the hostages. Much of this information was available to other diplomatic missions in Tehran.

Throughout this period, the Canadian government shared Mr. Taylor's reports with the American authorities.

At no time after the Honourable Mark MacGuigan became Secretary of State for External Affairs was he made aware either of the use of Russian roulette or of any other abuses of the hostages, except through normal news reports.

It should be noted that most of the abuses and ill-treatment reported to the department were common knowledge and had been mentioned on occasion on TV. They consisted of playing martial music, binding of hostages' hands, blindfolding of hostages, papering of windows, et cetera.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Friday, February 13, 1981, at 11 o'clock in the forenoon.

He said: Honourable senators will recall that when His Honour the Speaker called Notices of Motions earlier this afternoon I asked for leave to move a motion that we sit tomorrow morning at 11 o'clock. At that time the Leader of the Opposition asked that we give further consideration to sitting at that time for reasons that he advanced. It was felt by honourable senators that we should discuss the matter and decide on the procedure to be followed this week and next week on the two matters that were the subject of our discussion during that exchange, namely, receiving the report of the special joint committee and proceeding with any resolution for an Address to Her Majesty.

In the meantime I have conferred with the Leader of the Opposition. Without reviewing everything, it will be recalled that our concern was mainly about meeting tomorrow at 11 a.m., and whether we would meet simply to receive the report, to give any notices necessary with regard to the resolution, and to determine the procedure to be followed next week.

We have decided—I invite my honourable friend to correct me if I am wrong in stating what I understand the agreement to be—that we shall meet tomorrow at 11 a.m. for the purpose of receiving the report of the special joint committee. It will be presented for tabling as the first item and will come before anything else that might concern us. We will also receive notice of a resolution for a Joint Address to Her Majesty, and possibly a notice from the Leader of the Opposition in terms that he mentioned today, namely, that the Senate consider the advisability of proceeding on a concurrent rather than consecutive basis.

We wish to eliminate any points of order that might arise as a result of that. As the Leader of the Opposition and some of his colleagues, and perhaps other honourable senators, might wish to have a full discussion on why we are proceeding on the basis of a concurrent rather than consecutive presentation, we have agreed that before the Senate proceeds with any resolution for a Joint Address, the Leader of the Opposition will deal with his motion and place a limit on the debate, so that it will be clear that his interest is a genuine one—I am not suggesting otherwise—as an assurance to anyone who might think that there is anything tactical about it. He simply wants to have the matter examined and discussed, and, of course, is prepared to accept the vote of the Senate as a final decision on the matter.

Therefore, we shall meet tomorrow at 11 a.m. We shall receive the report of the special joint committee and it will be tabled. The government will then give notice of a motion for a Joint Address to Her Majesty. If that takes place, it will be in the form that we anticipate will be recommended by the committee. The Leader of the Opposition will then give his notice as to whether or not we should proceed concurrently before dealing with the Joint Address resolution. We agreed that that would be discussed first, or ahead of—

Hon. Jacques Flynn (Leader of the Opposition): We agreed it would be the first order of the day.

Senator Frith: Yes, the first order of the day on Tuesday evening. In any event, that will be the proper notice for the resolution for an Address to Her Majesty, because that requires two days' notice with a sitting day in between.

When we return on Tuesday evening we will go through the order paper in the usual way. The first item on the Orders of the Day will be the motion that will have been presented. Normally, that would not come up until the end of the day, because "Motions" is the last item. However, we have agreed that that will be the procedure and that there will be a vote. The vote can be taken on Tuesday if necessary, but it is agreed that it will take place by the end of the sitting on Wednesday. We will then proceed with the rest of the Senate's business, depending on what occurs with regard to that motion.

Have I stated the agreement correctly?

Senator Flynn: Yes. May I explain that the vote should be taken on Wednesday at the latest, because we will be discussing only the problem of concurrent, rather than consecutive, debate. Of course, when the resolution comes before us, we may have other motions to make in connection with it. That may have the same effect. However, I wanted to isolate that question, to give an opportunity to the Senate to express its views on concurrent debate on such an important matter.

I understand that tomorrow the Senate will not deal with any of the items on the order paper, apart from receiving the report and giving the two notices of motions that have been mentioned. Also, of course, there may be some questions asked of the Leader of the Government and other ministers.

Senator Frith: Or any business arising out of the items that we shall be dealing with.

Hon. Ernest C. Manning: Do I take it, from what the Deputy Leader of the Government has said, that the house will not sit on Monday night?

Senator Frith: That is correct.

Senator Flynn: Therefore, the question can be put.

Motion agreed to.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1981

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-56, to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970.

Motion agreed to and bill read third time and passed.

• (1520)

PRIVATE BILL

ROYAL CANADIAN LEGION—THIRD READING—DEBATE CONTINUED

The Senate resumed from Tuesday, February 10, the debate on the motion of Senator Godfrey for the third reading of Bill S-15, respecting The Royal Canadian Legion.

Hon. John M. Macdonald: Honourable senators, it is not my intention to speak at any length at this time on third reading of this bill. I made clear my opposition to its being passed at the time of second reading, and the hearing that I attended before the Standing Senate Committee on Health, Welfare and Science has not changed my views. The committee hearing was, however, certainly worthwhile and cleared up a number of points.

At that committee hearing the reasons why the Dominion Command wants this amendment were clearly set out, and it was interesting to hear that the desire or need to obtain new members was not the only reason, or, indeed, the main reason. As in the case of the 1978 amendment, the reason given for this proposed amendment is the need to obtain new and younger members if the Legion is to continue its various activities on the same scale as at present. The need for new members, of course, arises from the decrease in membership of veterans due to deaths and retirements.

This could be a general reason for an amendment, though not, in my opinion, for such a broad amendment as is proposed in Bill S-15. From that point of view, indeed, there would not appear to be any need for such an amendment at this time. You will recall that the 1978 amendment allowed the sons and daughters of veterans to join the Legion, and apparently many have done so. The only reason given for that amendment was the need to keep up the membership and to take care of losses due to deaths and other reasons as the average age of the members increased.

The figures given to the committee in this respect were interesting. Apparently, the loss of members due to normal attrition over the past four years was about 8,000 members—in exact figures, 7,935. At the end of 1980, however, there were 116,009 members who were sons and daughters of veterans, so that apparently there is no immediate need to open up the membership lists, though this may be necessary in the future if it is desirable for the Legion to continue to be involved in all the activities in which it is involved at present.

At the committee meeting, however, honourable senators, another and, in my opinion, much more valid reason was given for the need for an amendment of some kind at this time. As the sponsor mentioned, over the years various persons who served in wartime in one capacity or another, though not in the armed forces, were accepted into membership in the Royal Canadian Legion. It was not realized that the Legion did not have the authority, under its act of incorporation, to do this. Certainly, there would be no objection to correcting that situation by an amendment to the Legion's act of incorporation. Bill S-15, however, goes far beyond that, if, indeed, it does, if passed, correct that situation, since it does not, as far as I can see, act in a retroactive manner.

Honourable senators, as I mentioned on second reading, I am opposed to this bill, since I feel that it can in due course change the whole purpose of The Royal Canadian Legion. It would enable the membership to be wide open, indeed, so wide open that the whole purpose of the Legion could be changed.

The exact wording to which I object is, "of others who support the purposes and objects of the Legion." You will note that there is no limitation as to citizenship, yet all those persons who were mentioned by the sponsor, in the classifications given, have to be Canadian citizens or Commonwealth subjects. You will also note that there is no limitation as to domicile or residence. Indeed, the impression I received is that this broad amendment as to membership is desired not only to correct the situation regarding those admitted to membership who are not authorized by the act of incorporation, but also to provide the authority to admit anyone who is willing to state that he or she supports the objects and purposes of the Legion, whatever these may come to be in the future.

I may say, honourable senators, that I was concerned when the president of the Dominion Command stated in the committee that the Legion is no longer a veterans' organization, but is now an organization for veterans. I am surprised by this, and if it is so, I would expect that the number of actual Canadian veterans in the Legion is now less than the number of other members, and perhaps the sponsor would obtain the actual figures with regard to that for the record.

Honourable senators, as I believe the amendment regarding the qualification for membership in the Legion could open the way for membership which could change the whole character and purposes of the Legion, I am unable to support this bill on third reading.

On motion of Senator Murray, for Senator Smith, debate adjourned.

INCOME TAX ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Croll, for the second reading of the Bill C-54, intituled: "An Act to amend the statute law relating to income tax".—(*Honourable Senator Roblin, P.C.*).

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I do not intend to proceed with this item myself this afternoon. Naturally, I would not stand in the way of anyone else who wants to speak. I hope that this will be agreeable to the Senate, because while the subject matter is important and timely, it is before a committee of the Senate on a pre-study basis, so that our failure to deal with it today in the Senate will in no way hold up the progress of the bill, as far as I can see. I therefore ask the indulgence of the Senate in allowing this order to stand.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have spoken with Senator Barrow about that very point. Just to reassure honourable senators, I believe there are two sittings of the committee dealing with the pre-study of this bill scheduled for next week. I have cleared with the chairman that everything Senator Roblin says is quite correct.

Senator Roblin: That is quite right. He very kindly spoke to me in the same terms.

Order stands.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, February 13, 1981

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of operations under the *International River Improvements Act* for the year ended December 31, 1980, pursuant to section 10 of the said Act, Chapter I-22, R.S.C., 1970.

Summary of Ocean Dumping Permits issued under the authority of the Minister of Environment Canada for the year ended December 31, 1979, pursuant to section 28(3) of the *Ocean Dumping Control Act,* Chapter 55, Statutes of Canada, 1974-75-76.

Report of the Department of Consumer and Corporate Affairs, pursuant to section 10 of the *Department of Consumer and Corporate Affairs Act,* Chapter C-27, R.S.C., 1970, together with the Report of the Commissioner of Patents pursuant to section 27 of the *Patent Act,* Chapter P-4, R.S.C., 1970, for the fiscal year ended March 31, 1980.

THE CONSTITUTION

REPORT OF SPECIAL JOINT COMMITTEE TABLED AND PRINTED AS AN APPENDIX

Hon. Harry Hays: Honourable senators—

Hon. Senators: Hear, hear.

Senator Hays: —I have the honour to table the report of the Special Joint Committee of the Senate and of the House of Commons on the Constitution of Canada, and ask that it be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 1669*)

DISTINGUISHED VISITOR IN GALLERY

MR. SERGE JOYAL, M.P.—JOINT CHAIRMAN OF SPECIAL JOINT COMMITTEE ON THE CONSTITUTION

Hon. Harry Hays: Honourable senators, I wonder if I might introduce Mr. Joyal, the Joint Chairman of the Special Joint Committee on the Constitution. He is present in the gallery today, and I would like to say he did a tremendous job.

Hon. Senators: Hear, hear.

QUESTION PERIOD

[*English*]

TRANSPORT

PACIFIC OCEAN—WEATHER SHIPS—AIR-SEA RESCUE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Bell on January 22, 1981, concerning the weather ships on the west coast.

On October 7, 1980, the Minister of the Environment announced the withdrawal of the Canadian weather ships from the Pacific Ocean, effective June, 1981.

New technology is being developed by Environment Canada as an alternative to the present weather ships. The new system includes a station to receive and process imagery from weather satellites, new automatic weather stations along the British Columbia coast, a network of drifting buoys in the northeast

Pacific and increased staff at the Pacific weather centre to maximize the use of all this information. In addition, it should provide Environment Canada with the capability to exploit fully new technological advances in weather data collection and the improvements in meteorological models.

The decision to terminate the weather ship program was made in 1978 by the Treasury Board. Since April 1979, Environment Canada has kept the ship program operating at the expense of other priority programs, many of which are of interest and concern to the people of British Columbia. The alternative system in place or planned for the immediate future is the best that will be available this decade, and I have been advised by Environment Canada that it cannot commit itself to the spending of about $100 million during the 1980s to keep the ship program until even newer technology arrives.

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, February 17, 1981, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned until Tuesday, February 17, 1981, at 8 p.m.

APPENDIX

(*See p. 1667*)

SPECIAL JOINT COMMITTEE OF THE SENATE AND THE HOUSE OF COMMONS ON THE CONSTITUTION OF CANADA

REPORT

The Special Joint Committee of the Senate and of the House of Commons on the Constitution of Canada has the honour to report as follows:

Orders of Reference

The Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada was established pursuant to Orders of Reference adopted on October 23, 1980 by the House of Commons and on November 3, 1980 by the Senate. The Orders of Reference read in part as follows:

> "That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;"

Additional Orders of Reference were issued by both Houses. The complete text of all Orders of Reference is set out in Appendix A.

Introduction

The Committee's report is divided into four main parts. Part I is entitled "Organization of Committee's Work" and describes the Committee's activities. Part II is entitled "Summary of Evidence" and outlines the evidence presented by governments, groups and individuals. Part III describes the Committee's response to the submissions received by it. Part IV sets out the Committee's recommendation to the Senate and the House of Commons.

I. Organization of Committee's Work

1. *Initial Action*

The Committee commenced sitting on November 6, 1980. By advertisements published in the major daily newspapers throughout Canada, the Committee asked for written submissions and indicated that witnesses would be invited to appear.

Beginning on Monday, November 17, 1980, pursuant to further Orders of both Houses, the sittings of the Committee were broadcast on television and radio on a regular basis.

2. *Outline of Activities*

The work of the Committee fell into four phases. On November 7, the Minister of Justice, the Honourable Jean Chrétien, the first witness, made his opening statement. On November 12 and 13, he was examined by Committee members. From November 14 to January 9, witnesses representing groups and governments, and individual witnesses, were heard. On January 12, the Minister of Justice returned for the "clause by clause" consideration which continued until February 9. Thereupon, the committee proceeded *in camera* to prepare this Report.

The Committee was composed of 25 members of whom 10 were from the Senate and 15 from the House of Commons. There were 15 members of the Liberal Party, 8 members of the Progressive Conservative Party and 2 members of the New Democratic Party. A substantial number of other Senators and members of the House of Commons participated in the work of the Committee at one time or another as indicated on the inside front cover of Issue No. 57 of the Minutes of Proceedings and Evidence of the Committee. The Committee held 106 meetings on 56 sitting days for a total of 267 sitting hours. The Minister of Justice, Mr. Chrétien, appeared as a witness 39 times and the acting Minister, the Honourable Robert Kaplan, appeared on his behalf 9 times. Clause by clause consideration occupied 90.5 hours.

The resources of both Houses of Parliament and the Library of Parliament, as well as those of the Department of Justice, the Federal-Provincial Relations Office and other government departments, the Prime Minister's Office and the Parliamentary Centre for Foreign Affairs and Foreign Trade, were directed to the facilitation of the work of the Committee.

3. *Participation by Governments, Groups and Individuals*

As of February 2, 1981, 914 individuals and 294 groups had sent letters, telegrams and briefs to the Committee. Of those that expressed a wish to appear before the Committee, the Premiers of Nova Scotia, New Brunswick, Prince Edward Island and Saskatchewan, representatives of the Governments of the Yukon Territory and the Northwest Territories and 104 groups and individuals attended as witnesses. The groups represented a broad cross section of Canadian Society. A list of those who were invited to give evidence as witnesses is attached as Appendix B. A list of those who had, as of February 2, 1981, made written submissions to the Committee is attached as Appendix C. The complete text of the oral evidence may be found in Issues 1 to 56 of the Minutes of Proceedings and Evidence of the Committee.

II. *Summary of Evidence*

The Research Branch of the Library of Parliament prepared a statistical account of the 962 briefs, letters and telegrams sent to the Committee prior to December 31, 1980, the last date for the receipt of such submissions. Specific comments on the proposed Resolution as a whole, on any of the major issues raised thereby or on any clauses contained therein, were categorized in tabular form. This account is set out as Appendix D. Written submissions received after December 31, 1980 were made available to Committee members but are not reflected in Appendix D.

III. *Response to Submissions and Evidence*

On January 12, 1981, the Minister of Justice, on behalf of the government, presented to the Committee a consolidation containing a number of suggested amendments to the proposed Resolution. The Progressive Conservative and New Democratic Parties thereupon responded with amendments both to the original resolution and to the consolidation. The government proposed 58 amendments of which 58 were approved; the Progressive Conservative Party proposed 22 amendments of which 7 were approved; and the New Democratic Party proposed 43 amendments of which 2 were approved.

IV. *Recommendation*

Your Committee has considered the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the government on October 2, 1980 and, in particular, has considered what amendments were necessary to the Address contained in the document, and whether or not the Address as amended by the Committee should be presented on behalf of both Houses of Parliament to Her Majesty the Queen.

Your Committee recommends that the Government propose to the Senate and the House of Commons for adoption a Resolution for an Address to Her Majesty the Queen respecting the Constitution of Canada, and that such Resolution be the "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the government on October 2, 1980, as amended and approved by this Committee; and that, upon its adoption by the Senate and the House of Commons, the Address be presented to Her Majesty the Queen.

Proposed Resolution for a Joint Address
to Her Majesty the Queen respecting the Constitution of Canada,
as amended by the Committee

WHEREAS in the past certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

AND WHEREAS it is in accord with the status of Canada as an independent state that Canadians be able to amend their Constitution in Canada in all respects;

AND WHEREAS it is also desirable to provide in the Constitution of Canada for the recognition of certain fundamental rights and freedoms and to make other amendments to that Constitution;

NOW THEREFORE the Senate and the House of Commons, in Parliament assembled, resolve that a respectful address be presented to Her Majesty the Queen in the following words:

To the Queen's Most Excellent Majesty:
Most Gracious Sovereign:

We, Your Majesty's loyal subjects, the Senate and the House of Commons of Canada in Parliament assembled, respectfully approach Your Majesty, requesting that you may graciously be pleased to cause to be laid before the Parliament of the United Kingdom a measure containing the recitals and clauses hereinafter set forth:

Le Sénat et la Chambre des communes du Canada réunis en Parlement, considérant :

que le Parlement du Royaume-Uni a modifié à plusieurs reprises la Constitution du Canada à la demande et avec le consentement de celui-ci;

que, de par le statut d'État indépendant du Canada, il est légitime que les Canadiens aient tout pouvoir pour modifier leur Constitution au Canada;

qu'il est souhaitable d'inscrire dans la Constitution du Canada la reconnaissance de certains droits et libertés fondamentaux et d'y apporter d'autres modifications,

ont résolu de présenter respectueusement à Sa Majesté la Reine l'adresse dont la teneur suit :

A Sa Très Excellente Majesté la Reine,
Très Gracieuse Souveraine :

Nous, membres du Sénat et de la Chambre des communes du Canada réunis en Parlement, fidèles sujets de Votre Majesté, demandons respectueusement à Votre Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi ainsi conçu :

ANNEXE A—SCHEDULE A

An Act to amend the Constitution of Canada

Loi modifiant la Constitution du Canada

Whereas Canada has requested and consented to the enactment of an Act of the Parliament of the United Kingdom to give effect to the provisions hereinafter set forth and the Senate and the House of Commons of Canada in Parliament assembled have submitted an address to Her Majesty requesting that Her Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose.

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Sa Très Excellente Majesté la Reine, considérant :

qu'à la demande et avec le consentement du Canada, le Parlement du Royaume-Uni est invité à adopter une loi visant à donner effet aux dispositions énoncées ci-après et que le Sénat et la Chambre des communes du Canada réunis en Parlement ont présenté une adresse demandant à Sa Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi à cette fin,

sur l'avis et du consentement des Lords spirituels et temporels et des Communes réunis en Parlement, et par l'autorité de celui-ci, édicte :

Constitution Act, 1981 enacted

1. The *Constitution Act, 1981* set out in Schedule B to this Act is hereby enacted for and shall have the force of law in Canada and shall come into force as provided in that Act.

Adoption de la *Loi constitutionnelle de 1981*

1. La *Loi constitutionnelle de 1981*, énoncée à l'annexe B, est édictée pour le Canada et y a force de loi. Elle entre en vigueur conformément à ses dispositions.

Termination of power to legislate for Canada

2. No Act of the Parliament of the United Kingdom passed after the *Constitution Act, 1981* comes into force shall extend to Canada as part of its law.

Cessation du pouvoir de légiférer pour Canada

2. Les lois adoptées par le Parlement du Royaume-Uni après l'entrée en vigueur de la *Loi constitutionnelle de 1981* ne font pas partie du droit du Canada.

French version

3. So far as it is not contained in Schedule B, the French version of this Act is set out in Schedule A to this Act and has the same authority in Canada as the English version thereof.

Version française

3. La partie de la version française de la présente loi qui figure à l'annexe A a force de loi au Canada au même titre que la version anglaise correspondante.

Short title

4. This Act may be cited as the *Canada Act*.

Titre abrégé

4. Titre abrégé de la présente loi : *Loi sur le Canada*.

SCHEDULE B

CONSTITUTION ACT, 1981

PART I

CANADIAN CHARTER OF RIGHTS AND FREEDOMS

Guarantee of Rights and Freedoms

Rights and freedoms in Canada

1. The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Fundamental Freedoms

Fundamental freedoms

2. Everyone has the following fundamental freedoms:

(*a*) freedom of conscience and religion;

(*b*) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;

(*c*) freedom of peaceful assembly; and

(*d*) freedom of association.

Democratic Rights

Democratic rights of citizens

3. Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Maximum duration of legislative bodies

4. (1) No House of Commons and no legislative assembly shall continue for longer than five years from the date fixed for the return of the writs at a general election of its members.

Continuation in special circumstances

(2) In time of real or apprehended war, invasion or insurrection, a House of Commons may be continued by Parliament and a legislative assembly may be continued by the legislature beyond five years if such continuation is not opposed by the votes of more than one-third of the members of the House of Commons or the legislative assembly, as the case may be.

ANNEXE B

LOI CONSTITUTIONNELLE DE 1981

PARTIE I

CHARTE CANADIENNE DES DROITS ET LIBERTÉS

Garantie des droits et libertés

Droits et libertés au Canada

1. La *Charte canadienne des droits et libertés* garantit les droits et libertés qui y sont énoncés. Ils ne peuvent être restreints que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Libertés fondamentales

Libertés fondamentales

2. Chacun a les libertés fondamentales suivantes :

a) liberté de conscience et de religion;

b) liberté de pensée, de croyance, d'opinion et d'expression, y compris la liberté de la presse et des autres moyens de communication;

c) liberté de réunion pacifique;

d) liberté d'association.

Droits démocratiques

Droits démocratiques des citoyens

3. Tout citoyen canadien a le droit de vote et est éligible aux élections législatives fédérales ou provinciales.

Mandat maximal des assemblées

4. (1) Le mandat maximal de la Chambre des communes et des assemblées législatives est de cinq ans à compter de la date fixée pour le retour des brefs relatifs aux élections générales correspondantes.

Prolongations spéciales

(2) Le mandat de la Chambre des communes ou celui d'une assemblée législative peut être prolongé respectivement par le Parlement ou par la législature en question au-delà de cinq ans en cas de guerre, d'invasion ou d'insurrection, réelles ou appréhendées, pourvu que cette prolongation ne fasse pas l'objet d'une opposition exprimée par les voix de plus du tiers des députés de la Chambre des communes ou de l'assemblée législative.

Annual sitting of legislative bodies

5. There shall be a sitting of Parliament and of each legislature at least once every twelve months.

Mobility Rights

Mobility of citizens

6. (1) Every citizen of Canada has the right to enter, remain in and leave Canada.

Rights to move and gain livelihood

(2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right

(*a*) to move to and take up residence in any province; and

(*b*) to pursue the gaining of a livelihood in any province.

Limitation

(3) The rights specified in subsection (2) are subject to

(*a*) any laws or practices of general application in force in a province other than those that discriminate among persons primarily on the basis of province of present or previous residence; and

(*b*) any laws providing for reasonable residency requirements as a qualification for the receipt of publicly provided social services.

Legal Rights

Life, liberty and security of person

7. Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

Search or seizure

8. Everyone has the right to be secure against unreasonable search or seizure.

Detention or imprisonment

9. Everyone has the right not to be arbitrarily detained or imprisoned.

Arrest or detention

10. Everyone has the right on arrest or detention

(*a*) to be informed promptly of the reasons therefor;

(*b*) to retain and instruct counsel without delay and to be informed of that right; and

(*c*) to have the validity of the detention determined by way of *habeas corpus* and to be released if the detention is not lawful.

Séance annuelle

5. Le Parlement et les législatures tiennent une séance au moins une fois tous les douze mois.

Liberté de circulation et d'établissement

Liberté de circulation

6. (1) Tout citoyen canadien a le droit de demeurer au Canada, d'y entrer ou d'en sortir.

Liberté d'établissement

(2) Tout citoyen canadien et toute personne ayant le statut de résident permanent au Canada ont le droit :

a) de se déplacer dans tout le pays et d'établir leur résidence dans toute province;

b) de gagner leur vie dans toute province.

Restriction

(3) Les droits mentionnés au paragraphe (2) sont subordonnés :

a) aux lois et usages d'application générale en vigueur dans une province donnée, s'ils n'établissent entre les personnes aucune distinction fondée principalement sur la province de résidence antérieure ou actuelle;

b) aux lois prévoyant de justes conditions de résidence en vue de l'obtention des services sociaux publics.

Garanties juridiques

Vie, liberté et sécurité

7. Chacun a droit à la vie, à la liberté et à la sécurité de sa personne; il ne peut être porté atteinte à ce droit qu'en conformité avec les principes de justice fondamentale.

Fouilles, perquisitions o saisies

8. Chacun a droit à la protection contre les fouilles, les perquisitions ou les saisies abusives.

Détention ou emprisonnement

9. Chacun a droit à la protection contre la détention ou l'emprisonnement arbitraires.

Arrestation ou détention

10. Chacun a le droit, en cas d'arrestation ou de détention :

a) d'être informé dans les plus brefs délais des motifs de son arrestation ou de sa détention;

b) d'avoir recours sans délai à l'assistance d'un avocat et d'être informé de ce droit;

c) de faire contrôler, par *habeas corpus*, la légalité de sa détention et d'obtenir, le cas échéant, sa libération.

Proceedings in criminal and penal matters

11. Any person charged with an offence has the right

(*a*) to be informed without unreasonable delay of the specific offence;

(*b*) to be tried within a reasonable time;

(*c*) not to be compelled to be a witness in proceedings against that person in respect of the offence;

(*d*) to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal;

(*e*) not to be denied reasonable bail without just cause;

(*f*) except in the case of an offence under military law tried before a military tribunal, to the benefit of trial by jury where the maximum punishment for the offence is imprisonment for five years or a more severe punishment;

(*g*) not to be found guilty on account of any act or omission unless, at the time of the act or omission, it constituted an offence under Canadian or international law or was criminal according to the general principles of law recognized by the community of nations;

(*h*) if finally acquitted of the offence, not to be tried for it again and, if finally found guilty and punished for the offence, not to be tried or punished for it again; and

(*i*) if found guilty of the offence and if the punishment for the offence has been varied between the time of commission and the time of sentencing, to the benefit of the lesser punishment.

Affaires criminelles et pénales

11. Tout inculpé a le droit :

a) d'être informé sans délai anormal de l'infraction précise qu'on lui reproche;

b) d'être jugé dans un délai raisonnable;

c) de ne pas être contraint de témoigner contre lui-même dans toute poursuite intentée contre lui pour l'infraction qu'on lui reproche;

d) d'être présumé innocent tant qu'il n'est pas déclaré coupable, conformément à la loi, par un tribunal indépendant et impartial à l'issue d'un procès public et équitable;

e) de ne pas être privé sans juste cause d'une mise en liberté assortie d'un cautionnement raisonnable;

f) sauf s'il s'agit d'une infraction relevant de la justice militaire, de bénéficier d'un procès avec jury lorsque la peine maximale prévue pour l'infraction dont il est accusé est un emprisonnement de cinq ans ou une peine plus grave;

g) de ne pas être déclaré coupable en raison d'une action ou d'une omission qui, au moment où elle est survenue, ne constituait pas une infraction d'après le droit interne du Canada ou le droit international et n'avait pas de caractère criminel d'après les principes généraux de droit reconnus par l'ensemble des nations;

h) d'une part de ne pas être jugé de nouveau pour une infraction dont il a été définitivement acquitté, d'autre part de ne pas être jugé ni puni de nouveau pour une infraction dont il a été définitivement trouvé coupable et puni;

i) de bénéficier de la peine la moins sévère, lorsque la peine qui sanctionne l'infraction dont il est déclaré coupable est modifiée entre le moment de la perpétration de l'infraction et celui de la sentence.

Treatment or punishment

12. Everyone has the right not to be subjected to any cruel and unusual treatment or punishment.

Cruauté

12. Chacun a droit à la protection contre tous traitements ou peines cruels et inusités.

Self-incrimination

13. A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except

Témoignage incriminant

13. Chacun a droit à ce qu'aucun témoignage incriminant qu'il donne ne soit utilisé pour l'incriminer dans d'autres procédures, sauf lors de poursuites pour parjure ou pour témoignages contradictoires.

in a prosecution for perjury or for the giving of contradictory evidence.

Interpreter

14. A party or witness in any proceedings who does not understand or speak the language in which the proceedings are conducted or who is deaf has the right to the assistance of an interpreter.

Interprète

14. La partie ou le témoin qui ne peuvent suivre les procédures, soit parce qu'ils ne comprennent pas ou ne parlent pas la langue employée, soit parce qu'ils sont atteints de surdité, ont droit à l'assistance d'un interprète.

Equality Rights

Droits à l'égalité

Equality before and under law and equal protection and benefit of law

15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

Égalité devant la loi, égalité de bénéfice et protection égale de la loi

15. (1) La loi ne fait acception de personne et s'applique également à tous, et tous ont droit à la même protection et au même bénéfice de la loi, indépendamment de toute discrimination, notamment des discriminations fondées sur la race, l'origine nationale ou ethnique, la couleur, la religion, le sexe, l'âge ou les déficiences mentales ou physiques.

Affirmative action programs

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

Programmes de promotion sociale

(2) Le paragraphe (1) n'a pas pour effet d'interdire les lois, programmes ou activités destinés à améliorer la situation d'individus ou de groupes défavorisés, notamment du fait de leur race, de leur origine nationale ou ethnique, de leur couleur, de leur religion, de leur sexe, de leur âge ou de leurs déficiences mentales ou physiques.

Official Languages of Canada

Langues officielles du Canada

Official languages of Canada

16. (1) English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and government of Canada.

Langues officielles du Canada

16. (1) Le français et l'anglais sont les langues officielles du Canada; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions du Parlement et du gouvernement du Canada.

Official languages of New Brunswick

(2) English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the legislature and government of New Brunswick.

Langues officielles du Nouveau-Brunswick

(2) Le français et l'anglais sont les langues officielles du Nouveau-Brunswick; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions de la Législature et du gouvernement du Nouveau-Brunswick.

Advancement of status and use

(3) Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English and French.

Progression vers l'égalité

(3) La présente charte ne limite pas le pouvoir du Parlement et des législatures de favoriser la progression vers l'égalité de statut ou d'usage du français et de l'anglais.

Proceedings of Parliament

17. (1) Everyone has the right to use English or French in any debates and other proceedings of Parliament.

Travaux du Parlement

17. (1) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux du Parlement.

Proceedings of New Brunswick legislature

(2) Everyone has the right to use English or French in any debates and other proceedings of the legislature of New Brunswick.

(2) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux de la Législature du Nouveau-Brunswick.

Travaux de la Législature du Nouveau-Brunswick

Parliamentary statutes and records

18. (1) The statutes, records and journals of Parliament shall be printed and published in English and French and both language versions are equally authoritative.

18. (1) Les lois, les archives, les comptes rendus et les procès-verbaux du Parlement sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents parlementaires

New Brunswick statutes and records

(2) The statutes, records and journals of the legislature of New Brunswick shall be printed and published in English and French and both language versions are equally authoritative.

(2) Les lois, les archives, les comptes rendus et les procès-verbaux de la Législature du Nouveau-Brunswick sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents de la Législature du Nouveau-Brunswick

Proceedings in courts established by Parliament

19. (1) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court established by Parliament.

19. (1) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux établis par le Parlement et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux établis par le Parlement

Proceedings in New Brunswick courts

(2) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of New Brunswick.

(2) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux du Nouveau-Brunswick et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux du Nouveau-Brunswick

Communications by public with federal institutions

20. (1) Any member of the public in Canada has the right to communicate with, and to receive available services from, any head or central office of an institution of the Parliament or government of Canada in English or French, and has the same right with respect to any other office of any such institution where

(*a*) there is a significant demand for communications with and services from that office in such language; or

(*b*) due to the nature of the office, it is reasonable that communications with and services from that office be available in both English and French.

20. (1) Le public a, au Canada, droit à l'emploi du français ou de l'anglais pour communiquer avec le siège ou l'administration centrale des institutions du Parlement ou du gouvernement du Canada ou pour en recevoir les services; il a le même droit à l'égard de tout autre bureau de ces institutions là où, selon le cas :

a) l'emploi du français ou de l'anglais fait l'objet d'une demande importante;

b) l'emploi du français et de l'anglais se justifie par la vocation du bureau.

Communications entre les administrés et les institutions fédérales

Communications by public with New Brunswick institutions

(2) Any member of the public in New Brunswick has the right to communicate with, and to receive available services from, any office of an institution of the legislature or government of New Brunswick in English or French.

(2) Le public a, au Nouveau-Brunswick, droit à l'emploi du français ou de l'anglais pour communiquer avec tout bureau des institutions de la législature ou du gouvernement ou pour en recevoir les services.

Communications entre les administrés et les institutions du Nouveau-Brunswick

Continuation of existing constitutional provisions

21. Nothing in sections 16 to 20 abrogates or derogates from any right, privilege or obligation with respect to the English and French languages, or either of them, that exists or is continued by virtue of any other provision of the Constitution of Canada.

Maintien en vigueur de certaines dispositions

21. Les articles 16 à 20 n'ont pas pour effet, en ce qui a trait à la langue française ou anglaise ou à ces deux langues, de porter atteinte aux droits, privilèges ou obligations qui existent ou sont maintenus aux termes d'une autre disposition de la Constitution du Canada.

Rights and privileges preserved

22. Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

Droits préservés

22. Les articles 16 à 20 n'ont pas pour effet de porter atteinte aux droits et privilèges, antérieurs ou postérieurs à l'entrée en vigueur de la présente charte et découlant de la loi ou de la coutume, des langues autres que le français ou l'anglais.

Minority Language Educational Rights

Droits à l'instruction dans la langue de la minorité

Language of instruction

23. (1) Citizens of Canada

(*a*) whose first language learned and still understood is that of the English or French linguistic minority population of the province in which they reside, or

(*b*) who have received their primary school instruction in Canada in English or French and reside in a province where the language in which they received that instruction is the language of the English or French linguistic minority population of the province,

have the right to have their children receive primary and secondary school instruction in that language in that province.

Langue d'instruction

23. (1) Les citoyens canadiens :

a) dont la première langue apprise et encore comprise est celle de la minorité francophone ou anglophone de la province où ils résident,

b) qui ont reçu leur instruction, au niveau primaire, en français ou en anglais au Canada et qui résident dans une province où la langue dans laquelle ils ont reçu cette instruction est celle de la minorité francophone ou anglophone de la province,

ont, dans l'un ou l'autre cas, le droit d'y faire instruire leurs enfants, aux niveaux primaire et secondaire, dans cette langue.

Continuity of language instruction

(2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

Continuité d'emploi de la langue d'instruction

(2) Les citoyens canadiens dont un enfant a reçu ou reçoit son instruction, au niveau primaire ou secondaire, en français ou en anglais au Canada ont le droit de faire instruire tous leurs enfants, aux niveaux primaire et secondaire, dans la langue de cette instruction.

Application where numbers warrant

(3) The right of citizens of Canada under subsections (1) and (2) to have their children receive primary and secondary school instruction in the language of the English or French linguistic minority population of a province

(*a*) applies wherever in the province the number of children of citizens who have such a right is sufficient to warrant the provision to them out of public funds of minority language instruction; and

Justification par le nombre

(3) Le droit reconnu aux citoyens canadiens par les paragraphes (1) et (2) de faire instruire leurs enfants, aux niveaux primaire et secondaire, dans la langue de la minorité francophone ou anglophone d'une province :

a) s'exerce partout dans la province où le nombre des enfants des citoyens qui ont ce droit est suffisant pour justifier à leur endroit la prestation, sur les fonds publics, de l'instruction dans la langue de la minorité;

(*b*) includes, where the number of those children so warrants, the right to have them receive that instruction in minority language educational facilities provided out of public funds.

b) comprend, lorsque le nombre de ces enfants le justifie, le droit de les faire instruire dans des établissements d'enseignement de la minorité linguistique financés sur les fonds publics.

Enforcement

Recours

Enforcement of guaranteed rights and freedoms

24. (1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

24. (1) Toute personne, victime de violation ou de négation des droits et libertés qui lui sont garantis par la présente charte, peut s'adresser à un tribunal compétent pour obtenir la réparation que le tribunal estime convenable et juste eu égard aux circonstances.

Recours en cas d'atteinte aux droits et libertés

Exclusion of evidence bringing administration of justice into disrepute

(2) Where, in proceedings under subsection (1), a court concludes that evidence was obtained in a manner that infringed or denied any rights or freedoms guaranteed by this Charter, the evidence shall be excluded if it is established that, having regard to all the circumstances, the admission of it in the proceedings would bring the administration of justice into disrepute.

(2) Lorsque, dans une instance visée au paragraphe (1), le tribunal a conclu que des éléments de preuve ont été obtenus dans des conditions qui portent atteinte aux droits ou libertés garantis par la présente charte, ces éléments de preuve sont écartés s'il est établi, eu égard aux circonstances, que leur utilisation est susceptible de déconsidérer l'administration de la justice.

Irrecevabilité d'éléments de preuve qui risqueraient de déconsidérer l'administration de la justice

General

Dispositions générales

Aboriginal rights and freedoms not affected by Charter

25. The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including

(*a*) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and

(*b*) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

25. Le fait que la présente charte garantit certains droits et libertés ne porte pas atteinte aux droits ou libertés — ancestraux, issus de traités ou autres — des peuples autochtones du Canada, notamment :

a) aux droits ou libertés reconnus par la Proclamation royale du 7 octobre 1763;

b) aux droits ou libertés acquis par règlement de revendications territoriales.

Maintien des droits et libertés des autochtones

Other rights and freedoms not affected by Charter

26. The guarantee in this Charter of certain rights and freedoms shall not be construed as denying the existence of any other rights or freedoms that exist in Canada.

26. Le fait que la présente charte garantit certains droits et libertés ne constitue pas une négation des autres droits ou libertés qui existent au Canada.

Maintien des autres droits et libertés

Multicultural heritage

27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

27. Toute interprétation de la présente charte doit concorder avec l'objectif de promouvoir le maintien et la valorisation du patrimoine multiculturel des Canadiens.

Maintien du patrimoine culturel

Rights respecting certain schools preserved

28. Nothing in this Charter abrogates or derogates from any rights or privileges guaranteed by or under the Constitution of

28. Les dispositions de la présente charte ne portent pas atteinte aux droits ou privilèges garantis en vertu de la Constitution du

Maintien des droits relatifs à certaines écoles

Canada, in respect of denominational, separate or dissentient schools.

Canada concernant les écoles séparées et autres écoles confessionnelles.

Application to territories and territorial authorities

29. A reference in this Charter to a province or to the legislative assembly or legislature of a province shall be deemed to include a reference to the Yukon Territory and the Northwest Territories, or to the appropriate legislative authority thereof, as the case may be.

29. Dans la présente charte, les dispositions qui visent les provinces, leur législature ou leur assemblée législative visent également le territoire du Yukon, les territoires du Nord-Ouest ou leurs autorités législatives compétentes.

Applications aux territoires

Legislative powers not extended

30. Nothing in this Charter extends the legislative powers of any body or authority.

30. La présente charte n'élargit pas les compétences législatives de quelque organisme ou autorité que ce soit.

Non-élargissement des compétences législatives

Application of Charter

Application de la charte

Application of Charter

31. (1) This Charter applies

(*a*) to the Parliament and government of Canada and to all matters within the authority of Parliament including all matters relating to the Yukon Territory and Northwest Territories; and

(*b*) to the legislature and government of each province and to all matters within the authority of the legislature of each province.

31. (1) La présente charte s'applique :

a) au Parlement et au gouvernement du Canada, ainsi qu'à tous les domaines relevant du Parlement, y compris ceux qui concernent le territoire du Yukon et les territoires du Nord-Ouest;

b) à la législature et au gouvernement de chaque province, ainsi qu'à tous les domaines relevant de cette législature.

Application de la charte

Exception

(2) Notwithstanding subsection (1), section 15 shall not have effect until three years after this Act, except Part VI, comes into force.

(2) Par dérogation au paragraphe (1), l'article 15 n'a d'effet que trois ans après l'entrée en vigueur, exception faite de la partie VI, de la présente loi.

Restriction

Citation

Titre

Citation

32. This Part may be cited as the *Canadian Charter of Rights and Freedoms.*

32. Titre de la présente partie : *Charte canadienne des droits et libertés.*

Titre

PART II

PARTIE II

RIGHTS OF THE ABORIGINAL PEOPLES OF CANADA

DROITS DES PEUPLES AUTOCHTONES DU CANADA

Recognition of aboriginal and treaty rights

33. (1) The aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

33. (1) La présente charte confirme les droits, ancestraux ou issus de traités, des peuples autochtones du Canada.

Confirmation des droits des peuples autochtones

Definition of "aboriginal peoples of Canada"

(2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

(2) Dans la présente loi, «peuples autochtones du Canada» s'entend notamment des Indiens, des Inuit et des Métis du Canada.

Définition de «peuples autochtones d Canada»

PART III

PARTIE III

EQUALIZATION AND REGIONAL DISPARITIES

PÉRÉQUATION ET INÉGALITÉS RÉGIONALES

Commitment to promote equal opportunities

34. (1) Without altering the legislative authority of Parliament or of the provincial

34. (1) Sous réserve des compétences législatives du Parlement et des législatures

Engagements relatifs à l'égalité des chances

legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

(*a*) promoting equal opportunities for the well-being of Canadians;

(*b*) furthering economic development to reduce disparity in opportunities; and

(*c*) providing essential public services of reasonable quality to all Canadians.

et de leur droit de les exercer, le Parlement et les législatures, ainsi que les gouvernements fédéral et provinciaux, s'engagent à :

a) promouvoir l'égalité des chances de tous les Canadiens dans la recherche de leur bien-être;

b) favoriser le développement économique pour réduire l'inégalité des chances;

c) fournir à tous les Canadiens, à un niveau de qualité acceptable, les services publics essentiels.

Commitment respecting public services

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Engagement relatif aux services publics

(2) Le Parlement et le gouvernement du Canada prennent l'engagement de principe de faire des paiements de péréquation propres à donner aux gouvernements provinciaux des revenus suffisants pour les mettre en mesure d'assurer les services publics à un niveau de qualité et de fiscalité sensiblement comparables.

PART IV

CONSTITUTIONAL CONFERENCES

PARTIE IV

CONFÉRENCES CONSTITUTIONNELLES

Constitutional conferences

35. (1) Until Part VI comes into force, a constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada at least once in every year.

Conférences constitutionnelles

35. (1) Avant l'entrée en vigueur de la partie VI, le premier ministre du Canada convoque au moins une fois par an une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même.

Participation of aboriginal peoples

(2) A conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

Participation des peuples autochtones

(2) Sont placées à l'ordre du jour de la conférence visée au paragraphe (1) les question constitutionnelles qui intéressent directement les peuples autochtones du Canada, notamment la détermination et la définition des droits de ces peuples à inscrire dans la Constitution du Canada. Le premier ministre du Canada invite leurs représentants à participer aux travaux relatifs à ces questions.

Participation of territories

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Participation des territoires

(3) Le premier ministre du Canada invite des représentants élus des gouvernements du Yukon et des territoires du Nord-Ouest à participer aux travaux relatifs à toute question placée à l'ordre du jour de la conférence visée au paragraphe (1) et qui, selon lui, intéresse directement le territoire du Yukon et les territoires du Nord-Ouest.

PART V

INTERIM AMENDMENT PROCEDURE AND RULES FOR ITS REPLACEMENT

Interim procedure for amending Constitution of Canada

36. Until Part VI comes into force, an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and by the legislative assembly or government of each province.

Amendment of provisions relating to some but not all provinces

37. Until Part VI comes into force, an amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and by the legislative assembly or government of each province to which the amendment applies.

Amendments respecting certain language rights

38. (1) Notwithstanding section 40, an amendment to the Constitution of Canada

(*a*) adding a province as a province named in subsection 16(2), 17(2), 18(2), 19(2) or 20(2), or

(*b*) otherwise providing for any or all of the rights guaranteed or obligations imposed by any of those subsections to have application in a province to the extent and under the conditions stated in the amendment,

may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and the legislative assembly of the province to which the amendment applies.

Initiation of amendment procedure

(2) The procedure for amendment prescribed by subsection (1) may be initiated only by the legislative assembly of the province to which the amendment applies.

Initiation of amendment procedures

39. (1) The procedures for amendment prescribed by sections 36 and 37 may be initiated either by the Senate or House of Commons or by the legislative assembly or government of a province.

PARTIE V

PROCÉDURE PROVISOIRE DE MODIFICATION ET RÈGLES DE REMPLACEMENT

Procédure provisoire de modification

36. Avant l'entrée en vigueur de la partie VI, la Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat et de la Chambre des communes et par l'assemblée législative ou le gouvernement de toutes les provinces.

Modification à l'égard de certaines provinces

37. Avant l'entrée en vigueur de la partie VI, les dispositions de la Constitution du Canada applicables à certaines provinces seulement peuvent être modifiées par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat et de la Chambre des communes et par l'assemblée législative ou le gouvernement de chaque province à laquelle la modification s'applique.

Modification concernant certains droits linguistiques

38. (1) Par dérogation à l'article 40, toute modification de la Constitution du Canada :

a) soit portant insertion du nom d'une province aux paragraphes 16(2), 17(2), 18(2), 19(2) ou 20(2),

b) soit prévoyant l'application à une province, aux conditions précisées dans la modification, de tout ou partie des droits ou obligations visés à ces paragraphes,

peut être prise par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de la province concernée.

Initiative de la procédure

(2) L'initiative de la procédure de modification visée au paragraphe (1) appartient à l'assemblée législative de la province concernée.

Initiative des procédures

39. (1) L'initiative des procédures de modification visées aux articles 36 et 37 appartient au Sénat, à la Chambre des communes, à l'assemblée législative d'une province ou au gouvernement de celle-ci.

Revocation of authorization

(2) A resolution made or other authorization given for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

Limitation on use of interim amendment procedure

40. Sections 36 and 37 do not apply to an amendment to the Constitution of Canada where there is another provision in the Constitution for making the amendment, but the procedure prescribed by section 36 shall be used to amend the *Canadian Charter of Rights and Freedoms* and any provision for amending the Constitution, including this section.

Coming into force of Part VI

41. Part VI shall come into force

(*a*) with or without amendment, on such day as may be fixed by proclamation issued pursuant to the procedure prescribed by section 36, or

(*b*) on the day that is two years after the day this Act, except Part VI, comes into force,

whichever is the earlier day but, if a referendum is required to be held under subsection 42(3), Part VI shall come into force as provided in section 43.

Provincial alternative procedure

42. (1) The legislative assemblies of seven or more provinces that have, according to the then latest general census, combined populations of at least eighty per cent of the population of all the provinces may make a single proposal to substitute for paragraph 45(1)(*b*) such alternative as they consider appropriate.

Procedure for perfecting alternative

(2) One copy of an alternative proposed under subsection (1) may be deposited with the Chief Electoral Officer of Canada by each proposing province within two years after this Act, except Part VI, comes into force but, prior to the expiration of that period, any province that has deposited a copy may withdraw that copy.

Referendum

(3) Where copies of an alternative have been deposited as provided by subsection (2) and, on the day that is two years after this Act, except Part VI, comes into force, at least seven copies remain deposited by provinces that have, according to the then latest

Possibilité de révocation

(2) La résolution adoptée ou l'autorisation donnée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise.

Restriction du recours à la procédure provisoire

40. Les articles 36 et 37 ne s'appliquent pas aux cas de modification constitutionnelle pour lesquels une procédure différente est prévue par une autre disposition de la Constitution du Canada. La procédure visée à l'article 36 s'impose toutefois pour modifier la *Charte canadienne des droits et libertés*, ainsi que les dispositions relatives à la modification de la Constitution, y compris le présent article.

Entrée en vigueur de la partie VI

41. La partie VI entre en vigueur à la première des dates suivantes :

a) avec ou sans modification, à la date fixée par proclamation prise conformément à la procédure visée à l'article 36;

b) deux ans après l'entrée en vigueur, exception faite de la partie VI, de la présente loi.

Il demeure entendu que, si la tenue d'un référendum s'impose conformément au paragraphe 42(3), la partie VI entre en vigueur conformément à l'article 43.

Proposition de remplacement

42. (1) Les assemblées législatives d'au moins sept provinces dont la population confondue représente, selon le recensement général le plus récent à l'époque, au moins quatre-vingts pour cent de la population de toutes les provinces peuvent présenter une proposition commune en vue de remplacer la procédure prévue à l'alinéa 45(1)*b*).

Possibilité de mise au point

(2) Chaque province concernée peut déposer le texte de la proposition visée au paragraphe (1) auprès du directeur général des élections du Canada dans les deux ans suivant l'entrée en vigueur, exception faite de la partie VI, de la présente loi, étant entendu qu'elle peut retirer le texte au cours de cette période.

Référendum

(3) Dans les cas où, deux ans après l'entrée en vigueur, exception faite de la partie VI, de la présente loi, au moins sept provinces remplissant les conditions démographiques visées au paragraphe (1) n'ont pas retiré leur texte, le gouvernement du Canada

general census, combined populations of at least eighty per cent of the population of all the provinces, the government of Canada shall cause a referendum to be held within two years after that day to determine whether

(*a*) paragraph 45(1)(*b*) or any alternative thereto approved by resolutions of the Senate and House of Commons and deposited with the Chief Electoral Officer at least ninety days prior to the day on which the referendum is held, or

(*b*) the alternative proposed by the provinces,

shall be adopted.

fait tenir, dans les deux années suivant l'échéance des deux ans, un référendum pour déterminer laquelle des procédures suivantes sera adoptée :

a) celle qui est prévue à l'alinéa 45(1)*b*) ou l'éventuelle procédure de remplacement adoptée par des résolutions du Sénat et de la Chambre des communes et dont le texte est déposé auprès du directeur général des élections au moins quatre-vingt-dix jours avant la date du référendum;

b) celle qui fait l'objet de la proposition des provinces.

Coming into force of Part VI where referendum held

43. Where a referendum is held under subsection 42(3), a proclamation under the Great Seal of Canada shall be issued within six months after the date of the referendum bringing Part VI into force with such modifications, if any, as are necessary to incorporate the proposal approved by a majority of the persons voting at the referendum and with such other changes as are reasonably consequential on the incorporation of that proposal.

Entrée en vigueur de la partie VI après référendum

43. Dans les six mois suivant la date du référendum visé au paragraphe 42(3), une proclamation sous le grand sceau du Canada est prise en vue de faire entrer en vigueur la partie VI, éventuellement modifiée dans la mesure nécessaire pour incorporer la proposition approuvée par la majorité des votants et pour intégrer les autres aménagements justifiés qui en découlent.

Right to vote

44. (1) Every citizen of Canada has, subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society, the right to vote in a referendum held under subsection 42(3).

Droit de vote

44. (1) Tout citoyen canadien a le droit de vote au référendum visé au paragraphe 42(3); ce droit ne peut être restreint que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Establishment of Referendum Rules Commission

(2) If a referendum is required to be held under subsection 42(3), a Referendum Rules Commission shall forthwith be established by commission issued under the Great Seal of Canada consisting of

(*a*) the Chief Electoral Officer of Canada, who shall be chairman of the Commission;

(*b*) a person appointed by the Governor General in Council; and

(*c*) a person appointed by the Governor General in Council

(i) on the recommendation of the governments of a majority of the provinces, or

Constitution de la commission référendaire

(2) Dès que s'impose la tenue du référendum visé au paragraphe 42(3), il est constitué, par proclamation du gouverneur général sous le grand sceau du Canada, une commission référendaire composée :

a) du directeur général des élections du Canada, président;

b) d'une personne nommée par le gouverneur général en conseil;

c) d'une personne nommée par le gouverneur général en conseil :

(i) soit sur la recommandation des gouvernements de la majorité des provinces,

(ii) soit, si les gouvernements de la majorité des provinces ne présentent pas

(ii) if the governments of a majority of the provinces do not recommend a candidate within thirty days after the Chief Electoral Officer of Canada requests such a recommendation, on the recommendation of the Chief Justice of Canada from among persons recommended by the governments of the provinces within thirty days after the expiration of the first mentioned thirty day period or, if none are so recommended, from among such persons as the Chief Justice considers qualified.

de candidat dans les trente jours suivant la demande que leur en fait le directeur général des élections du Canada, sur la recommandation du juge en chef du Canada, le candidat ainsi présenté étant choisi parmi les personnes recommandées par les gouvernements des provinces dans les trente jours suivant l'expiration du premier délai de trente jours ou, faute de recommandation, parmi les personnes que le juge en chef estime qualifiées.

Duty of Commission

(3) A Referendum Rules Commission shall cause rules for the holding of a referendum under subsection 42(3) approved by a majority of the Commission to be laid before Parliament within sixty days after the Commission is established or, if Parliament is not then sitting, on any of the first ten days next thereafter that Parliament is sitting.

(3) Dans les soixante jours suivant sa constitution, la commission référendaire fait déposer devant le Parlement les règles applicables à la tenue du référendum visé au paragraphe 42(3), qu'elle aura approuvées par décision majoritaire. Si le Parlement ne siège pas, ce dépôt s'effectue dans les dix premier jours de séance ultérieurs.

Mandat de la commission

Rules for referendum

(4) Subject to subsection (1) and taking into consideration any rules approved by a Referendum Rules Commission in accordance with subsection (3), Parliament may enact laws respecting the rules applicable to the holding of a referendum under subsection 42(3).

(4) Sous réserve du paragraphe (1) et compte tenu des règles déposées conformément au paragraphe (3), le Parlement peut légiférer pour réglementer la tenue du référendum visé au paragraphe 42(3).

Réglementation du référendum

Proclamation

(5) If Parliament does not enact laws under subsection (4) respecting the rules applicable to the holding of a referendum within sixty days after receipt of a recommendation from a Referendum Rules Commission, the rules recommended by the Commission shall forthwith be brought into force by proclamation issued by the Governor General under the Great Seal of Canada.

(5) Faute par le Parlement d'avoir légiféré, conformément au paragraphe (4), dans le délai de soixante jours suivant le dépôt des règles visées au paragraphe (3), celles-ci sont mises immédiatement en vigueur par proclamation du gouverneur général sous le grand sceau du Canada.

Proclamation

Computation of period

(6) Any period when Parliament is prorogued or dissolved shall not be counted in computing the sixty day period referred to in subsection (5).

(6) Dans la computation du délai visé au paragraphe (5), ne sont pas comptés les jours pendant lesquels le Parlement est prorogé ou dissous.

Computation du délai

Rules to have force of law

(7) Subject to subsection (1), rules made under this section have the force of law and prevail over other laws made under the Constitution of Canada to the extent of any inconsistency.

(7) Sous réserve du paragraphe (1), les règles arrêtées en vertu du présent article ont force de loi et l'emportent sur les dispositions incompatibles de toute autre règle de droit fondée sur la Constitution du Canada.

Valeur de force de loi des règles

PART VI

PROCEDURE FOR AMENDING CONSTITUTION OF CANADA

General procedure for amending Constitution of Canada

45. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(*a*) resolutions of the Senate and House of Commons; and

(*b*) resolutions of the legislative assemblies of at least a majority of the provinces that includes

(i) every province that at any time before the issue of the proclamation had, according to any previous general census, a population of at least twenty-five per cent of the population of Canada,

(ii) two or more of the Atlantic provinces, and

(iii) two or more of the Western provinces that have in the aggregate, according to the then latest general census, a population of at least fifty per cent of the population of all of the Western provinces.

Definitions

(2) In this section,

"Atlantic provinces"

"Atlantic provinces" means the provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland;

"Western provinces"

"Western provinces" means the provinces of Manitoba, British Columbia, Saskatchewan and Alberta.

Amendment authorized by referendum

46. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by a referendum held throughout Canada under subsection (2) at which

(*a*) a majority of persons voting thereat, and

(*b*) a majority of persons voting thereat in each of the provinces, resolutions of the legislative assemblies of which would be

PARTIE VI

PROCÉDURE DE MODIFICATION DE LA CONSTITUTION DU CANADA

Procédure normale de modification

45. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée à la fois :

a) par des résolutions du Sénat et de la Chambre des communes;

b) par des résolutions des assemblées législatives d'une majorité des provinces; cette majorité doit comprendre :

(i) chaque province dont la population, avant la date de cette proclamation, représentait, selon un recensement général antérieur quelconque, au moins vingt-cinq pour cent de la population du Canada,

(ii) au moins deux des provinces de l'Atlantique,

(iii) au moins deux des provinces de l'Ouest, à condition que la population confondue des provinces consentantes représente, selon le recensement général le plus récent à l'époque, au moins cinquante pour cent de la population de l'ensemble des provinces de l'Ouest.

Définitions

(2) Les définitions qui suivent s'appliquent au présent article.

«provinces de l'Atlantique»

«provinces de l'Atlantique» Les provinces de la Nouvelle-Écosse, du Nouveau-Brunswick, de l'Île-du-Prince-Édouard et de Terre-Neuve.

«provinces de l'Ouest»

«provinces de l'Ouest» Les provinces du Manitoba, de la Colombie-Britannique, de la Saskatchewan et de l'Alberta.

Modification autorisée par référendum

46. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par un référendum tenu dans tout le pays conformément au paragraphe (2) et lors duquel la modification a été approuvée :

a) d'une part, à la majorité des votants;

b) d'autre part, à la majorité des votants de chacune des provinces dont les résolutions de leurs assemblées législatives suffiraient, avec les résolutions du Sénat et de

sufficient, together with resolutions of the Senate and House of Commons, to authorize the issue of a proclamation under subsection 45(1),

have approved the making of the amendment.

Authorization of referendum

(2) A referendum referred to in subsection (1) shall be held where directed by proclamation issued by the Governor General under the Great Seal of Canada, which proclamation may be issued where

(*a*) an amendment to the Constitution of Canada has been authorized under paragraph 45(1)(*a*) by resolutions of the Senate and House of Commons;

(*b*) the requirements of paragraph 45(1)(*b*) in respect of the proposed amendment have not been satisfied within twelve months after the passage of the resolutions of the Senate and House of Commons; and

(*c*) the issue of the proclamation has been authorized by the Governor General in Council.

Time limit for referendum

(3) A proclamation issued under subsection (2) in respect of a referendum shall provide for the referendum to be held within two years after the expiration of the twelve month period referred to in paragraph (*b*) of that subsection.

Amendment of provisions relating to some but not all provinces

47. An amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies.

Amendments respecting certain language rights

48. (1) Notwithstanding section 54, an amendment to the Constitution of Canada

(*a*) adding a province as a province named in subsection 16(2), 17(2), 18(2), 19(2) or 20(2), or

(*b*) otherwise providing for any or all of the rights guaranteed or obligations imposed by any of those subsections to have application in a province to the extent and under the conditions stated in the amendment,

la Chambre des communes, à autoriser la proclamation mentionnée au paragraphe 45(1).

Autorisation de référendum

(2) L'ordre de tenue du référendum mentionné au paragraphe (1) est donné par proclamation du gouverneur général sous le grand sceau du Canada. Cette proclamation est assujettie aux conditions suivantes :

a) le Sénat et la Chambre des communes ont, conformément à l'alinéa 45(1)*a*), adopté des résolutions autorisant la modification de la Constitution du Canada;

b) les dispositions de l'alinéa 45(1)*b*) applicables au projet de modification n'ont pas été observées dans les douze mois suivant l'adoption des résolutions du Sénat et de la Chambre des communes;

c) le gouverneur général en conseil a autorisé la proclamation.

Délai de tenue du référendum

(3) La proclamation visée au paragraphe (2) fixe la tenue du référendum pour une date comprise dans les deux ans qui suivent l'expiration du délai de douze mois mentionné à l'alinéa *b*) de ce paragraphe.

Modification à l'égard de certaines provinces

47. Les dispositions de la Constitution du Canada applicables à certaines provinces seulement peuvent être modifiées par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de chaque province à laquelle la modification s'applique.

Modification concernant certains droits linguistiques

48. (1) Par dérogation à l'article 54, toute modification de la Constitution du Canada :

a) soit portant insertion du nom d'une province aux paragraphes 16(2), 17(2), 18(2), 19(2) ou 20(2),

b) soit prévoyant l'application à une province, aux conditions précisées dans la modification, de tout ou partie des droits ou obligations visés à ces paragraphes,

may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and the legislative assembly of the province to which the amendment applies.

peut être prise par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de la province concernée.

Initiation of amendment procedure

(2) The procedure for amendment prescribed by subsection (1) may be initiated only by the legislative assembly of the province to which the amendment applies.

(2) L'initiative de la procédure de modification visée au paragraphe (1) appartient à l'assemblée législative de la province concernée.

Initiation de la procédure

Initiation of amendment procedures

49. (1) The procedures for amendment prescribed by subsection 45(1) and section 47 may be initiated either by the Senate or House of Commons or by the legislative assembly of a province.

49. (1) L'initiative des procédures de modification visées au paragraphe 45(1) et à l'article 47 appartient au Sénat, à la Chambre des communes ou à l'assemblée législative d'une province.

Initiative des procédures

Revocation of authorization

(2) A resolution made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

(2) La résolution adoptée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise.

Possibilité de révocation

Right to vote

50. (1) Every citizen of Canada has, subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society, the right to vote in a referendum held under section 46.

50. (1) Tout citoyen canadien a le droit de vote au référendum visé à l'article 46; ce droit ne peut être restreint que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Droit de vote

Establishment of Referendum Rules Commission

(2) Where a referendum is to be held under section 46, a Referendum Rules Commission shall forthwith be established by commission issued under the Great Seal of Canada consisting of

(2) Dès que s'impose la tenue du référendum visé à l'article 46, il est constitué, par proclamation du gouverneur général sous le grand sceau du Canada, une commission référendaire composée :

Constitution de la commission référendaire

(*a*) the Chief Electoral Officer of Canada, who shall be chairman of the Commission;

a) du directeur général des élections du Canada, président;

(*b*) a person appointed by the Governor General in Council; and

b) d'une personne nommée par le gouverneur général en conseil;

(*c*) a person appointed by the Governor General in Council

c) d'une personne nommée par le gouverneur général en conseil :

(i) on the recommendation of the governments of a majority of the provinces, or

(i) soit sur la recommandation des gouvernements de la majorité des provinces,

(ii) if the governments of a majority of the provinces do not recommend a candidate within thirty days after the Chief Electoral Officer of Canada requests such a recommendation, on the recommendation of the Chief Justice of Canada from among persons recommended by the governments of the prov-

(ii) soit, si les gouvernements de la majorité des provinces ne présentent pas de candidat dans les trente jours suivant la demande que leur en fait le directeur général des élections du Canada, sur la recommandation du juge en chef du Canada, le candidat ainsi présenté étant choisi parmi les personnes recommandées par les gouvernements des provin-

inces within thirty days after the expiration of the first mentioned thirty day period or, if none are so recommended, from among such persons as the Chief Justice considers qualified.

ces dans les trente jours suivant l'expiration du premier délai de trente jours ou, faute de recommandation, parmi les personnes que le juge en chef estime qualifiées.

Duty of Commission

(3) A Referendum Rules Commission shall cause rules for the holding of a referendum under section 46 approved by a majority of the Commission to be laid before Parliament within sixty days after the Commission is established or, if Parliament is not then sitting, on any of the first ten days next thereafter that Parliament is sitting.

(3) Dans les soixante jours suivant sa constitution, la commission référendaire fait déposer devant le Parlement les règles applicables à la tenue du référendum visé à l'article 46, qu'elle aura approuvées par décision majoritaire. Si le Parlement ne siège pas, ce dépôt s'effectue dans les dix premier jours de séance ultérieurs.

Mandat de la commission

Rules for referendum

(4) Subject to subsection (1) and taking into consideration any rules approved by a Referendum Rules Commission in accordance with subsection (3), Parliament may enact laws respecting the rules applicable to the holding of a referendum under section 46.

(4) Sous réserve du paragraphe (1) et compte tenu des règles déposées conformément au paragraphe (3), le Parlement peut légiférer pour réglementer la tenue du référendum visé à l'article 46.

Réglementation du référendum

Proclamation

(5) If Parliament does not enact laws under subsection (4) respecting the rules applicable to the holding of a referendum within sixty days after receipt of a recommendation from a Referendum Rules Commission, the rules recommended by the Commission shall forthwith be brought into force by proclamation issued by the Governor General under the Great Seal of Canada.

(5) Faute par le Parlement d'avoir légiféré, conformément au paragraphe (4), dans le délai de soixante jours suivant le dépôt des règles visées au paragraphe (3), celles-ci sont mises immédiatement en vigueur par proclamation du gouverneur général sous le grand sceau du Canada.

Proclamation

Computation of period

(6) Any period when Parliament is prorogued or dissolved shall not be counted in computing the sixty day period referred to in subsection (5).

(6) Dans la computation du délai visé au paragraphe (5), ne sont pas comptés les jours pendant lesquels le Parlement est prorogé ou dissous.

Computation du délai

Rules to have force of law

(7) Subject to subsection (1), rules made under this section have the force of law and prevail over other laws made under the Constitution of Canada to the extent of any inconsistency.

(7) Sous réserve du paragraphe (1), les règles arrêtées en vertu du présent article ont force de loi et l'emportent sur les dispositions incompatibles de toute autre règle de droit fondée sur la Constitution du Canada.

Valeur de force de loi des règles

Limitation on use of general amendment procedure

51. (1) The procedures prescribed by section 45, 46 or 47 do not apply to an amendment to the Constitution of Canada where there is another provision in the Constitution for making the amendment, but the procedures prescribed by section 45 or 46 shall, nevertheless, be used to amend any provision for amending the Constitution, including this section.

51. (1) Les articles 45, 46 ou 47 ne s'appliquent pas aux cas de modification constitutionnelle pour lesquels une procédure différente est prévue par une autre disposition de la Constitution du Canada. La procédure visée aux articles 45 ou 46 s'impose toutefois pour modifier les dispositions relatives à la modification de la Constitution, y compris le présent article.

Restriction du recours à la procédure normale de modification

Idem

(2) The procedures prescribed by section 45 or 46 do not apply in respect of an amendment referred to in section 47.

Idem

(2) Les procédures prévues aux articles 45 ou 46 ne s'appliquent pas à la modification visée à l'article 47.

Amendments by Parliament

52. Subject to section 54, Parliament may exclusively make laws amending the Constitution of Canada in relation to the executive government of Canada or the Senate or House of Commons.

Modification par le Parlement

52. Sous réserve de l'article 54, le Parlement a compétence exclusive pour modifier les dispositions de la Constitution du Canada relatives au pouvoir exécutif fédéral, au Sénat et à la Chambre des communes.

Amendments by provincial legislatures

53. Subject to section 54, the legislature of each province may exclusively make laws amending the constitution of the province.

Modification par les législatures provinciales

53. Sous réserve de l'article 54, la législature de chaque province a compétence exclusive pour modifier la constitution de celle-ci.

Matters requiring amendment under general amendment procedure

54. An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with a procedure prescribed by section 45 or 46:

(*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(*b*) the *Canadian Charter of Rights and Freedoms;*

(*c*) the commitments relating to equalization and regional disparities set out in section 34;

(*d*) the powers of the Senate;

(*e*) the number of members by which a province is entitled to be represented in the Senate;

(*f*) the method of selecting Senators and the residence qualifications of Senators;

(*g*) the right of a province to a number of members in the House of Commons not less than the number of Senators representing the province; and

(*h*) the principles of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada.

Recours obligatoire à procédure normale de modification

54. Toute modification de la Constitution du Canada portant sur les questions suivantes se fait selon la procédure visée aux articles 45 ou 46 :

a) la charge de Reine, celle de gouverneur général et celle de lieutenant-gouverneur;

b) la *Charte canadienne des droits et libertés*;

c) les engagements énoncés, en matière de péréquation et d'inégalités régionales, à l'article 34;

d) les pouvoirs du Sénat;

e) le nombre de sénateurs représentant chaque province au Sénat;

f) le mode de sélection des sénateurs et les conditions de résidence qu'ils doivent remplir;

g) le droit d'une province d'avoir à la Chambre des communes un nombre de députés au moins égal à celui de ses sénateurs;

h) les principes de la représentation proportionnelle des provinces à la Chambre des communes prévus par la Constitution du Canada.

Consequential amendments

55. (1) Class 1 of section 91 and class 1 of section 92 of the *Constitution Act, 1867* (formerly named the *British North America Act, 1867*), the *British North America (No. 2) Act, 1949*, referred to in item 22 of Schedule I to this Act and Parts IV and V of this Act are repealed.

Modificatio corrélatives

55. (1) La rubrique 1 de l'article 91 et la rubrique 1 de l'article 92 de la *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*), l'*Acte de l'Amérique du Nord britannique (nº 2), 1949*, mentionné au nº 22 de l'annexe I de la présente loi, et les parties IV et V de la présente loi sont abrogés.

Idem

(2) When Parts IV and V of this Act are repealed, this section may be repealed and this Act may be renumbered, consequential upon the repeal of those Parts and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

Idem

(2) Dès l'abrogation des parties IV et V de la présente loi, le gouverneur général peut, par proclamation sous le grand sceau du Canada, abroger le présent article et changer en conséquence de cette double abrogation la numérotation de la présente loi.

PART VII

AMENDMENT TO THE CONSTITUTION ACT, 1867

PARTIE VII

MODIFICATION DE LA LOI CONSTITUTIONNELLE DE 1867

Amendment to *Constitution Act, 1867*

56. (1) The *Constitution Act, 1867* (formerly named the *British North America Act, 1867*) is amended by adding thereto, immediately after section 92 thereof, the following heading and section:

Modification de la *Loi constitutionnelle de 1867*

56. (1) La *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*) est modifiée par l'insertion, après l'article 92, de la rubrique et de l'article suivants :

"Non-Renewable Natural Resources, Forestry Resources and Electrical Energy

«Ressources naturelles non renouvelables, ressources forestières et énergie électrique

Laws respecting non-renewable natural resources, forestry resources and electrical energy

92A. (1) In each province, the legislature may exclusively make laws in relation to

(*a*) exploration for non-renewable natural resources in the province;

(*b*) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(*c*) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

Compétence provinciale

92A. (1) La législature de chaque province a compétence exclusive pour légiférer dans les domaines suivants :

a) prospection des ressources naturelles non renouvelables de la province;

b) exploitation, conservation et gestion des ressources naturelles non renouvelables et des ressources forestières de la province, y compris leur rythme de production primaire;

c) aménagement, conservation et gestion des emplacements et des installations de la province destinés à la production d'énergie électrique.

Export from provinces of resources

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

Exportation hors des provinces

(2) La législature de chaque province a compétence pour légiférer en ce qui concerne l'exportation, hors de la province, à destination d'une autre partie du Canada, de la production primaire tirée des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production d'énergie électrique de la province, sous réserve de ne pas adopter de lois autorisant ou prévoyant des disparités de prix ou des disparités dans les exportations destinées à une autre partie du Canada.

Authority of Parliament

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to

Pouvoir du Parlement

(3) Le paragraphe (2) ne porte pas atteinte au pouvoir du Parlement de légiférer dans les domaines visés à ce paragra-

in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

Taxation of resources

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(*a*) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(*b*) sites and facilities in the province for the generation of electrical energy and the production therefrom,

whether or not such production is exported in whole or in part from the province, but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

"Primary production"

(5) The expression "primary production" has the meaning assigned by the Sixth Schedule.

Existing powers or rights

(6) Nothing in subsections (1) to (5) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of this section."

Idem

57. The said Act is further amended by adding thereto the following Schedule:

"THE SIXTH SCHEDULE

Primary Production from Non-Renewable Natural Resources and Forestry Resources

1. For the purposes of section 92A of this Act,

(*a*) production from a non-renewable natural resource is primary production therefrom if

phe, les dispositions d'une loi du Parlement adoptée dans ces domaines l'emportant sur les dispositions incompatibles d'une loi provinciale.

Taxation de ressources

(4) La législature de chaque province a compétence pour prélever des sommes d'argent par tout mode ou système de taxation :

a) des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production primaire qui en est tirée;

b) des emplacements et des installations de la province destinés à la production d'énergie électrique, ainsi que cette production même.

Cette compétence peut s'exercer indépendamment du fait que la production en cause soit ou non, en totalité ou en partie, exportée hors de la province, mais les lois adoptées dans ces domaines ne peuvent autoriser ou prévoir une taxation qui établisse une distinction entre la production exportée à destination d'une autre partie du Canada et la production non exportée hors de la province.

«Productior primaire»

(5) L'expression «production primaire» a le sens qui lui est donné dans la sixième annexe.

Pouvoirs ou droits exist

(6) Les paragraphes (1) à (5) ne portent pas atteinte aux pouvoirs ou droits détenus par la législature ou le gouvernement d'une province lors de l'entrée en vigueur du présent article.»

Idem

57. La présente loi est en outre modifiée par l'adjonction de l'annexe suivante :

«SIXIÈME ANNEXE

Production primaire tirée des ressources naturelles non renouvelables et des ressources forestières

1. Pour l'application de l'article 92A :

a) on entend par production primaire tirée d'une ressource naturelle non renouvelable :

(i) it is in the form in which it exists upon its recovery or severance from its natural state, or

(ii) it is a product resulting from processing or refining the resource, and is not a manufactured product or a product resulting from refining crude oil, refining upgraded heavy crude oil, refining gases or liquids derived from coal or refining a synthetic equivalent of crude oil; and

(*b*) production from a forestry resource is primary production therefrom if it consists of sawlogs, poles, lumber, wood chips, sawdust or any other primary wood product, or wood pulp, and is not a product manufactured from wood."

(i) soit le produit qui se présente sous la même forme que lors de son extraction du milieu naturel,

(ii) soit le produit non manufacturé de la transformation, du raffinage ou de l'affinage d'une ressource, à l'exception du produit du raffinage du pétrole brut, du raffinage du pétrole brut lourd amélioré, du raffinage des gaz ou des liquides dérivés du charbon ou du raffinage d'un équivalent synthétique du pétrole brut;

b) on entend par production primaire tirée d'une ressource forestière la production constituée de billots, de poteaux, de bois d'œuvre, de copeaux, de sciure ou d'autre produit primaire du bois, ou de pâte de bois, à l'exception d'un produit manufacturé en bois.»

PART VIII

GENERAL

PARTIE VIII

DISPOSITIONS GÉNÉRALES

Primacy of Constitution of Canada

58. (1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

58. (1) La Constitution du Canada est la loi suprême du Canada; elle rend inopérantes les dispositions incompatibles de toute autre règle de droit.

Primauté de la Constitution du Canada

Constitution of Canada

(2) The Constitution of Canada includes

(*a*) the *Canada Act*;

(*b*) the Acts and orders referred to in Schedule I; and

(*c*) any amendment to any Act or order referred to in paragraph (*a*) or (*b*).

(2) La Constitution du Canada comprend :

a) la *Loi sur le Canada*;

b) les textes législatifs et les décrets figurant à l'annexe I;

c) les modifications aux textes législatifs et aux décrets mentionnés aux alinéas *a*) ou *b*).

Constitution du Canada

Amendments to Constitution of Canada

(3) Amendments to the Constitution of Canada shall be made only in accordance with the authority contained in the Constitution of Canada.

(3) La Constitution du Canada ne peut être modifiée que conformément aux pouvoirs conférés par elle.

Modification

Repeals and new names

59. (1) The enactments referred to in Column I of Schedule I are hereby repealed or amended to the extent indicated in Column II thereof and, unless repealed, shall continue as law in Canada under the names set out in Column III thereof.

59. (1) Les textes législatifs énumérés à la colonne I de l'annexe I sont abrogés ou modifiés dans la mesure indiquée à la colonne II. Sauf abrogation, ils restent en vigueur en tant que lois du Canada sous les titres mentionnés à la colonne III.

Abrogation et nouveaux titres

Consequential amendments

(2) Every enactment, except the *Canada Act*, that refers to an enactment referred to in Schedule I by the name in Column I thereof is hereby amended by substituting

(2) Toute loi, sauf la *Loi sur le Canada*, qui fait mention d'une loi figurant à l'annexe I par le titre indiqué à la colonne I est modifiée par substitution à ce titre du titre

Modifications corrélatives

for that name the corresponding name in Column III thereof, and any British North America Act not referred to in Schedule I may be cited as the *Constitution Act* followed by the year and number, if any, of its enactment.

correspondant mentionné à la colonne III; tout Acte de l'Amérique du Nord Britannique non mentionné à l'annexe I peut être cité sous le titre de *Loi constitutionnelle* suivi de l'indication de l'année de son adoption et éventuellement de son numéro.

French version of Constitution of Canada

60. A French version of the portions of the Constitution of Canada referred to in Schedule I shall be prepared by the Minister of Justice of Canada as expeditiously as possible and, when any portion thereof sufficient to warrant action being taken has been so prepared, it shall be put forward for enactment by proclamation issued by the Governor General under the Great Seal of Canada pursuant to the procedure then applicable to an amendment of the same provisions of the Constitution of Canada.

60. Le ministre de la Justice du Canada est chargé de rédiger, dans les meilleurs délais, la version française des parties de la Constitution du Canada qui figurent à l'annexe I; toute partie suffisamment importante est, dès qu'elle est prête, déposée pour adoption par proclamation du gouverneur général sous le grand sceau du Canada, conformément à la procédure applicable à l'époque à la modification des dispositions constitutionnelles qu'elle contient.

Version française de certains texte constitutionn

English and French versions of certain constitutional texts

61. Where any portion of the Constitution of Canada has been or is enacted in English and French or where a French version of any portion of the Constitution is enacted pursuant to section 60, the English and French versions of that portion of the Constitution are equally authoritative.

61. Les versions française et anglaise des parties de la Constitution du Canada adoptées dans ces deux langues ont également force de loi. En outre, ont également force de loi, dès l'adoption, dans le cadre de l'article 60, d'une partie de la version française de la Constitution, cette partie et la version anglaise correspondante.

Versions française et anglaise de certains text constitutionn

English and French versions of this Act

62. The English and French versions of this Act are equally authoritative.

62. Les versions française et anglaise de la présente loi ont également force de loi.

Versions française et anglaise de l présente loi

Commencement

63. Subject to section 64, this Act shall come into force on a day to be fixed by proclamation issued by the Governor General under the Great Seal of Canada.

63. Sous réserve de l'article 64, la présente loi entre en vigueur au jour fixé par proclamation du gouverneur général sous le grand sceau du Canada.

Entrée en vigueur

Exception

64. Part VI shall come into force as provided in Part V.

64. La partie VI entre en vigueur dans les conditions prévues à la partie V.

Exception

Short title and citations

65. This Schedule may be cited as the *Constitution Act, 1981*, and the Constitution Acts 1867 to 1975 (No. 2) and this Act may be cited together as the *Constitution Acts, 1867 to 1981.*

65. Titre abrégé de la présente annexe : *Loi constitutionnelle de 1981*; titre commun des lois constitutionnelles de 1867 à 1975 (nº 2) et de la présente loi : *Lois constitutionnelles de 1867 à 1981.*

Titres

SCHEDULE I

to the

CONSTITUTION ACT, 1981

MODERNIZATION OF THE CONSTITUTION

Item	Column I Act Affected	Column II Amendment	Column III New Name
1.	British North America Act, 1867, 30-31 Vict., c. 3 (U.K.)	(1) Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1867*." (2) Section 20 is repealed.	Constitution Act, 1867
2.	An Act to amend and continue the Act 32-33 Victoria chapter 3; and to establish and provide for the Government of the Province of Manitoba, 1870, 33 Vict., c. 3 (Can.)	(1) The long title is repealed and the following substituted therefor: "*Manitoba Act, 1870*." (2) Section 20 is repealed.	Manitoba Act, 1870
3.	Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the union, dated the 23rd day of June, 1870		Rupert's Land and North-Western Territory Order
4.	Order of Her Majesty in Council admitting British Columbia into the Union, dated the 16th day of May, 1871.		British Columbia Terms of Union
5.	British North America Act, 1871, 34-35 Vict., c. 28 (U.K.)	Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1871*."	Constitution Act, 1871
6.	Order of Her Majesty in Council admitting Prince Edward Island into the Union, dated the 26th day of June, 1873.		Prince Edward Island Terms of Union
7.	Parliament of Canada Act, 1875, 38-39 Vict., c. 38 (U.K.)		Parliament of Canada Act, 1875
8.	Order of Her Majesty in Council admitting all British possessions and Territories in North America and islands adjacent thereto into the Union, dated the 31st day of July, 1880.		Adjacent Territories Order

ANNEXE I

LOI CONSTITUTIONNELLE DE 1981

ACTUALISATION DE LA CONSTITUTION

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
1.	Acte de l'Amérique du Nord britannique, 1867, 30-31 Vict., c. 3 (R.-U.)	(1) L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1867*.» (2) L'article 20 est abrogé.	Loi constitutionnelle de 1867
2.	Acte pour amender et continuer l'acte trente-deux et trente-trois Victoria, chapitre trois, et pour établir et constituer le gouvernement de la province de Manitoba, 1870, 33 Vict., c. 3 (Canada)	(1) Le titre complet est abrogé et remplacé par ce qui suit : «*Loi de 1870 sur le Manitoba*.» (2) L'article 20 est abrogé.	Loi de 1870 sur le Manitoba
3.	Arrêté en conseil de Sa Majesté admettant la Terre de Rupert et le Territoire du Nord-Ouest, en date du 23 juin 1870		Décret en conseil sur la terre de Rupert et le territoire du Nord-Ouest
4.	Arrêté en conseil de Sa Majesté admettant la Colombie-Britannique, en date du 16 mai 1871		Conditions de l'adhésion de la Colombie-Britannique
5.	Acte de l'Amérique du Nord britannique, 1871, 34-35 Vict., c. 28 (R.-U.)	L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1871*.»	Loi constitutionnelle de 1871
6.	Arrêté en conseil de Sa Majesté admettant l'Île-du-Prince-Édouard, en date du 26 juin 1873		Conditions de l'adhésion de l'Île-du-Prince-Édouard
7.	Acte du Parlement du Canada, 1875, 38-39 Vict., c. 38 (R.-U.)		Loi de 1875 sur le Parlement du Canada
8.	Arrêté en conseil de Sa Majesté admettant dans l'Union tous les territoires et possessions britanniques dans l'Amérique du Nord, et les îles adjacentes à ces territoires et possessions, en date du 31 juillet 1880		Décret en conseil sur les territoires adjacents

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
9.	British North America Act, 1886, 49-50 Vict., c. 35 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1886*."	Constitution Act, 1886
10.	Canada (Ontario Boundary) Act, 1889, 52-53 Vict., c. 28 (U.K.)		Canada (Ontario Boundary) Ac 1889
11.	Canadian Speaker (Appointment of Deputy) Act, 1895, 2nd Sess., 59 Vict., c. 3 (U.K.)	The Act is repealed.	
12.	The Alberta Act, 1905 4-5 Edw. VII, c. 3 (Can.)		Alberta Act
13.	The Saskatchewan Act, 1905, 4-5 Edw. VII, c. 42 (Can.)		Saskatchewan Act
14.	British North America Act, 1907, 7 Edw. VII, c. 11 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1907*."	Constitution Act, 1907
15.	British North America Act, 1915, 5-6 Geo. V, c. 45 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1915*."	Constitution Act, 1915
16.	British North America Act, 1930, 20-21 Geo. V, c. 26 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1930*."	Constitution Act, 1930
17.	Statute of Westminster, 1931, 22 Geo. V, c. 4 (U.K.)	In so far as they apply to Canada, (*a*) section 4 is repealed; and (*b*) subsection 7(1) is repealed.	Statute of Westminster, 1931
18.	British North America Act, 1940, 3-4 Geo. VI, c. 36 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1940*."	Constitution Act, 1940

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
9.	Acte de l'Amérique du Nord britannique, 1886, 49-50 Vict., c. 35 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1886*.»	Loi constitutionnelle de 1886
10.	Acte du Canada (limites d'Ontario) 1889, 52-53 Vict., c. 28 (R.-U.)		Loi de 1889 sur le Canada (frontières de l'Ontario)
11.	Acte concernant l'Orateur canadien (nomination d'un suppléant) 1895, 2e session, 59 Vict., c. 3 (R.-U.)	La loi est abrogée.	
12.	Acte de l'Alberta, 1905, 4-5 Ed. VII, c. 3 (Canada)		Loi sur l'Alberta
13.	Acte de la Saskatchewan, 1905, 4-5 Ed. VII, c. 42 (Canada)		Loi sur la Saskatchewan
14.	Acte de l'Amérique du Nord britannique, 1907, 7 Ed. VII, c. 11 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1907*.»	Loi constitutionnelle de 1907
15.	Acte de l'Amérique du Nord britannique, 1915, 5-6 Geo. V, c. 45 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1915*.»	Loi constitutionnelle de 1915
16.	Acte de l'Amérique du Nord britannique, 1930, 20-21 Geo. V, c. 26 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1930*.»	Loi constitutionnelle de 1930
17.	Statut de Westminster, 1931, 22 Geo. V, c. 4 (R.-U.)	Dans la mesure où ils s'appliquent au Canada : *a*) l'article 4 est abrogé; *b*) le paragraphe 7(1) est abrogé.	Statut de Westminster de 1931
18.	Acte de l'Amérique du Nord britannique, 1940, 3-4 Geo. VI, c. 36 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1940*.»	Loi constitutionnelle de 1940

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
19.	British North America Act, 1943, 6-7 Geo. VI, c. 30 (U.K.)	The Act is repealed.	
20.	British North America Act, 1946, 9-10 Geo. VI, c. 63 (U.K.)	The Act is repealed.	
21.	British North America Act, 1949, 12-13 Geo. VI, c. 22 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Newfoundland Act*."	Newfoundland Act
22.	British North America (No. 2) Act, 1949, 13 Geo. VI, c. 81 (U.K.)	The Act is repealed. (effective when section 55 of the *Constitution Act, 1981* comes into force)	
23.	British North America Act, 1951, 14-15 Geo. VI, c. 32 (U.K.)	The Act is repealed.	
24.	British North America Act, 1952, 1 Eliz. II, c. 15 (Can.)	The Act is repealed.	
25.	British North America Act, 1960, 9 Eliz. II, c. 2 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1960*."	Constitution Act, 1960
26.	British North America Act, 1964, 12-13 Eliz. II, c. 73 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1964*."	Constitution Act, 1964
27.	British North America Act, 1965, 14 Eliz. II, c. 4, Part I (Can.)	Section 2 is repealed and the following substituted therefor: "2. This Part may be cited as the *Constitution Act, 1965*."	Constitution Act, 1965

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
9.	Acte de l'Amérique du Nord britannique, 1943, 6-7 Geo. VI, c. 30 (R.-U.)	La loi est abrogée.	
10.	Acte de l'Amérique du Nord britannique, 1946, 9-10 Geo. VI, c. 63 (R.-U.)	La loi est abrogée.	
11.	Acte de l'Amérique du Nord britannique, 1949, 12-13 Geo. VI, c. 22 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi sur Terre-Neuve*.»	Loi sur Terre-Neuve
12.	Acte de l'Amérique du Nord britannique (N° 2), 1949, 13 Geo. VI, c. 81 (R.-U.)	La loi est abrogée lors de l'entrée en vigueur de l'article 55 de la *Loi constitutionnelle de 1981*.	
13.	Acte de l'Amérique du Nord britannique, 1951, 14-15 Geo. VI, c. 32 (R.-U.)	La loi est abrogée.	
14.	Acte de l'Amérique du Nord britannique, 1952, 1 Eliz. II, c. 15 (Canada)	La loi est abrogée.	
15.	Acte de l'Amérique du Nord britannique, 1960, 9 Eliz. II, c. 2 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1960*.»	Loi constitutionnelle de 1960
16.	Acte de l'Amérique du Nord britannique, 1964, 12-13 Eliz. II, c. 73 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1964*.»	Loi constitutionnelle de 1964
17.	Acte de l'Amérique du Nord britannique, 1965, 14 Eliz. II, c. 4, Partie I (Canada)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé de la présente partie : *Loi constitutionnelle de 1965*.»	Loi constitutionnelle de 1965

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Concluded*

Item	Column I Act Affected	Column II Amendment	Column III New Name
28.	British North America Act, 1974, 23 Eliz. II, c. 13, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 38(1) (Can.) is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act, 1974*."	Constitution Act, 1974
29.	British North America Act, 1975, 23-24 Eliz. II, c. 28, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 31 (Can.) is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act (No. 1), 1975*."	Constitution Act (No. 1), 1975
30.	British North America Act (No. 2), 1975, 23-24 Eliz. II, c. 53 (Can.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act (No. 2), 1975*."	Constitution Act (No. 2), 1975

ANNEXE I (*fin*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
28.	Acte de l'Amérique du Nord britannique, 1974, 23 Eliz. II, c. 13, I (Canada)	L'article 3, modifié par le paragraphe 38(1) de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle de 1974*.»	Loi constitutionnelle de 1974
29.	Acte de l'Amérique du Nord britannique, 1975, 23-24 Eliz. II, c. 28, Partie I (Canada)	L'article 3, modifié par l'article 31 de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle n° 1 de 1975*.»	Loi constitutionnelle n° 1 de 1975
30.	Acte de l'Amérique du Nord britannique n° 2, 1975, 23-24 Eliz. II, c. 53 (Canada)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle n° 2 de 1975*.»	Loi constitutionnelle n° 2 de 1975

List of Appendices

Appendix A—Orders of Reference

Appendix B—List of Groups and Individuals who Appeared and Gave Evidence before the Committee

Appendix C—List of Groups and Individuals whose Written Submissions were received by the Committee on or before February 1, 1981

Appendix D—Statistical Account of Written Submissions

APPENDIX "A"

ORDERS OF REFERENCE OF THE SENATE

Extract from the Minutes of the Proceedings of the Senate, November 3, 1980:

"The Senate resumed the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith:

That the Senate do unite with the House of Commons in the appointment of a Special Joint Committee to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That ten Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the Special Joint Committee;

That the Committee have power to appoint from among its members such sub-committees as may be deemed advisable and necessary and to delegate to such sub-committees all or any of their powers except the power to report directly to the Senate;

That the Committee have power to sit during sittings and adjournments of the Senate;

That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980;

That the quorum of the Committee be twelve members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when six members are present so long as both Houses are represented; and

That a Message be sent to the House of Commons to inform that House accordingly.

. . .

So it was resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, November 5, 1980:

"In amendment,

The Honourable Senator Frith moved, seconded by the Honourable Senator Petten:

. . .

"That the following Senators be appointed to act on behalf of the Senate on the said Special Joint Committee, namely, the Honourable Senators Asselin, Austin, Connolly, Goldenberg, Hays, Lamontagne, Lucier, Petten, Roblin and Tremblay; and".

. . .

The Question then being put on the motion as amended of the Honourable Senator Frith, seconded by the Honourable Senator Perrault, P.C., it was—

resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, November 13, 1980:

"With leave of the Senate,

The Honourable Senator Frith moved, seconded by the Honourable Senator McIlraith, P.C.:

That the Senate do unite with the House of Commons in approving the television and radio broadcasting of the proceedings of the Special Joint Committee on the Constitution of Canada on the basis of the same principles and practice, *mutatis mutandis*, governing the broadcasting of the proceedings of the House of Commons, including the concept of "electronic Hansard", provided that any subcommittee of the said Committee, shall not be broadcast by television, but shall be broadcast by radio, except the Subcommittee on Agenda, which shall not be broadcast;

That it be an instruction to the Committee that it undertake the aforementioned action as soon as physically possible without disturbing the proceedings of the Committee now undertaken or planned;

That it be an instruction to the Committee that all decisions concerning the implementation of this Order shall be taken only by the Committee's Subcommittee on Agenda; and

That a Message be sent to the House of Commons to inform that House accordingly.

The question being put on the motion, it was—

resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate December 2, 1980:

"With leave of the Senate,

The Honourable Senator Frith moved, seconded by the Honourable Senator Roblin, P.C.:

That the Senate join with the House of Commons in amending the Order of Reference creating the Special Joint Committee on the Constitution of Canada by deleting the words "December 9, 1980" and substituting therefor the words "February 6, 1981"; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

After debate, and

The question being put on the motion, it was—
resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, February 5, 1981:

"With leave of the Senate,

The Honourable Senator Perrault, P.C. moved, seconded by the Honourable Senator Frith:

That, notwithstanding any previous Order, the Special Joint Committee on the Constitution of Canada shall complete its work and make its final report no later than February 13, 1981; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

After debate, and

The question being put on the motion, it was—
resolved in the affirmative."

ROBERT FORTIER

The Clerk of the Senate

ORDERS OF REFERENCE OF THE HOUSE OF COMMONS

Thursday, October 23, 1980

RESOLVED,—That a Special Joint Committee of the Senate and of the House of Commons be appointed to consider and report upon the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada" published by the Government on October 2, 1980, and to recommend in their report whether or not such an Address, with such amendments as the Committee considers necessary, should be presented by both Houses of Parliament to Her Majesty the Queen;

That 15 Members of the House of Commons to be designated no later than three sitting days after the adoption of this motion be members on the part of this House of the Special Joint Committee;

That the Committee have power to appoint from among its Members such sub-committees as may be deemed advisable and necessary and to delegate to such sub-committees all or any of their powers except the power to report directly to the House;

That the Committee have power to sit during sittings and adjournments of the House of Commons;

That the Committee have power to send for persons, papers and records, and to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee submit their report not later than December 9, 1980;

That the quorum of the Committee be 12 members, whenever a vote, resolution or other decision is taken, so long as both Houses are represented and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when 6 members are present so long as both Houses are represented; and

That a Message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it to be advisable, Members to act on the proposed Special Joint Committee.

Tuesday, October 28, 1980

ORDERED,—That the members designated to serve on the part of this House on the Special Joint Committee to consider a proposed address to Her Majesty the Queen concerning the Constitution of Canada be: Mr. Beatty, Mr. Bockstael, Miss Campbell, Mr. Corbin, Mr. Crombie, Mr. Epp, Mr. Fraser, Mr. Henderson, Mr. Irwin, Mr. Joyal, Mr. Knowles, Mr. Lapierre, Mr. Mackasey, Mr. McGrath and Mr. Nystrom; and that a message be sent to the Senate to acquaint Their Honours thereof.

Thursday, November 13, 1980

ORDERED,—That, further to the resolution of this House of January 25, 1977, as subsequently implemented, this House approves the television and radio broadcasting of the proceedings of the Special Joint Committee on the Constitution on the basis of the same principles and practice, *mutatis mutandis*, governing the broadcasting of the proceedings of the House of Commons, including the concept of "electronic Hansard", provided that any subcommittee of the said Committee, shall not be broadcast by television, but shall be broadcast by radio, except the subcommittee on Agenda, which shall not be broadcast;

That it be an instruction to the Committee that it undertake the aforementioned action as soon as physically possible without disturbing the proceedings of the Committee now undertaken or planned;

That it be an instruction to the Committee that all decisions concerning the implementation of this Order shall be taken only by the Committee's subcommittee on Agenda; and

ORDERED,—That a Message be sent to the Senate asking Their Honours to unite with this House in the aforementioned actions.

Tuesday, December 2, 1980

ORDERED,—That the Order of Reference creating the Special Joint Committee on the Constitution of Canada be amended by deleting the words "December 9, 1980" and substituting therefor the words "February 6, 1981"; and

That a Message be sent to the Senate to acquaint Their Honours thereof and to invite them to join with this House in the aforementioned action.

Wednesday, February 4, 1981

ORDERED,—That, notwithstanding any previous Order, the Special Joint Committee on the Constitution of Canada shall complete its work and make its final report not later than February 13, 1981; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

C. B. KOESTER
The Clerk of the House of Commons

APPENDIX "B"

Groups and individuals who appeared and gave evidence before the Committee (listed in alphabetical order). The Issue of the Minutes of Proceedings and Evidence of the Committee in which their evidence is recorded is indicated.

Advisory Council on the Status of Women:—Issue 9
Doris Anderson, President;
Lucie Pépin, Vice-President for Eastern Canada;
Mary Eberts, Legal Counsel;
Nicole Duplé, Laval University;
Beverly Baines.

Afro-Asian Foundation of Canada:—Issue 32
Sebastian Alakatusery, Chairman;
Carole Christinson.

Aird, P. L. Professor, Faculty of Forestry, University of Toronto.—Issue 24

Alberta Chamber of Commerce:—Issue 27
Reinhold Lehr, President;
Duncan McKillop, Chairman of Task Force on Constitutional Change;
Maureen Mahoney, Public Affairs Manager.

Alberta Social Credit Party:—Issue 33
Rod Sykes, Leader.

Algonquin Council:—Issue 31
Lena Nottaway;
William Commanda;
Richard Kistabish;
Salomon Wawatie;
Major Kistabish;
Louis Jerome;
Kermot Moore;
Pamela Kistabish.

Alliance for Life:—Issue 29
Karen Murawsky, Past Vice-President;
Paul de Bellefeuille, M.D., Associate Professor of Pediatrics; (University of Ottawa);
John J. H. Connors, LL.B., Consultant.

"Association canadienne-française de l'Ontario":—Issue 8
Yves St-Denis, President;
Gérard Lévesque, Secretary General.

"Association culturelle franco-canadienne de la Saskatchewan":—Issue 12
Irène Chabot, President;
Florent Bilodeau, Director General;
Claire Doran, Political adviser.

Association of Iroquois and Allied Indians:—Issue 31
Charles Cornelius, President;
Bill Tooshkenig;
Gordon Peters.

Association of Métis and Non-Status Indians of Saskatchewan:—Issue 22
Wayne McKenzie, Executive Director;
Jim Sinclair, President;
Jim Durocher, Provincial Treasurer;
Frank Tomkins, Provincial Secretary;
Rob Milen, Legal Counsel.

Attikamek-Montagnais Council:—Issue 28
René Simon, Chairman;
Aurélien Gill, Chief of Pointe-Bleue;
Renée Dupuis, Legal Counsel.

British-Columbia Civil Liberties Association:—Issue 22
William Black, Member of Executive Committee;
David Copp, Vice-President.

Business Council on National Issues:—Issue 33
Peter Gordon, Chairman.

Campaign Life-Canada:—Issue 34
Kathleen Toth, President;
Gwen Landolt, Legal Counsel;
Michael Barry, Psychiatrist.

Canada West Foundation:—Issue 12
Stanley Roberts, President;
David Elton, Research Director;
Peter McCormick, Political Science, University of Lethbridge;
Honourable J. V. Clyne, Counsel.

Canadian Abortion Rights Action League:—Issue 24
J. Robert Kellermann, Legal Counsel;
Eleanor Wright Pelrine, Honorary Director;
Wendell W. Watters, M.D., Honorary Director.

Canadian Association for the Prevention of Crime:—Issue 24
W. Frank Chafe, President of Association;
Fred Sussman, Chairman of the Committee on Legislation;
Tadeusz Grygier, Member of the Committee on Legislation.

Canadian Association of Chiefs of Police:—Issue 14
John Ackroyd, Chief, Metro Toronto Police;
Guy Lafrance, Legal Adviser, Montreal Urban Community Police.

Canadian Association of Crown Counsels:—Issue 14
Roderick McLeod, Q.C., Assistant Deputy Attorney General of Ontario.

Canadian Association of Lesbians and Gay Men:—Issue 24
Peter Maloney, Member of the Executive Committee;
Christine Bearchell;
George Hislop;

Paul-François Sylvestre;
Monique Bell.
Canadian Association for the Mentally Retarded:—Issue 10
Paul Mercure, President;
David Vickers, Vice-President;
David Lincoln, President (People First—Ontario).
Canadian Association of Social Workers:—Issue 29
Richard Splane, President;
Gweneth Gowanlock, Executive Director.
Canadian Bar Association:—Issue 15
A. William Cox, Q.C., President;
John P. Nelligan, Q.C., Chairman, Special Committee on the Constitution of Canada;
Jacques Viau, Q.C., Bâtonnier, Past President;
L. Yves Fortier, Q.C., National Treasurer;
Victor Paisley, Chairman, Civil Liberties Section;
David Matas, Chairman, Constitutional and International Law Section.
Canadian Bar Association, Newfoundland Branch:—Issue 9
Raymond J. Halley, Q.C., President;
Ed Hearn, Member.
Canadian Catholic School Trustees' Association:—Issue 19
Philip Hammel, President;
Reverend Patrick Fogarty, Executive Secretary.
Canadian Chamber of Commerce:—Issue 8
William F. Gunn, Chairman of the Executive Committee;
Sam Hughes, President;
Graeme T. Haig, Q.C., Chairman of the Constitution Reform Committee;
André Bouchard, Member of the Constitution Reform Committee.
Canadian Citizenship Federation:—Issue 29
Nicolas Zsolnay, President;
J. B. Rudnyckyj;
Eric L. Teed, Past President.
Canadian Civil Liberties Association:—Issue 7
Alan Borovoy, General Counsel;
Walter Tarnopolsky, President;
J. S. Midanik, Q.C., (a past president).
Canadian Committee on Learning Opportunities for Women:—Issue 24
Mary Corkery, Coordinator;
Linda Ryan Nye;
Monique Burchell.
Canadian Connection:—Issue 32
Marion Dewar;
Alan Clarke;
Honourable David Macdonald;
Mary Hegan;
Lawrence Greenspan.
Canadian Consultative Council on Multiculturalism:—Issue 29
Lawrence Decore, Chairman;
Errol Townshend, Chief Editor of "Cultures Canada".
Canadian Council on Children and Youth:—Issue 21
Andrew Cohen, Director General;
David Cruickshank, Vice-President;
Joseph Ryant, Member of Board of Directors.
Canadian Council on Social Development:—Issue 19
Ed Pennington, Board Member;
Nicole Dumouchel, Board Member;
Karen Hill.
Canadian Federation of Civil Liberties and Human Rights Associations:—Issue 21
Edwin Wedking, President;
Norman Whalen, Vice-President;
Gilles Tardif, Director.
Canadians for Canada:—Issue 34
Robert A. Willson, Chairman;
Donald Skagen;
John Crispo, Co-ordinator.
Canadians for One Canada:—Issue 27
Honourable James Richardson, P.C. National Chairman;
Pat Newbound, President;
Bill Scandrett, Executive Director.
Canadian Human Rights Commission:—Issue 5
Gordon Fairweather, Chief Commissioner;
Rita Cadieux, Deputy Chief Commissioner.
Canadian Jewish Congress:—Issue 7
Max Cohen, Chairman, Selected Committee on the Constitution of Canada of the Canadian Jewish Congress;
Martin Friedland;
Joseph Magnet, Special Adviser;
Irwin Cotler;
Frank Schlesinger.
Canadian Life Insurance Association:—Issue 33
P. D. Burns, Director;
C. T. P. Galloway;
Lise Bacon;
T. D. Kent.
Canadian National Institute for the Blind:—Issue 25
Robert Mercer, National Managing Director;
Dayton Foreman, National Vice-President;
David Lepofsky, Member of the Ontario Board of Directors.
Canadian Polish Congress:—Issue 9
Jan Kaszuba, President;
Marek Malichi;
Jan Federorowicz.
Chrétien, Jean (The Honourable), Minister of Justice and Attorney General of Canada.—Issues 2, 3, 4, 36, 37, 38, 39, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56

Church of Jesus Christ of Latter Day Saints:—Issue 29
Bruce Smith, President of Toronto Ontario East Stake;
Regan Walker, Executive Secretary, Toronto Stake;
Malcolm Warner, President Hamilton Stake.
Coalition for the Protection of Human Life:—Issue 22
Barry DeVeber, M.D., Head of Pediatrics at University of Western Ontario;
Elizabeth Callahan, M.D., Board Member;
Philip Cooper, Vice-President;
Don McPhee, Executive Director;
Denyre Handler, Journalist.
Coalition of Provincial Organizations of the Handicapped:—Issue 12
Monique Couillard, First Vice-President, Carrefour Adaptation, Quebec;
Yvonne Peters, Member, Executive Committee;
Ron Kanary, Vice-Chairman;
Jim Derksen, National Co-ordinator.
Maxwell Cohen, McGill University.—Issue 34
M. F. Yalden, Commissioner of Official Languages.—Issue 6
Council for Yukon Indians:—Issue 18
Elijah Smith, Vice-Chairman;
David Joe, Legal Counsel;
Harry Allen, Chairman;
Michael Smith, Legal Counsel.
Council of National Ethnocultural Organizations of Canada:—Issue 22
Laureano Leone, President;
Navin Parekh, First Vice-President;
George Imai, Secretary;
Andriy Bandera;
Algis Juzukonis.
Council of Quebec Minorities:—Issue 8
Eric Maldoff, President;
Casper Bloom;
James Leavy.
Denominational Educational Committees of Newfoundland:—Issue 35
Archbishop A. L. Penney, Chairman;
Bishop M. Mate;
Reverend Boyd Hiscock;
Pastor Roy King;
James Greene.
Department of Justice:—Issues 2, 3, 4, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56
Roger Tassé, Q.C., Deputy Minister;
B. L. Strayer, Q.C., Assistant Deputy Minister, Public Law;
F. Jordan, Senior Counsel, Public Law.
"la Fédération des francophones hors Québec":—Issue 13
Jeannine Séguin, President;
Donald Cyr, Director General;
René-Marie Paiement, Assistant Director General (Policies).
Federation of Canadian Municipalities:—Issue 9
Dennis Flynn, President;
Glennis Perry.
Federation of Independent Schools of Canada:—Issue 29
Molly Boucher, President;
Patrick Whelan, Treasurer;
Gary Duthler, Director.
Federation of Saskatchewan Indians:—Issues 29 and 31
Sol Sanderson, Chief of Federation of Saskatchewan Indians;
Senator John B. Tootoosis, Senator of Federation of Saskatchewan Indians;
Kirk Kickingbird, Legal Counsel;
Delia Opekokew, Legal Counsel;
Rodney Soonias, Legal Counsel;
Doug Cuthand, First Vice-President.
German-Canadian Committee on the Constitution:—Issue 26
Dietrich Kiesewalter, Coordinating Chairman;
Gunther Bauer, Vice-Chairman of German Speaking Alliance of Ottawa and Region;
Klaus Bongart, Chairman, German Canadian Council of Kitchener Waterloo;
Benno Knodel, Chairman, German Canadian Alliance of Alberta;
Arthur Grenke, Historian.
Government of New Brunswick:—Issue 19
Honourable Richard B. Hatfield, Premier of New Brunswick.
Government of Nova Scotia:—Issue 16
Honourable John Buchanan, Premier of Nova Scotia;
Honourable Edmond Morris, Minister of Intergovernmental Affairs.
Government of Prince Edward Island:—Issue 14
Honourable J. Angus MacLean, Premier of Prince Edward Island;
Fred Driscoll, Minister of Education.
Government of Saskatchewan:—Issue 30
Honourable Allan E. Blakeney, Premier of Saskatchewan.
Government of the Northwest Territories:—Issue 12
George Braden, MLA, Leader of the Elected Members of the Executive Committee;
Stien Lal, Legal Adviser to the Executive Committee.
Government of the Yukon Territory:—Issue 14
Honourable C. W. Pearson, Government Leader.
Indian Association of Alberta:—Issues 29 and 31
Eugene Steinhauer, President;
Charles Wood, Chief Constitution Committee for Alberta;

John Snow, Chief from Treaty 7;
Willy Littlechild, Legal Counsel.
Indian Rights for Indian Women:—Issues 16 and 17
Nellie Carlson, Western Vice-President;
Rose Charlie, Board Member;
Barbara Wyss, Treasurer.
Inuit Committee on National Issues:—Issues 16 and 17
Charlie Watt, Co-Chairman;
Eric Tagoona, Co-Chairman;
Mark R. Gordon, Coordinator;
Mary Simon;
Zebedee Nungak;
Thomas Suluk.
Italian-Canadians National Congress (Quebec Region):—Issue 23
Rita Desantis, Spokeperson;
Giovanni Molina, President;
Antonio Sciascia, Legal Advisor.
Kaplan, Robert, (The Honourable), Acting Minister of Justice:—Issues 40, 41, 42, 43, 44
La Forest, Gérard V. J. University of Ottawa.—Issue 34
Love, D. V. Faculty of Forestry, University of Toronto.—Issue 24
Media Club of Canada:—Issue 24
Esther Crandall, President;
Alison Hardy, Historian.
Mennonite Central Committee (Canada):—Issue 12
Ross Nigh, Vice-Chairman;
William Janzen, Director General of the Ottawa Office;
J. M. Klassen, Executive Secretary.
National Action Committee on the Status of Women:—Issue 9
Lynn McDonald, President;
Jill Porter, Member of Executive;
Betsy Carr, Member of Executive;
Mary Lou McPhedron, Member of the National Woman and the Law Association.
National Anti-Poverty Organization:—Issue 29
J. Hartling, Executive Director.
National Association of Japanese Canadians:—Issue 13
Gordon Kadota, President;
Roger Obata;
Art Shimizu, Constitution Committee Chairman.
National Association of Women and the Law:—Issue 22
Deborah Acheson, Member of the Steering Committee;
Monique Charlebois, Member of the Steering Committee;
Tamra Thomson, Ottawa Caucus;
Pamela Medjuck, Member, National Steering Committee.
National Black Coalition of Canada:—Issue 22
Wilson Head, President;
J. A. Mercury, Executive Secretary.
National Indian Brotherhood:—Issue 27
Del Riley, President;
Sykes Powderface, Vice-President;
Doug Saunders, Legal Counsel;
William T. Badcock, Legal Counsel;
Native Council of Canada:—Issues 16 and 17
Harry Daniel, President;
Louis Bruyère, Vice-President;
Gene Rhéaume, Honorary President;
Vic Savino, Legal Counsel.
Native Women's Association of Canada:—Issues 16 and 17
Marlene Pierre-Aggamaway, President;
Donna Phillips, Treasurer.
New Brunswick Human Rights Commission:—Issue 11
Noel A. Kinsella, Chairman;
Francis Young, Legal Counsel;
John Humphrey, President, Canadian Human Rights Foundation;
Sandra Lovelace, Tobique Indian Reservation, New Brunswick.
New Democratic Party of Alberta:—Issue 33
Grant Notley, Leader;
M. McCreary, Co-Chairman, N.D.P. Constitution Committee;
Davis Swan, Chairman, N.D.P. Energy Committee;
Garth Stevenson, Professor.
Nishga Tribal Council:—Issue 26
James Gosnell, President of N.T.C.;
Rod Robinson, Vice-President of N.T.C.;
Percy Tate, Executive Assistant to the President;
Donald Rosenbloom, Legal Counsel;
Stewart Leggatt, M.L.A., Legal Counsel.
Nuu-Chah-Nulth Tribal Council:—Issue 27
George Watts, Chairman;
Jack Woodward, Legal Counsel.
Ontario Conference of Catholic Bishops:—Issue 33
Bishop Alexander Carter, President;
Archbishop J. Aurèle Plourde, Vice-President;
Father Raymond Durocher, Research Specialist;
Father Angus Macdougall, General Secretary;
Joseph Magnet, Legal Counsel.
"Parti de l'Union National du Québec":—Issue 28
Michel Le Moignan, Interim Leader;
Claude Gélinas;
Bertrand Goulet, Member of the Quebec National Assembly.
Positive Action Committee:—Issue 7
S. McCall, Co-Chairman;
Alex Paterson, Co-Chairman.
Progressive Conservative Party of Saskatchewan:—Issue 32
Grant Devine, Leader;
Robert Andrew, M.L.A.

Protestant School Board of Greater Montreal:—Issue 11
Joan Dougherty, Chairman;
L. P. Patterson, Chairman Constitution Committee;
Marcel Fox, Director General.
Public Interest Advocacy Center:—Issue 29
Nick Schultz, Associate General Counsel.
Rémillard, Gil, Laval University.—Issue 35
Russell, Peter, University of Toronto.—Issue 34
Saskatchewan Human Rights Commission:—Issue 20
Ken Norman, Chief Commissioner;
Louise Simard, Deputy Chief Commissioner.
Scott, Edward W. (Reverend), Primate, Anglican Church of Canada.—Issue 33
"la Société Franco-manitobaine":—Issue 10
Gilberte Proteau, President;
Lucille Roch, Director General;
Joseph Elliott-Magnet, Counsel.
Ukrainian Canadian Committee:—Issue 14
John Nowosad, President;
Manoly Lupul, Director, Institute of Ukrainian Studies.
Union of New Brunswick Indians:—Issue 32
Graydon Nicholas, Chairman of the Board;
Albert Levi.
Union of Nova Scotia Indians:—Issue 32
Stanley Johnson, President;
Stuart Killen, Research Director;
Sageth Henderson, Legal Advisor.
Union of Ontario Indians:—Issue 31
Patrick Madahbee, President;
Paul Williams;
James Mason.
United Church of Canada:—Issue 29
Clarke MacDonald, Senior Secretary—Office of Church in Society;
Reverend Robert Lindsey, Associate Secretary—Division of Mission in Canada;
Reverend Guy Deschamps, French-English Relations Officer.
Vancouver People's Law School Society:—Issue 32
Diana Davidson, President.
World Federalists of Canada—Operation Dismantle:—Issue 25
Francis Leddy, National President of World Federalists of Canada;
T. James Stark, Director, Operation Dismantle.

APPENDIX "C"

List of groups and individuals whose written submissions were received by the Committee, on or before February 2, 1981.

- A -

Abbass, Cyril J.—Willowdale, Ontario
Adams, Grethyll—Prince Albert, Saskatchewan
Adams, Helen—Collingwood, Ontario
Addington, Charles—London, Ontario
Adler, Simon—Kitchener, Ontario
Advisory Council on the Status of Women—Ottawa, Ontario
Affiliation of Multicultural Societies of British Columbia—Kamloops, British Columbia
Afro-Asian Foundation of Canada—Montreal, Quebec
Agarwal, S.C.—Mississauga, Ontario
Agudath, Israël—Toronto, Ontario
Aird, Deborah—London, Ontario
Aird, Paul L.—Toronto, Ontario
Albert, J.M.—Vancouver, B.C.
Alberta Chamber of Commerce—Edmonton, Alberta
Alberta Committee of Action Groups of the Disabled—Calgary, Alberta
Alberta Lesbian and Gay Rights Association—Edmonton, Alberta
Alberta Liberal Party—Calgary, Alberta
Alberta New Democratic Party—Edmonton, Alberta
Alberta Public Policy Committee—Edmonton, Alberta
Alberta Real Estate Association—Calgary, Alberta
Alberta Status of Women Action Committee—Edmonton, Alberta
Alberta Women for Constitution Change—Calgary, Alberta
Albo, Carol—Rossland, British Columbia
Alcock, Stuart—Vancouver, British Columbia
Aldwinckle, Mary C.—Ottawa, Ontario
Algonquin Council—Val d'Or, Quebec
Allen, H.—Ouathiaski Cove, British Columbia
Alliance for Life—Winnipeg, Manitoba
Allier, Irène—Montreal, Quebec
Allison, E.F.—Calgary, Alberta
Allistone, Ernie F.—Vancouver, British Columbia
Amdur, Reuel S.—Toronto, Ontario
Amys, John Hewitt—Toronto, Ontario
Anderson, Bruce W.—Fredericton, New Brunswick
Anderson Lake Band—D'Arcy, British Columbia
Andrews, Ralph—Edmonton, Alberta
Anglican Church of Canada—Toronto, Ontario
Anglican Church of Canada—London, Ontario
Angus, J.F.—Calgary, Alberta
Ardito, Ann
Ardito, Dorothy
Ardito, John E.
Ardito, Mary
Ardito, Paul J.
Ardito, Paul M.
Archer, R. Douglas—Vancouver, British Columbia
Armitage, D.P.—Brampton, Ontario
Armstrong, Ralph C.—Edmonton, Alberta
Assad, Jocelyne
Asselstine, Asta—Winnipeg, Manitoba
"Assemblée nationale du Québec"—Quebec, Quebec
Associated Disabled Persons of B.C.—Victoria, British Columbia
"Association des francophones du Nord-Ouest de l'Ontario"—Thunder Bay, Ontario
Association of Catholic Parents (English Section) of the Stormont, Dundas, Glengarry Board of Education—Ottawa, Ontario
"Association canadienne-française de l'Ontario, Conseil régional des Milles-Îles"—Kingston, Ontario
Association of Canadian Clubs—Ottawa, Ontario
"Association canadienne d'éducation de langue française"
"Association canadienne française de l'Alberta—Edmonton, Alberta
ACFO—Windsor, Ontario
ACFO—Cornwall, Ontario
ACFO—Ottawa, Ontario
"Association Culturelle Franco-Canadienne de la Saskatchewan—Regina, Saskatchewan
"Association des francophones du Nord-Ouest de l'Ontario"—Thunder Bay, Ontario
Association of Gay Social Service Workers—Toronto, Ontario
Association of Iroquois and Allied Indians—Wallaceburg, Ontario
"Association des juristes d'expression française de l'Ontario"—Ottawa, Ontario
Association of Metis and Non-Status Indians of Saskatchewan—Regina, Saskatchewan
"Association Progressiste Conservatrice Fédérale du Québec"—Montreal, Quebec
Athabaska Chipewyan Band 201—Fort Chipewyan, Alberta
Atkinson College Council—Downsview, Ontario
Atlantic Provinces Economic Council—Halifax, Nova Scotia
Attikamek Montagnais Council—Village des Hurons, Quebec
Aultman, Richard—Powassan, Ontario
Aultman, Ruth—Powassan, Ontario
Austin, G.H.—Calgary, Alberta

Austman, Linda—Calgary, Alberta
Awan, Sadig Noor Alan—Ottawa, Ontario

- B -

Baechler, F.E.—Powassan, Ontario
Baer, Ted J.—Calgary, Alberta
Baig, B. Lee—Thunder Bay, Ontario
Bailey, Walter S.—Toronto, Ontario
Baker, Bryan J.N.—Don Mills, Ontario
Baker, Norman—Regina, Saskatchewan
The Baltic Federation in Canada—Toronto, Ontario
Barabas, Joe—Guelph, Ontario
Barber-Starkey, Joe—Victoria, British Columbia
Barclay, Donald R.—Kitchener, Ontario
Barclay, Eric H.—Pickering, Ontario
Baril, Yves Réginald—Ottawa, Ontario
Barker, Harold W.—Scarborough, Ontario
Barman, Teresa—London, Ontario
Barrett, Bernice—Oshawa, Ontario
Barth, Joe—London, Ontario
Barrett, Erica—North Vancouver, British Columbia
Bartholomew, Michael—Ottawa, Ontario
Basavarajappa, K.G.—Nepean, Ontario
Basilian Fathers—Toronto, Ontario
Bawden, Edward—Montreal, Quebec
Bearcroft, Norma—Salmon Arm, British Columbia
Beaton, Floyd M.—Powassan, Ontario
Beaton, John W. (Mr. & Mrs.)—Ajax, Ontario
Beaudry, Diane—St. Thomas, Ontario
Beaujot, Roderic—London, Ontario
Beauvais, Jean-Claude & Lisette—Hull, Quebec
Beazley, Dorothy—Calgary, Alberta
Beckton, Clare F.—Halifax, Nova Scotia
Bédard, Daniel—Armstrong, British Columbia
Beecher Bay Band—Nanaimo, British Columbia
Beecher, Leo P.—Toronto, Ontario
Beesley, Ken B.—Vancouver, British Columbia
Beeston, H.C.—Downsview, Ontario
Beeston, Marion—Downsview, Ontario
Beke, A. John—Regina, Saskatchewan
Béland, André—Beauport, Quebec
Belfry, Rob—London, Ontario
Belkin, Elliott J.—Vancouver, British Columbia
Bell, Jim—Calgary, Alberta
Bell, Ronald G.—Peterborough, Ontario
Bennett, Ferne—Toronto, Ontario
Benson, Quennie & Robert—Toronto, Ontario
Benton, S.B.—Fredericton, New Brunswick
Bentz, Peter—Thunder Bay, Ontario
Berdan, Jack—Alvinston, Ontario
Berg, John H.—Calgary, Alberta
Berge, Anne & Lawrence—Pickering, Ontario
Bernard, H.H.—London, Ontario
Bernarz, John—Iroquois Falls, Ontario
Bertrand, Daniel—Dorval, Quebec
Bible Holiness Movement—Vancouver, British Columbia
Bickis, Mikelis G.—Ottawa, Ontario
Biggs, Evelyn V.—White Rock, British Columbia
Birch, G.S.—Calgary, Alberta
Bird, William E.—Belleville, Ontario
Black, William—Vancouver, British Columbia
Blakely, H.C.—Regina, Saskatchewan
Blind Organization of Ontario with Selfhelp Tactics—Toronto, Ontario
Blitstein, G.—Aldergrove, British Columbia
Blueberry Band—Blueberry Reserve, British Columbia
Board of Education for the City of Toronto—Toronto, Ontario
Bob, Wannita—Vedder Crossing, Manitoba
Bockmann, Walter—Toronto, Ontario
Boehm, Arnold H.—Ottawa, Ontario
Boehnke, Richard—Islington, Ontario
Boivin, Pierre—Quebec, Quebec
Bolwerk, Peter—Powassan, Ontario
Bordeleau, André G.—Guelph, Ontario
Borough of Etobicoke—Etobicoke, Ontario
Boucher, Ken—Mission, British Columbia
Boucher, Lillian—Ottawa, Ontario
Boucquez, Doug—Cobourg, Ontario
Bourget, Clément—Montreal, Quebec
Bouri, Mary
Bouri, Terry
Bowyer, Joseph—Windsor, Ontario
Boyle, Merrijane—St. Paul, New Brunswick
Boyle, Theresa M.—Mississauga, Ontario
Bradford, Art—Orillia, Ontario
Braunberger, H.A.—Orleans, Ontario
Brennan, J.—Islington, Ontario
Brewis, D.W.—Victoria, British Columbia
Briggs, Robert S.B.B.—Surrey, British Columbia
Brisbin, J.E.—Three Hills, Alberta
British Columbia Chamber of Commerce—Vancouver, British Columbia
British Columbia Civil Liberties Association—Vancouver, British Columbia
British Columbia Federation of Labour—Burnaby, British Columbia
British Columbia Human Rights Symposium—Vernon, British Columbia
British Columbia Medical Association—Vancouver, British Columbia
British Columbia Provincial Council of Carpenters—Vancouver, British Columbia
Britton, Sid H.—Aurora, Ontario

Brock, Georgia—Port Perry, Ontario
Brooks, Kathleen—London, Ontario
Brooks, Lorne—Calgary, Alberta
Brooks, Phillip—Fort Saskatchewan, Alberta
Brooymans, Mary Ann—Port Stanley, Ontario
Brow, Betty—Vancouver, British Columbia
Brown, Anne J.—Calgary, Alberta
Brown, Helen R.—Saskatoon, Saskatchewan
Browne, G.P.—Ottawa, Ontario
Brunelle, Jacques M.—Sudbury, Ontario
Bruning, O.H.—Swift Current, Saskatchewan
Brunton, Richard—Ottawa, Ontario
Brunton, William—Simcoe, Ontario
Bryson, Peter M.—Halifax, Nova Scotia
Bubar, S.L.—Midway, British Columbia
Buck, Frank—Lantzville, British Columbia
Buck, Zena—Lantzville, British Columbia
Bufton, Audrey—Ottawa, Ontario
Burness, James N.—Lethbridge, Alberta
Burrard Indian Band—North Vancouver, British Columbia
Busby, William C.—Scarborough, Ontario
Business Council on National Issues—Toronto, Ontario
Bustard, Ernest E.—Oakville, Ontario
Butler, David E.—Calgary, Alberta
Buttery, J.W.L.—Galiano, British Columbia
Bydwell, Howard William—Kingston, Ontario

- C -

Cain, Sandy—Niagara Falls, Ontario
Caldwell, M.C.—Calgary, Alberta
Calgary Action Group of the Disabled—Calgary, Alberta
Calgary Chamber of Commerce—Calgary, Alberta
Calgary Civil Liberties Association—Calgary, Alberta
Camateros, Stylianos—Ste-Foy, Quebec
Cameron, Don—Kamloops, British Columbia
Cameron, Neil—Minnedosa, Manitoba
Cameron, Norma—Ottawa, Ontario
Campaign Life Canada—Edmonton, Alberta
Campbell, A.J.—Nepean, Ontario
Campbell, Dorothy J.—Halifax, Nova Scotia
Campbell, Jean D.—Toronto, Ontario
Campbell, Margaret—Vernon, British Columbia
Campbell, Maurice R.—Vancouver, British Columbia
Campbell, R.—Vernon, British Columbia
Camrose R.C. Separate School District No. 60—Camrose, Alberta
Canada West Foundation—Calgary, Alberta
Canadian Abortion Rights Action League (CARAL)—Toronto, Ontario
Canadian Association of Chiefs of Police—Ottawa, Ontario
Canadian Association of Crown Counsel—Toronto, Ontario
Canadian Association of Lesbians and Gay Men—Ottawa, Ontario
Canadian Association for the Mentally Retarded—Downsview (Toronto), Ontario
Canadian Association for the Prevention of Crime—Ottawa, Ontario
Canadian Association of Schools of Social Work—Ottawa, Ontario
Canadian Association of Social Workers—Ottawa, Ontario
Canadian Bar Association—Ottawa, Ontario
Canadian Bar Association—B.C. Branch
Canadian Bureau of the North American Jewish Students' Network—Toronto, Ontario
Canadian Catholic School Trustees Association—Toronto, Ontario
Canadian Cattle Consultants—Calgary, Alberta
Canadian Chamber of Commerce—Montreal, Quebec
Canadian Citizens Constitution Committee—Calgary, Alberta
Canadian Citizenship Federation—Ottawa, Ontario
Canadian Civil Liberties Association—Toronto, Ontario
Canadian Committee for the International Union for Conservation of Nature and Natural Resources—Ottawa, Ontario
Canadian Committee on Learning Opportunities for Women—Toronto, Ontario
Canadian Conference of the Arts—Ottawa, Ontario
Canadian Conference of Catholic Bishops—Ottawa, Ontario
Canadian Conference on Religion and World Peace—Toronto, Ontario
Canadian Congress for Learning Opportunities for Women—Toronto, Ontario
Canadian Connection—Ottawa, Ontario
Canadian Consultative Council on Multiculturalism—Edmonton, Alberta
Canadian Co-ordinating Council of Deafness—Ottawa, Ontario
Canadian Copyright Institute—Toronto, Ontario
Canadian Council of the Blind—London, Ontario
Canadian Council on Children and Youth—Ottawa, Ontario
Canadian Council of Christians and Jews—Vancouver, British Columbia
Canadian Council for Exceptional Children—Vancouver, British Columbia
Canadian Council on Social Development—Ottawa, Ontario
Canadian Crafts Council—Ottawa, Ontario
Canadian Federation of Business and Professional Women's Clubs—Ottawa, Ontario
Canadian Federation of Civil Liberties and Human Rights Associations—Ottawa, Ontario
Canadian Federation of University Women—Toronto, Ontario
Canadian Health Coalition—Ottawa, Ontario
Canadian Forestry Association—Ottawa, Ontario
Canadian Home Economics Association—Ottawa, Ontario

Canadian Human Rights Commission—Ottawa, Ontario
Canadian Human Rights Foundation—Montreal, Quebec
Canadian Indian Lawyers' Association—Regina, Saskatchewan
Canadian Jewish Congress—Montreal, Quebec
Canadian Labour Congress—Ottawa, Ontario
Canadian League of Rights—Flesherton, Ontario
Canadian Life Insurance Association—Toronto, Ontario
Canadian Mental Health Association—Toronto, Ontario
Canadian National Institute for the Blind—Toronto, Ontario
Canadian Organization of Small Business—Edmonton, Alberta
Canadian Paraplegic Association—Toronto, Ontario
Canadian Parents for French—Ottawa, Ontario
Canadian Parents for French, Alberta Branch—Calgary, Alberta
Canadian Physicians for Life—Hamilton, Ontario
Canadian Polish Congress—Toronto, Ontario
Canadian Protestant League—London, Ontario
Canadian Real Estate Association—Don Mills (Toronto), Ontario
Canadian Rehabilitation Council for the Disabled—Toronto, Ontario
Canadian Slovak League—Ottawa, Ontario
Canadian Society for Professional Engineers—Toronto, Ontario
Canadian Sebobran—Hamilton, Ontario
Canadian Teachers' Federation—Ottawa, Ontario
Canadians for Canada—Grafton, Ontario
Canadians in Defence of Labour Rights—Toronto, Ontario
Canadians for One Canada—Winnipeg, Manitoba
Canadians for Responsible Government—Ottawa, Ontario
Canadians United for Separation of Church and State—Vancouver, British Columbia
Cape Breton Right to Life—Sydney, Nova Scotia
Carbonneau, Louis-Roy—Quebec, Quebec
Cardinal Léger Secondary School—Brampton, Ontario
Carmichael, Dolina A.—Edmonton, Alberta
Carrier, Jean—Thetford Mines, Quebec
Carroll, Joseph P.—Ajax, Ontario
Carruthers, Allan—Vancouver, British Columbia
Carruthers, Joanne—Cambridge, Ontario
Carson, William—Vancouver, British Columbia
Carson, Kathleen—Vancouver, British Columbia
Carson, Andrew R.—Vancouver, British Columbia
Caswell, Gay White—Saskatoon, Saskatchewan
Catholic Women's League of Canada—Winnipeg, Manitoba
Catholic Women's League of Canada, Sault Ste-Marie Regional Council—Sault Ste-Marie, Ontario
Celentano, Shirley—North Bay, Ontario
Centre for Continuing Education—Halifax, Nova Scotia
Chahley, William—Rothesay, New Brunswick
Chataway, Peter J.—Kelowna, British Columbia
Cheslatta Band—Cheslatta Indian Reserve, British Columbia
Cheston, Bruce & Linda—Regina, Saskatchewan
"Chevaliers de Colomb, Conseil no 6881"—Clarence Creek, Ontario
Childs, Fred & family—Calgary, Alberta
Chillingworth, N. Lorraine—Nepean, Ontario
Chinese Benevolent Association of Vancouver—Vancouver, British Columbia
Chinese-Canadian Council for Equality—Vancouver, British Columbia
Chipmen, H.R.—Halifax, Nova Scotia
Chippendale, Anne—Calgary, Alberta
Christian Labour Association of Canada—Rexdale (Toronto), Ontario
Christian Reformed Church of Williamsburg—Williamsburg, Ontario
Christian Science Committee on Publication for Ontario—Toronto, Ontario
Christian Science Federal Representative for Canada—Toronto, Ontario
Christian, William—Guelph, Ontario
Church, Betty—Brampton, Ontario
Church of Jesus-Christ of Latter Day Saints—Toronto, Ontario
Citizens' Advisory Council of the West Island of Montreal—Montreal, Quebec
Citizens Association to Save the Environment—Victoria, British Columbia
The Citizens for More Time Committee—Vernon, British Columbia
Clancy, Dorothy C.—Edmonton, Alberta
Clark, Keiron—Toronto, Ontario
Clark, Lynda-Anne—Ottawa, Ontario
Clarke, Alan—Ottawa, Ontario
Clarke, Anne—Victoria, British Columbia
Cleveland, George—McGrath, Alberta
Cloutier, Denys—Sherbrooke, Quebec
Cloutier, Edouard—Montreal, Quebec
Coalition for the Protection of Human Life—Toronto, Ontario
Coalition of Provincial Organizations of the Handicapped—Winnipeg, Manitoba
Coats, David—Ajax, Ontario
Coates, H. (Mr. & Mrs.)—Prince George, British Columbia
Codling, Doug (Pastor)—Richmond, British Columbia
Cohen, Maxwell—Ottawa, Ontario
Coldstream Friends Meeting—Ilderton, Ontario
Coldwater Indian Reserve—Merritt, British Columbia
Coley, V.H.—Edmonton, Alberta
Coll, Philip—Guelph, Ontario
Collie, Ronald A.—Calgary, Alberta
Collins, John E.—Calgary, Alberta

Collyer, Muriel—Leamington, Ontario
Colwill-Maddock, M.—Muskoka Lake, Ontario
"Comité Consultatif de langue française, comté de Simcoe"—Penetanguishene, Ontario
"Le Comité Culturel d'Oshawa—Oshawa, Ontario
Commission on Legislation and Civic Action of Agudath Israel of Canada—Toronto, Ontario
Commissioner of Official Languages—Ottawa, Ontario
Committee of the Council of Disabled (National Capital Region)—Ottawa, Ontario
Committee of Canadian Communists—Regina, Saskatchewan
Committee of Canadian Communists, Vancouver Branch—Vancouver, British Columbia
Committee for Constitutional Awareness—Mississauga, Ontario
Committee to Democratize the Constitutional Debate—Toronto, Ontario
Committee for Justice and Liberty Foundation—Toronto, Ontario
Committee for Racial Equality—Toronto, Ontario
Committee for Racial Justice—Vancouver, British Columbia
Communist Party of Canada—Toronto, Ontario
Community Business and Professional Association—Vancouver, British Columbia
Concerned Citizens of Toronto—Toronto, Ontario
Congress of Linguists—Winnipeg, Manitoba
Conklin, W. E.—Windsor, Ontario
Connely, Michael—Toronto, Ontario
Conroy, John W.—Mission, British Columbia
"Conseil francophone de planification scolaire d'Ottawa-Carleton"—Ottawa, Ontario
"Conseil de la langue française du Québec"—Quebec, Quebec
"Conseil de vie française"—Cornwall, Ontario
Conservation Council of Ontario—Toronto, Ontario
Cook, Ernest—Powassan, Ontario
Cook, Lillian—Powassan, Ontario
Conway, Terry J.—Windsor, Ontario
Cooke, Ellen—Winnipeg, Manitoba
Cooper, K. Eilleen—Calgary, Alberta
Corcoran, Catherine—Islington, Ontario
Corcoran, Don—Islington, Ontario
Corcoran, Marg—Islington, Ontario
Corcoran, Pat—Islington, Ontario
The Corporation of the Brothers of the Sacred Heart of Ontario—Ottawa, Ontario
Costly, Anne and family—Burnaby, British Columbia
Côté, René—Laval, Quebec
Coulter, L.A.
Council for Canadian Unity—Montreal, Quebec
Council of Christian Reformed Churches in Canada—Burlington, Ontario
Council for Exceptional Children, Quebec Chapter No. 475—Quebec, Quebec
Council of India Societies of Edmonton—Edmonton, Alberta
Council of Muslim Communities of Canada—Ottawa, Ontario
Council of National Ethnocultural Organizations of Canada—Toronto, Ontario
Council of the Quatsino Band—Quatsino Subdivision No. 18—British Columbia
Council of Quebec Minorities—Montreal, Quebec
Council of the Skookumchuck Band—Mission, British Columbia
Council for Yukon Indians—Whitehorse, Yukon
Cousins, Fred T.—Calgary, Alberta
Coutts, Thelma—Powassan, Ontario
Covey, W.—Chilliwack, British Columbia
Cowichan Band Council—Duncan, British Columbia
Coxon, Laura—Milverton, Ontario
Crawford-Craft, Hazel—Toronto, Ontario
Creed, George E.—Stoney Creek, Ontario
Creighton, Mary Martha—Tantallon, Nova Scotia
Crow, Stanley—Don Mills, Ontario
Crowe, Dolores—Saskatoon, Saskatchewan
Curran, Thomas H.—Halifax, Nova Scotia
Currie, D.V.—Edmonton, Alberta
Currier, N.—Nanaimo, British Columbia
Czechoslovak Ethnic Community—Edmonton, Alberta

- D -

Daigle, Kathleen B.—Whitby, Ontario
Daigle, Yvon—Sherbrooke, Quebec
Dalcourt, Madeleine—Fenwick, Ontario
Danskin, Ruby—Burnaby, British Columbia
Darrach, Ian G.—Halifax, Nova Scotia
Davis, Jack—Victoria, British Columbia
Dawe, Douglas—Ottawa, Ontario
Dawe, H.W.—Ottawa, Ontario
Day, Jean—Sarnia, Ontario
Dean, Lewis—Halifax, Nova Scotia
Degoey, Josephine—Leamington, Ontario
Dekler, David—Ottawa, Ontario
Dejesus, John M.—North Vancouver, British Columbia
de Lasala, Jennifer—Ottawa, Ontario
de Net, Va—Delhi
Denominational Education Committee of Newfoundland—St. John's, Newfoundland
den Ouden, Marco—Coquitlam, British Columbia
Diebe, W.—Heffley Creek, British Columbia
Dignity Canada Dignité—Winnipeg, Manitoba
Dignity Edmonton Dignité—Edmonton, Alberta
Dignity Ottawa Dignité—Ottawa, Ontario
Dinnide, Howard—Weston, Ontario

Dinniwell, Donna—London, Ontario
Dion, Léon—Quebec, Quebec
Dionne, Albert—Ste-Foy, Quebec
Dionne, François—Cap-Rouge, Quebec
"Direction Jeunesse"—Ottawa, Ontario
"Divertissements Emprise Inc."—Montreal, Quebec
Doherty, M. M.—Penetanguishene, Ontario
Doig River Band Fort St. John & Prince George District—Doig River Reserve, British Columbia
The Dominion of Canada English Speaking Association—Dorchester, New Brunswick
Dominion of Canada Party—Calgary, Alberta
Donald, G. Cameron—Edmonton, Alberta
Doswell, James W.—Oshawa, Ontario
Doull, J. A.—Halifax, Nova Scotia
Dove, Elizabeth—Kingston, Ontario
Drewer, J.—Edmonton, Alberta
Driedger, Elmer A.—Ottawa, Ontario
Duda, Michael—Halifax, Nova Scotia
Duffy, Rena—Willowdale, Ontario
Duguid, Alan T.—Calgary, Alberta
Dumontet, Elizabeth—Saskatoon, Saskatchewan
Dunbarton-Fairport United Church—Pickering, Ontario
Duncan, MacDonald W.—London, Ontario
Dunne, Patrick B.—St. John's, Newfoundland
Duriez, Donald G.—Whitehorse, Yukon
Dyck, John E.—Halifax, Nova Scotia

- E -

Eastman Wynne—Waterloo, Ontario
Eayrs, Jonathan—Halifax, Nova Scotia
Edmonds, Hilda L.—Edmonton, Alberta
Edwards, David R.—Consort, Alberta
Egerton Baptist Church—London Ontario
"Église La Mission Chrétienne Évangélique"—Ste-Julie-de-Verchères, Quebec
Eley, L. S.—Regina, Saskatchewan
Ellis, G. L. T.—Stevensville, Ontario
Ellis, John—Hamilton, Ontario
Emberley, Kenneth— Winnipeg, Manitoba
Emergency Committee for the Defence of Religious Rights—Guelph, Ontario
Empire Loyalists Association (Governor Simcoe Branch)—Toronto, Ontario
Employers' Council of British Columbia—Vancouver, British Columbia
Employers' Council of Quebec—Montreal, Quebec
The Engineering Institute of Canada and its Constituent Societies—Montreal, Quebec
English, F. W.—Trail, British Columbia
Enright, E. Marie—Saskatoon, Saskatchewan
Ermacora, Marco—Montreal, Quebec
Esmonde-White, Robin—Charlottetown, Prince Edward Island
Etienne, Cindy—Cache Creek, British Columbia
Etienne, Gerald—Cache Creek, British Columbia
Euverman, Anne—Salmon Arm, British Columbia
Evans, Bernard—Yarker, Ontario
Evans, Helga—Coquitlam, British Columbia
Evans, Lucylle E.—Vancouver, British Columbia
Evans, W. D.—Calgary, Alberta
"L'Express de la Constitution"—Ottawa, Ontario

- F -

Falconer, H. M.—Toronto, Ontario
Falconer, Janet—Chase, British Columbia
The Family Life Bureau—St. John's, Newfoundland
The Fane of the Psilocybe Mushroom—Victoria, British Columbia
Farrell, James H.—Toronto, Ontario
Faucher, Jean-Charles—Outremont, Quebec
Fearn, Gordon, F. N.—Edmonton, Alberta
Federated Anti-Poverty Group of B. C.—Abbotsford, British Columbia
Federated Women's Institutes of Canada—Ottawa, Ontario
"La Fédération des Associations de Parents et d'Instituteurs de Langue Française d'Ontario"—Ottawa, Ontario
"La Fédération des Femmes Canadiennes-Françaises"—Oshawa, Ontario
"La Fédération des Francophones Hors Québec"—Ottawa, Ontario
Federation of Canadian Municipalities—Ottawa, Ontario
Federation of Catholic Parent-Teacher Associations of Ontario—Ottawa, Ontario
The Federation of Chinese Canadian Professionals (Ontario)—Toronto, Ontario
Federation of Independent Schools in Canada—Vancouver, British Columbia
Federation of Saskatchewan Indians—Prince Albert, Saskatchewan
Felhaleer, Carl (Mrs.)—Leamington, Ontario
Felsen, Marjorie—Victoria, British Columbia
Ferguson, Hugh J.—Chesley, Ontario
Fernandes, B. L.—Scarborough, Ontario
Ferrazzi, Giuseppe—Cambridge, Ontario
Fields, Harvey J. (Rabbi)—Toronto, Ontario
Filips, J. E.—Vancouver, British Columbia
Filliter, David F.—Saint John, New Brunswick
Finlayson, R.—Scarborough, Ontario
Finnish-Canadian Cultural Federation—Toronto, Ontario
Fish, J. R.—Calgary, Alberta
Fisher, Gabriella DuVernet—Toronto, Ontario
Fitzmaurice, Peter J.—Bracebridge, Ontario
Fleming, M. L.—Midnapau, Alberta

Flis, Jesse P.—Ottawa, Ontario
Ford, Austin H.—Calgary, Alberta
Ford, Barbara A.—Calgary, Alberta
Ford, Dorothy—Brooks, Alberta
Forest, Georges—St. Boniface, Manitoba
Forsey, Eugene A.—Ottawa, Ontario
Forsyth, Margaret—Wolfville, Nova Scotia
Fortier, Jacques—Ste-Foy, Quebec
Fowler, Wendy P.—Oakville, Ontario
Fox, Jean G.—Calgary, Alberta
Fraser, Carol M.—Calgary, Alberta
Fraser, John A. (Hon.)—Ottawa, Ontario
Fraser Lake Band—Fort Fraser, British Columbia
Fraser, Lewis (Mr. & Mrs.)—Mississauga, Ontario
Fraser, Neil A.—Sydenham, Ontario
Freedom of Choice Movement—Montreal, Quebec
Freedom of Choice Party—Montreal, Quebec
Freeman, R. F.—Ottawa, Ontario
French Association of Ontario School Boards—Ottawa, Ontario
Frey, John—Edmonton, Alberta
Frieser, Ann—Steinbach, Manitoba
Fulcher, James S.—Ottawa, Ontario
Furlong, T. E.—St. John's, Newfoundland

- G -

Gaasenbeek, Karen B.—London, Ontario
Gambit Games—Chatham, Ontario
Garahan, Jim & Kathie—New Liskeard, Ontario
Gardner, J. Y.—Peackland, British Columbia
Garland, J. M. Boyd—Regina, Saskatchewan
Garrison, Philip—Montreal, Quebec
Gaspirc, Cyril & Marina—St. Thomas, Ontario
Gay Fathers of Toronto—Toronto, Ontario
Gentry, Peter—Petawawa, Ontario
Geraets, Théodore F.—Ottawa, Ontario
The German Canadian Club of Red Deer—Red Deer, Alberta
German-Canadian Committee on the Constitution—Ottawa, Ontario
Gibson, Alan J.—Calgary, Alberta
Gibson, Everett—Powassan, Ontario
Gibson, Gertrude, Powassan, Ontario
Gierutto, Helena—Toronto, Ontario
Gilbert, Marc—Montreal, Quebec
Gillate, Sidney F.—Penticton, British Columbia
Gilley, Donald R.—Calgary, Alberta
Gitanmaax Band Council—Hazelton, British Columbia
Gitksan-Carrier Tribal Council—Hazelton, British Columbia
Glass, J. G.—Calgary, Alberta
Goddard, Ruth—Cambridge, Ontario
Goddard, Teresa—Cambridge, Ontario
Godwin, G.—Calgary, Alberta
Good, I.—Cambridge, Ontario
Gordon, Bill—Calgary, Alberta
Gordon, Frances—Calgary, Alberta
Gorman, Ruth—Calgary, Alberta
Gorman, Ruth (Dr.)—Calgary, Alberta
Goulden, L. N.—Edmonton, Alberta
"Gouvernement du Québec Constitution Express No. 2, No. 3"—Quebec, Quebec
Government of Alberta—Edmonton, Alberta
Government of British Columbia—Victoria, British Columbia
Government of New Brunswick—Fredericton, New Brunswick
Government of Manitoba—Winnipeg, Manitoba
Government of the Northwest Territories—Yellowknife, Northwest Territories
Government of Nova Scotia—Halifax, Nova Scotia
Government of Prince Edward Island—Charlottetown, Prince Edward Island
Government of Saskatchewan—Regina, Saskatchewan
Government of Yukon—Whitehorse, Yukon
Gralnoski, Joseph A.—Powassan, Ontario
Grand Council Treaty No. 3—Kenora, Ontario
Grand Council Treaty No. 9—Timmins, Ontario
Grand Orange Lodge of Canada—Fredericton, New Brunswick
Grant, Hugh—Toronto, Ontario
Graves, Joseph—Hamilton, Ontario
Grayson, Thomas B.—Scarborough, Ontario
Green, Sidney—Winnipeg, Manitoba
Greene, Ian—Parson, British Columbia
Greenfield, Robert S.—Metcalfe, Ontario
Greenwood, F. Murray—Vancouver, British Columbia
Griffiths, Ruth—Prince Albert, Saskatchewan
Grolle, E. Hendrik—Regina, Saskatchewan
Group for Survival—Saskatoon, Saskatchewan
Grygier, Tadeusz—Ottawa, Ontario
Guttne, Nancy—Calgary, Alberta

- H -

Haddock, Yoland—Fernie, British Columbia
Hagwilget Band Council—New Hazelton, British Columbia
Hall, Fred—Longbow Lake Post Office, Ontario
Hall, Terry—Ottawa, Ontario
Hamilton, Ernest—Forthill, Ontario
Hamilton, Elinor—Forthill, Ontario
Hamilton, Gordon—Kelowna, British Columbia
Hamilton, W. D.—Fredericton, New Brunswick
Hammond, Jessie L.—West Vancouver, British Columbia
Hann, Ray—Winnipeg, Manitoba
Hansen, Albert—Wasaga Beach, Ontario
Hanson, Brian—Calgary, Alberta

Harder, Agatha—Ottawa, Ontario
Harder, Cornelius—Ottawa, Ontario
Hardy, Helen—Toronto, Ontario
Harris, William—London, Ontario
Hart, S. W. D.—Picton, Ontario
Hart, W. J.—Willowdale, Ontario
Harvie, André—Calgary, Alberta
Hatfield, H. R.—Penticton, British Columbia
Hauck, Margaret—Kitchener, Ontario
Hawkesworth, Bob—Calgary, Alberta
Haworth, D.—Aurora, Ontario
Hay, Joan A.—Port Alberni, British Columbia
Hay, W.—Winnipeg, Manitoba
Hayward, R. B.—Halifax, Nova Scotia
Heeney, Dennis H.—Brandon, Manitoba
Henderson, Anna—Toronto, Ontario
Henderson, Luci—Duntroon, Ontario
Hennessy, Peter H.—Elginburg, Ontario
Henry, Penny—Vedder Crossing, British Columbia
Herring, Joyce—Calgary, Alberta
Higgins, Catherine L.—Islington, Ontario
Higgins, Catherine M.—Islington, Ontario
Higgins, Jerome—Islington, Ontario
Higgins, John A.—Islington, Ontario
Higgins, John P.—Islington, Ontario
Higgins, Mary Jane—Islington, Ontario
Hill, James Thomas—Sudbury, Ontario
Hillyer, Fred—Cardston, Alberta
Hind, M.—Calgary, Alberta
Hind, Peter—Calgary, Alberta
Hodgins, Barbara L.—Calgary, Alberta
Hodgson, W. George—Lindsay, Ontario
Hogan, William (Mrs.)—Powassan, Ontario
Hogg, Peter W.—Downsview, Ontario
Hogg, R.—Kelowna, British Columbia
Hollinger, Benjamin—Pembroke, Ontario
Holmes, Mildred V.—Sutton West, Ontario
Holy, Mary—Pickering, Ontario
Hooten, J. A.—Calgary, Alberta
Hooten, Maureen—Calgary, Alberta
Hooten, N. R.—Calgary, Alberta
Horton, Harry—Windsor, Ontario
Hough, Barbara J.—Halifax, Nova Scotia
Houle, Patricia—Sarnia, Ontario
Howard, Susan A.—Sarnia, Ontario
Howard, T. P.—Calgary, Alberta
Howden, Peter H.—Barrie, Ontario
Howe, Glen—Toronto, Ontario
Hubka, Brian F.—Coleman, Alberta
Hubscher, Frank Fred—Toronto, Ontario
Hughes, Ken—Edmonton, Alberta
Human Action to Limit Taxes (HALT)—Vancouver, British Columbia
Human Rights Institute of Canada—Ottawa, Ontario
Hummel, Dorothy—Powassan, Ontario
Hummel, Joe—Powassan, Ontario
Humphries, A. J.—Vancouver, British Columbia
Hunt, Glenda—Red Deer, Alberta
Hunt, G. Patrick—Mount Uniacke, Nova Scotia
Hunter, Allan D.—Calgary, Alberta
Husby, Philip J.—Winnipeg, Manitoba
Hutchings, Gertrude—High River, Alberta
Hypher, R. P.—Carrying Place, Ontario

- I -

Ibbitson, Clayton—Powassan, Ontario
Ibbitson, Jean—Powassan, Ontario
Iervella, Silvana—Calgary, Alberta
Ifejika, Samuel U.—Toronto, Ontario
Indian Association of Alberta—Edmonton, Alberta
Indian Constitution Express—Ottawa, Ontario
Indian Rights for Indian Women—Edmonton, Alberta
Indo-Canadian Society of Alberta—Edmonton, Alberta
"Info Pop"—Montreal, Quebec
Innes, Eugene W.—Regina, Saskatchewan
International Council of Sikhs—Toronto, Ontario
The International Ombudsman Institute—Edmonton, Alberta
Inuit Committee on National Issues—Ottawa, Ontario
Ireland, V.—Toronto, Ontario
Irvin, George—Dorchester, Ontario
Ivanochko, Bob—Regina, Saskatchewan
Iwanus, Jaroslaw (Jerry)—Edmonton, Alberta

- J -

Jackson, Arthur S.—Ottawa, Ontario
Jackson, F. L.—St. John's, Newfoundland
Jacob, O.—Oshawa, Ontario
Jaeger, Martin—Toronto, Ontario
James, Norman G.—Burlington, Ontario
Janda, Richard A.—Toronto, Ontario
Jansen, Russell—Kelowna, British Columbia
Jarionsynski, Witold—Warszawa, Poland
Jewitt, Brian—Ottawa, Ontario
Jimmie, Sam—Sardis, British Columbia
Johnson, Calven—Estevan, Saskatchewan
Johnson Chris—St. John, New Brunswick
Johnson, H. S.—Oakville, Ontario
Johnston, Terry L.—Edmonton, Alberta
Johnston, William C.—Burlington, Ontario
Johnstone, D. G.—Hamilton, Ontario
Jones, David G.—Fort McMurray, Alberta
Jones, T. P.—Ottawa, Ontario

Jorlin, Don—Calgary, Alberta
Joynt, C. S.—Calgary, Alberta
Judd, Anne—Port Elgin, Ontario
Julia, Sister M.—London, Ontario
Julian, Glenn E.—Kitchener, Ontario

- K -

Kabut, Ursula—Brooks, Alberta
Kaiser, K.—Edmonton, Alberta
Kallion, R.—Thunder Bay, Ontario
Kane, Cecce—Salmon Arm, British Columbia
Kane, Sally—Salmon Arm, British Columbia
Kay, Roy—New Westminster, British Columbia
Kear, A. R.—Winnipeg, Manitoba
Keevil, Scott—Oakville, Ontario
Kelly, Allan A.—Thunder Bay, Ontario
Kelly, Margaret—Trout Creek, Ontario
Kelly, Mary—Powassan, Ontario
Kelly, Maureen—London, Ontario
Kemp, Fred D. V.—Calgary, Alberta
Kennedy, Michael P. J.—Saskatoon, Saskatchewan
Kennedy, Sean M.—Montreal, Quebec
Kennedy, Jackson, Irlma—Hamilton, Ontario
Kent, Alan—Toronto, Ontario
Kerigan, A. T.—Hamilton, Ontario
Kerr, A. C. (Mr. & Mrs.)—Burnaby, British Columbia
Kerr, Peter—Victoria, British Columbia
Kerr, Robert W.—Windsor, Ontario
Kieffer, Virginia—Teeswater, Ontario
Kiesman, Clarence—Moosehorn, Manitoba
Killoran, M. Maureen—Hamilton, Ontario
Kim, Mary-Ann—Nepean, Ontario
King, Vivian—Montreal, Quebec
Kirton, N. G.—Calgary, Alberta
Kitchen, Kathryn A.—Cambridge, Ontario
Klarer, Allen—Oakville, Ontario
Klein, Ralph—Calgary, Alberta
Klenman, Norman—Vancouver, British Columbia
Knapp, Bruce H.—Peterborough, Ontario
Knelman, F. H.—Montreal, Quebec
Knights of Columbus (Council 1007)—North Bay, Ontario
Knights of Columbus (Council 1916)—Renfrew, Ontario
Knights of Columbus (Council 2082)—Arnprior, Ontario
Knights of Columbus (Father Doyle Council No. 6745)—Mount Forest, Ontario
Knights of Columbus (Francis Lemieux Council No. 6388)—Longlac, Ontario
Knights of Columbus (Marian Council No. 3881)—Oakville, Ontario
Knights of Columbus (Sacred Heart Council 4120)—Tottenham, Ontario
Kocsis, William—Port Stanley, Ontario
Koning, Jean (Mrs.)—Oldcastle, Ontario
Kootenay Indian Area Council—Cranbrook, British Columbia
Korey, George—Toronto, Ontario
Kostuc5huk, J. A.—Dauphin, Manitoba
Kowal, Donald—Kingston, Ontario
Kraemer, Anne—Walkerton, Ontario
Kraemer, J. Edward—Walkerton, Ontario
Krenz, Cecil—Saskatoon, Saskatchewan
Kuhn, Bernie—St. Thomas, Ontario
Kulmar, E.—Weston, Ontario
Kumar, Prem—Edmonton, Alberta

- L -

LaBerge, Dan—Newcastle, New Brunswick
La Branche, Richard—Montreal, Quebec
Lac La Biche Chamber of Commerce—Lac La Biche, Alberta
Ladouceur, Yvonne—Montreal Quebec
Lafleur, François—Ste-Foy, Quebec
LaForest, Gérard G. V.—Ottawa, Ontario
Laichkwitach State Tribes—Campbell River, British Columbia
Langevin, Celia—Niagara Falls, Ontario
Lapierre, Laurette—Boucherville, Quebec
Lapierre, Yvette—Boucherville, Quebec
Lapp, M. A.—Calgary, Alberta
La Prairie, Vicki—Aylmer Lucerne, Quebec
Larisey, Don—Carleton Place, Ontario
Lauriault, Gary Anthony—Orléans, Ontario
Lavoie, Marie E.—Calgary, Alberta
Laurence, Marilyn L.—Toronto, Ontario
Lawrence, Ross D.—Willowdale, Ontario
Lawson, A. (Mrs.)—Duchess, Alberta
Lawson, Ina—Thunder Bay, Ontario
The Law Union of British Columbia—Vancouver, British Columbia
Laxdal, Walter V. G.—Saskatoon, Saskatchewan
Layman, Pauline—Victoria, British Columbia
Leahy, J. H.—Powassan, Ontario
Leblanc, Sylvio—Cornwall, Ontario
LeBreton, Emilien—Lower Neguac, New Brunswick
Lécuyer, André—Don Mills, Ontario
Lederman, W. R.—Kingston, Ontario
Lee, John C.—St. Catharines, Ontario
Lee-Paget, D. J.—Winnipeg, Manitoba
Leeder, C. E.—Grimsby, Ontario
Leier, Dale Philip—Lethbridge, Alberta
Leighton, Lynn—Markham, Ontario
Leitch, Pauline D.—Thornhill, Ontario
Lemieux, Joseph-Paul-Émile—Mont-Louis, Comté Gaspé, Quebec

Lemire, Sister Mary Carol—Willowdale, Ontario
Lentsch, John J.—Delta, British Columbia
Leon, Robert—Toronto, Ontario
Leuheoct, Biel—Okotoks, Alberta
Levert, J. Raymond—Mississauga, Ontario
Levi, John—Pakenham, Ontario
Leymen, Ken—Vancouver, British Columbia
Lieb, Randy—Swift Current, Saskatchewan
Lippect, Frank—Chepston, Ontario
Lipsett, Edwart H.—Winnipeg, Manitoba
Little, Nina—Vancouver, British Columbia
Lockhart, Andy—Calgary, Alberta
Lockwood, Bette—Calgary, Alberta
Logan, Brian James—Edmonton, Alberta
Logan, Lola—Edmonton, Alberta
London & Middlesex County Roman Catholic Separate School Board—London, Ontario
Long, E. P. M.—Sidney, British Columbia
Longmore, Elizabeth—Calgary, Alberta
Looyen, C. D.—Surrey, British Columbia
Looyen, Claire—Surrey, British Columbia
Lopez, Alicia—St. Thomas, Ontario
Loring, Marian O.—Tangent, Alberta
Lott, David—Ganges, British Columbia
Loughran, Hugh—Mississauga, Ontario
Loughran, Patricia—Mississauga, Ontario
Love, D. V.—Toronto, Ontario
Lovett, Frank J. (Mr. & Mrs.)—Willowdale, Ontario
Lowen, Amy E.—Maple Ridge, British Columbia
Lower Nicola Band—Merritt, British Columbia
Lozanski, Walter R.—Calgary, Alberta
Ludlow, Dennis W.—Don Mills, Ontario
Lussier, Michel—Montreal, Quebec
Lynch, Mike—St. Thomas, Ontario
Lyon, Noel—Kingston, Ontario
Lyons, Robert—Toronto, Ontario
Lysyk, Kenneth M.—Vancouver, British Columbia

- M -

MacKay, A. Wayne—Halifax, Nova Scotia
MacKenzie, Norma S.—Downsview, North York, Ontario
MacKinnon, J. C.—Saskatoon, Saskatchewan
MacLean, John B.—Kingston, Ontario
MacNeil, Malcolm H.—Fredericton, New Brunswick
MacNeill, Dorothy—Port Hawkesbury, Nova Scotia
Macpherson, Jean (Mrs.)—Toronto, Ontario
Madden, Wayne D.—Fort McMurray, Alberta
Magee, D. E.—Barrie, Ontario
Mahaffy, Earle F.—Calgary, Alberta
Mahoney, A. P. (Rev.)—London, Ontario
Malloway, Kathy—Sardis, British Columbia
Malloway, Tony—Sardis, British Columbia
Maloney, Beverley—Marmora, Ontario
Manis, Vincent—Vancouver, British Columbia
Manitoba Association For Rights and Liberties—Winnipeg, Manitoba
Manitoba Association of Friendship Centres Inc.—Winnipeg, Manitoba
Manitoba Association of Women and the Law—Winnipeg, Manitoba
Manitoba Law Union—Winnipeg, Manitoba
Manitoba Office of the Ombudsman—Winnipeg, Manitoba
Manitoba Parents for Ukrainian Education Inc.—Winnipeg, Manitoba
Mannan, A.—Winnipeg, Manitoba
Mannock, David—Vancouver, British Columbia
Manor, Robert—Vancouver, British Columbia
Manson, Mr. & Mrs.—Calgary, Alberta
Maoney, Monica—Saint John, New Brunswick
Marshall, Hilda A. J.—Victoria, British Columbia
Martin, L. J.—Calgary, Alberta
Martin, Paul—St. Jacobs, Ontario
Martin, Sandra—Toronto, Ontario
The Marxist-Leninist Organization of Canada IN STRUGGLE!
Mascotto, Adrien William—Geraldton, Ontario
Maskell, Fred G. B.—Ottawa, Ontario
Maskell, Monica, M. F.—Ottawa, Ontario
Mason, Clyde D.—Halifax, Nova Scotia
Mason, Kenneth H.—Dutton, Ontario
Masschaele, James—London, Ontario
Masterson, Brennan F.—Scarborough, Ontario
Maten, Steve—St. Bruno, Quebec
Matheson, Douglas R.—Edmonton, Alberta
Mathewson, Donald H.—Calgary, Alberta
Matsubara, Mark M.—Ottawa, Ontario
Matte, Louis J.—Prince George, British Columbia
Matthews, Norman H.—Maple, Ontario
McAllister, Irene L.—Vancouver, British Columbia
McArthur, D. A.—Guelph, Ontario
McAuley, Daniel L.—Toronto, Ontario
McCaldon, R. J.—Kingston, Ontario
McCall, Gil—Quesnel, British Columbia
McCamis, J. G.—Calgary, Alberta
McCarthy, Farrell—Newcastle, New Brunswick
McCatty, S. A.—Nepean, Ontario
McComb, Albert—Toronto, Ontario
McCormack, Susan—Vancouver, British Columbia
McCraw, Claire—St. Thomas, Ontario
McCreery, K. J.—Milton, Ontario
McDonald, Robert—Montreal, Quebec
McDonald, Virginia—Downsview, Ontario

McDonell, John—Kirkland Lake, Ontario
McDougall, Hugh—Weston, Ontario
McDougall, Gloria—Weston, Ontario
McFadyen, Kevin—Edmonton, Alberta
McFee, Harry F.—Winnipeg, Manitoba
McGillivray, A. B.—Calgary, Alberta
McGirr, James—Brampton, Ontario
McIntosh, Trudy—Sarnia, Ontario
McIntyre, E.—Windsor, Ontario
McIsaac, H. (Mr. & Mrs.)—Sudbury, Ontario
McKenzie, Gerald F.—Ajax, Ontario
McKeon, Charles F.—Toronto, Ontario
McKinney, Norman—Toronto, Ontario
McLaughlin, Robert N.—Toronto, Ontario
McLellan, Brian James—Sarnia, Ontario
McLeod, Leona, A.—Victoria, British Columbia
McLeod, R. A.—Victoria, British Columbia
McMullen, Norman—Willowdale, Ontario
McNally, Harold—Willowdale, Ontario
McNally, Margaret—Willowdale, Ontario
McNamee, J. J.—New Liskeard, Ontario
McNee, James D.—Brandon, Manitoba
McNulty, Yolande—Oshawa, Ontario
McPhedran, A.—Calgary, Alberta
McRuer, J. C.—Toronto, Ontario
McWhinney, Edward—Vancouver, British Columbia
Media Club of Canada—Saint John, New Brunswick
Mennonite Central Committee (Canada)—Ottawa, Ontario
Mercer, John S.—Toronto, Ontario
Mérey, Pamela—Toronto, Ontario
Mérey, Peter—Toronto, Ontario
Metis Association of Alberta—Edmonton, Alberta
Metropolitan Separate School Board—Toronto, Ontario
Mewett, Alan W.—Toronto, Ontario
Michalski, C.—Camden East, Ontario
Michalski, W.—Camden East, Ontario
Michaud, Victoria—Powassan, Ontario
Michefske, Martha—Powassan, Ontario
Miles, Robert—Kelowna, British Columbia
Millar, R. C.—Otterburn Park, Quebec
Millen, William—Teeswater, Ontario
Miller, Mary Jane—St. Catharines, Ontario
Miller, Norman W.—Calgary, Alberta
Miller, Wes—Burlington, Ontario
Milner, Betty—Calgary, Alberta
The Mining Association of Canada—Ottawa, Ontario
The Minority Rights Group—Oakville, Ontario
Miskokoman, Roberta—Muncey, Ontario
Mitchell, Andrew S.—Sidney, British Columbia
Mitchell, Doris I.—Sault Ste. Marie, Ontario
Mitchell, Marcelle—Ottawa, Ontario
Mitchell, Osborne—Victoria, British Columbia
Miyata, T.—Atikokan, Ontario
Mohawk Council of Kahnawake—Kahnawake, Quebec
Molfora, Giovanni (and Group)—Montreal, Quebec
Moore, J. Sherrold—Calgary, Alberta
Moore, John L.—Vancouver, British Columbia
Morel, François—Ste-Foy, Quebec
Morgan, David—Halifax, Nova Scotia
Morgan, W. O.—Vancouver, British Columbia
Moriarity, Linda—Calgary Alberta
Morrow, W. R.—Calgary, Alberta
Morton, Ralph—Cowichan Bay, British Columbia
Mountain, Elizabeth (Beth)—Willowdale, Ontario
Mountain, Howard R. J.—Willowdale, Ontario
Mowers, Cleo W.—Lethbridge, Alberta
Muckle, Marjorie E.—Mississauga, Ontario
Muise, Leonard—Stephenville, Newfoundland
Multicultural Association of Fredericton Inc.—Fredericton, New Brunswick
Multilingual Association of Regina Inc.—Regina, Saskatchewan
Munroe, Isabel A.—Edmonton, Alberta
Murduff, C. (Mrs.)—Peterborough, Ontario
Murphy, D. P.—Agincourt, Ontario
Murphy, Rhoda—Calgary, Alberta
Murphy, Sandra—St. Thomas, Ontario
Murray, David C.—Guelph, Ontario
Murray, Jim—North Vancouver, British Columbia
Musial, Frederich A.—Atlin, British Columbia
Muttart, Margaret W.—Summerside, Prince Edward Island

- N -

NACHES Montreal's Gay Jewish Group—Montreal, Quebec
Nadeau, Sauveur—Oshawa, Ontario
Nagel, Rudy—Toronto, Ontario
Nalli, Mary—Mississauga, Ontario
Naphin, Robert L.—Saskatoon, Saskatchewan
Nash, David (Mr. & Mrs.)—Fort Erie, Ontario
Nassivera, T. (Ms)—Toronto, Ontario
National Action Committee on the Status of Women—Toronto, Ontario
National Anti-Poverty Organization N.A.P.O.—Ottawa, Ontario
National Association of Canadians of Origins in India (NACOI)—Ottawa, Ontario
National Association of Japanese Canadians—Vancouver, British Columbia
The National Association of Women and the Law (N.A.W.L.)—Ottawa, Ontario
The National Black Coalition of Canada—Willowdale, Ontario

National Chapter of Canada IODE (Provincial Chapter of New Brunswick IODE)—Toronto, Ontario
National Citizens' Coalition—Toronto, Ontario
National Committee for Language Equality (NCLE)—Montreal, Quebec
National Italian-Canadian Congress, Quebec Region—Montreal, Quebec
National Council of Jewish Women of Canada—Downsview, Ontario
The National Council of Women of Canada—Ottawa, Ontario
National Farmers Union—Saskatoon, Saskatchewan
National Firearms Association New Brunswick Branch—Woodstock, New Brunswick
National Indian Brotherhood—Ottawa, Ontario
National Indian Brotherhood, Chiefs of Treaty No. 7, Tribes of Alberta—Ottawa, Ontario
The National Pensioners and Senior Citizens Federation—Toronto, Ontario
Native Brotherhood of British Columbia—Vancouver, British Columbia
Native Council of Canada (Métis and Non-Status Indians)—Ottawa, Ontario
Native Peoples Resource Centre—London, Ontario
The Native Rights Coalition—Regina, Saskatchewan
Native Women's Association of Canada—Ottawa, Ontario
Nattrass, Eileen—Victoria, British Columbia
Nederend, Joanne—Breslau, Ontario
Nelson, N. V.—Prince George, British Columbia
Nelson, Ruben F. W.—Ottawa, Ontario
Nemiah Valley Band—Nemiah Valley, British Columbia
New Brunswick Association for the Advancement of Coloured People—Saint John, New Brunswick
The New Brunswick Development Institute—Fredericton, New Brunswick
The New Brunswick Human Rights Commission—Fredericton, New Brunswick
New Brunswick Right to Life Association—Moncton, New Brunswick
Newby, Hester—Niagara Falls, Ontario
New Democratic Party of Newfoundland & Labrador—Corner Brook, Newfoundland
Nichol, Margaret J.—Markham, Ontario
Nicholas, Peter—Trenton, Ontario
Nicholas, S. M.—Calgary, Alberta
Nicholls, Peter—St. Catharines, Ontario
Nicholson, Arthur Gwyn—Orléans, Ontario
Nishga Tribal Council—New Aiyansh, British Columbia
Noble, K. W.—Ottawa, Ontario
Nolet, Richard—Sault Ste-Marie, Ontario
Nooaitch Indian Reserve—Meritt, British Columbia
North Shore Liberal Women—West Vancouver, British Columbia
North Shore Women's Centre—North Vancouver, British Columbia
The Nova Scotia Network of CCLOW—Dartmouth, Nova Scotia
Nova Scotia Real Estate Association—Halifax, Nova Scotia
Nowlan, Michel—Ville d'Anjou, Quebec
Nuu-Chah-Nulth Tribal Council—Vancouver Island, British Columbia

- O -

Oakley, Elsie—Thamesford, Ontario
O'Brien, Edward—Toronto, Ontario
O'Brien, Margaret—Scarborough, Ontario
O'Connell, William J.—Don Mills, Ontario
O'Connor, Liz—St. Thomas, Ontario
O'Connor, T. Peter—Calgary, Alberta
O'Farrell—Ste-Foy, Quebec
O'Hearn, P. J. T.—Halifax, Nova Scotia
Ohlheiser, Sandra—Champion, Alberta
Olenick, Roberta—Vancouver, British Columbia
O'Neill, Mary—Islington, Ontario
The Ontario Committee on the Status of Women—Toronto, Ontario
The Ontario Conference of Catholic Bishops—Toronto, Ontario
Ontario English Catholic Teachers' Association—Toronto, Ontario
The Ontario Federation of Anglers & Hunters—Peterborough, Ontario
Ontario Human Rights Commission—Toronto, Ontario
Ontario Progressive Conservative Association of Women—Cornwall, Ontario
Ontario Separate School Trustees' Association—Willowdale, Ontario
Ontario Welfare Council—Toronto, Ontario
Operation Dismantle—Ottawa, Ontario
Organization for Caribbean Canadian Initiatives—Willowdale, Ontario
Oromocto, Town of—Oromocto, New Brunswick
Orr, A. W.—Calgary, Alberta
O'Shaughnessy, John—Powassan, Ontario
O'Shea, Patrick (Mr. & Mrs.)—Rexdale, Ontario
The Ottawa Board of Education—Ottawa, Ontario
Ottenbrite, K.—Bramalea, Ontario
Our Lady of the Airways—Mississauga, Ontario
Owens, Susan—Powassan, Ontario

- P -

Pacific Vocational Institute—Burnaby, British Columbia
Palmer, John R. N.—Orillia, Ontario

Parent Finders Incorporated—Willowdale, Ontario
Park, Marvin—Canfield, Ontario
Parkman, Cathy—Charlottetown, Prince Edward Island
The Pas Indian Band—The Pas, Manitoba
Paterson, M.—Calgary, Alberta
Paterson, W.—Calgary, Alberta
Patterson, A. M.—Calgary, Alberta
Patterson, Kathleen A.—West Vancouver, British Columbia
Pavilion Indian Band—Cache Creek, British Columbia
Pawih, Jack—Cartwright, Manitoba
Payne, Dexter, K.—Kentville, Nova Scotia
Pearson, George—Lindsay, Ontario
Peel Sharpshooters—Brampton, Ontario
Peet, F. G.—Brentwood Bay, British Columbia
Pelech, William—Sherwood Park, Alberta
Pelerine, Carolyn—New Glasgow, Nova Scotia
Penna, Dan E.—Saskatoon, Saskatchewan
Penner, Norman—Toronto, Ontario
Penticton Indian Band—Penticton, British Columbia
The Peoples Law School Society—Vancouver, British Columbia
Pépin, Lorraine—Powassan, Ontario
Perras, P. William jr.—Oakville, Ontario
Perry, Dennis W.—Chester, Nova Scotia
Perry, Thomas L. jr.—Houston, British Columbia
Peterborough Libertarian Association—Peterborough, Ontario
Peters, Glendon Trevor—Saint John, New Brunswick
Petrovici, Boris—St. Catharines, Ontario
Petry, Lucien A.—Regina, Saskatchewan
Pettick, Joseph—Regina, Saskatchewan
Phillips, Wendell—Delta, British Columbia
Piekarski, Frank—Powassan, Ontario
Piekarski, Teresa—Powassan, Ontario
Piercy, Beth—London, Ontario
Pilisi, Paul—Ste-Foy, Quebec
Pinkney, R. D.—Georgetown, Ontario
Pinsonneault, Rolland—Regina, Saskatchewan
Pitre-Lefebvre, Florence—Saint Albert, Alberta
Planned Parenthood Federation of Canada—Ottawa, Ontario
Plante, Frank—Windsor, Ontario
Plumley, George—Guelph, Ontario
Podger, Robert J.—Toronto, Ontario
Poechman, Gerald P.—Walkerton, Ontario
Pollock, Nancy—Willowdale, Ontario
Poncelet, Maurice—Ottawa, Ontario
Pope, A. C.—Toronto, Ontario
The Port Coquitlam Area, Womens Centre,—Port Coquitlam, British Columbia
Porteous, James—Willowdale, Ontario
Porter, H. A.—Ottawa, Ontario
Porter, K. E.—Winnipeg, Manitoba
Port Simpson Band Council—Port Simpson, British Columbia
Positive Action Committee—Montreal, Quebec
Poulin, Gaétan—St-Agapit, Quebec
The Presbytery of Newfoundland—St. John's, Newfoundland
Prescott-Russell County Roman Catholic Separate School Board—L'Orignal, Ontario
Prest, Steve—Sardis, British Columbia
Pringle, W.R.—Winnipeg, Manitoba
Progressive Conservative Women's, Association of North Bay—North Bay, Ontario
Progressive Conservative Party of Saskatchewan—Saskatchewan
Progressive Conservative Association of Okanagan North—Kelowna, British Columbia
The Protestant School Board of Greater Montreal—Montreal, Quebec
Provincial Association of Catholic Teachers—Montreal, Quebec
Provincial Progressive Conservative Association—Calgary, Alberta
Puddy, James & Margaret—Agincourt, Ontario
Public Interest Advocacy Centre—Ottawa, Ontario
Publication Canada—Ottawa, Ontario

- Q -

Quarry, Grace, Andrew and Robert George—Guelph, Ontario
The Quebec Committee for Language Regions—Montreal, Quebec
Quebec Federation of Home and School Associations—Montreal, Quebec
Quebecer's Labrador Association—Les Grondines, Quebec
Quesnel, Janine—Crysler, Ontario
Quigley, Robert F.—St. John's, Newfoundland
Quitner, Joe K.—Toronto, Ontario

- R -

Ragona, Linda—Calgary, Alberta
Rastall, Peter—Vancouver, British Columbia
Rauser, John—Mitchell, Ontario
Realty Owners of Canada—Don Mills, Ontario
"Recluses Missionnaires"—Montreal, Quebec
Red Pheasant Band, No. 108—Cando, Saskatchewan
Redemptorist Fathers—Toronto, Ontario
Reed, Lorne, H.—Calgary, Alberta
Regehr, Echo—Coutts, Alberta
Regehr, Jack—Coutts, Alberta
"Le Regroupement pour les droits politiques du Québec"
Reichert, Walter—Pilger, Saskatchewan
Reid, John S.—Cambridge, Ontario
Reinke, H. S.—Thornhill, Ontario
Religious Information Centre—Vancouver, British Columbia

The Religious Society of Friends (Quaker)—St. John's, Newfoundland
Rémillard, Gil—Montreal, Quebec
Renaissance Family Institute—Milton, Ontario
Renaissance International—Milton, Ontario
Renaud, J.-Claude—Gatineau, Quebec
Renault, Arlene M.—Salmon Arm, British Columbia
Richard, Ethel—Ottawa, Ontario
Rick, Alban—Powassan, Ontario
Rick, Louise—Powassan, Ontario
Right To Life—Kitchener, Ontario
Right to Life Association of Toronto and Area—Toronto, Ontario
Riley, K. E.—Lethbridge, Alberta
Rinck, Aksel—Weston, Ontario
Ring, Harold & Winifred—Richmond Hill, Ontario
Ringrose, E. G.—Calgary, Alberta
Ritchie, H. S.—Stratford, Ontario
Robertson, Elizabeth—Didsbury, Alberta
Robertson, H.—Stratford, Ontario
Robinson, Sharon—Edmonton, Alberta
Rodwick, Graeme—Nepean, Ontario
Rogers, Craig T.—Windsor, Ontario
Rogers, Elwyn A.—Toronto, Ontario
Rogers, Smellard, Jane Daphne—Peterborough, Ontario
Rombough, Jessie—Calgary, Alberta
Ronaghan, Allan—Winnipeg, Manitoba
Roper, Henry—Halifax, Nova Scotia
Rosenberg, Richard S.—Winnipeg, Manitoba
Ross, Romaine K.—St. Catharines, Ontario
Rossi, Carlo—Ottawa, Ontario
Rothney, Gordon—St. John College, Manitoba
Roussel, Georges—Oshawa, Ontario
Routliffe, C. D.—Mississauga, Ontario
Rowe, F. W.—Ottawa, Ontario
Roxan, Ian—Toronto, Ontario
Roy, Albert J.—Ottawa, Ontario
Roy, Gilles & Desneiges—Southampton, Ontario
The Royal Commonwealth Society—Toronto, Ontario
Rowe, Elizabeth—London, Ontario
Rudd, Theodore—Lethbridge, Alberta
Rudnyckyj, J. B.—Montreal, Quebec
Rudolph, Mildred—Lloydminster, Alberta
Ruffman, Alan—Halifax, Nova Scotia
Rundle, B. J.—Toronto, Ontario
Rurak, George—Salmon Arm, British Columbia
Russell, Hubert E.—Islington, Ontario
Russell, Peter H.—Toronto, Ontario
Rutledge, Douglas E.—Belleville, Ontario
Rutledge, Fred—Moncton, New Brunswick
Ryan, H.R.S.—Kingston, Ontario

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St. Andrew's College in Winnipeg—Winnipeg, Manitoba
St. Boniface Catholic Women's League of Canada—Maryhill, Ontario
St. Clare School—Mississauga, Ontario
St-Mary's Band—Cranbrook, British Columbia
All Saints' Anglican Church—Milville, Saskatchewan
Saldov, Morris—Toronto, Ontario
Sallmen, Helen—Ottawa, Ontario
Bande Salteau No. 542—East Moberly Lake, British Columbia
Sam, Mitze—Vedder Crossing, British Columbia
Sander, Joe—Saskatoon, Saskatchewan
Sander, Roy—Vauxhall, Alberta
Sanders, Douglas—Vancouver, British Columbia
Saprarolle, Gertrude—Saskatoon, Saskatchewan
Sarnia Indian Research—Sarnia, Ontario
Saskatchewan Advisory Council on the Status of Women—Saskatoon, Saskatchewan
Saskatchewan Human Rights Commission—Saskatoon, Saskatchewan
Saskatchewan Real Estate Association—Saskatoon, Saskatchewan
Saskatoon Catholic Schools—Saskatoon, Saskatchewan
Say, Vivian I.—Vancouver, British Columbia
Sayer, Laurie—London, Ontario
Schelvey, M. A.—London, Ontario
Schmalz, Alice—Cambridge, Ontario
School Sisters of Notre-Dame—Waterdown, Ontario
Schuetz, C. F.—Ottawa, Ontario
Schurter, Jerome—Chepstow, Ontario
Schwartz, Bryan—Ottawa, Ontario
Scott, Donald A.—Winnipeg, Manitoba
Scott, Jackie—Cupar, Saskatchewan
Scott, Len—Cupar, Saskatchewan
Scott, Stephen A.—Westmount, Quebec
Scowlitz Indian Band—Harrison Mills, British Columbia
Secor Inc.—Montreal, Quebec
Seguin, Sweeney Denise—London, Ontario
Seidl, Peter—Vancouver, British Columbia
Senior Citizens' Central Council of Calgary—Calgary, Alberta
Sepass, Mona—Sardis, British Columbia
Seto, David—Chicoutimi, Quebec
Shackan Indian Band—Merritt, British Columbia
Shaw, M. A.—Calgary, Alberta
Shea, Patrick D.—Ottawa, Ontario
Shead, Bill—Selkirk, Manitoba
Shore, Martin—Victoria, British Columbia
Short, Leslie—Montreal, Quebec
Siddon, T.—Richmond, British Columbia
Silaj, Les—Elliot, British Columbia

Silver, Shoel—Toronto, Ontario
Simpson, C. H.—Kelowna, British Columbia
Simpson, W. E.—Belleville, Ontario
Sims, Anthony
Sinclair, E. Jean—Vancouver, British Columbia
Sinclair, L. R.—Vancouver, British Columbia
Sinclair, Stanley R.—Regina, Saskatchewan
Sindlinger, Tom—Edmonton, Alberta
Slattery, Brian—Saskatoon, Saskatchewan
Slovenian Canadian Association—Edmonton, Alberta
Smed, John—Calgary, Alberta
Smeele, Stan J.—Victoria, British Columbia
Smiley, Donald—Downsview, Ontario
Smiley, Harold—Enderby, British Columbia
Smiley, Lillian—Salmon Arm, British Columbia
Smith, Anne—Timmins, Ontario
Smith, David P.—Ottawa, Ontario
Smith, Denis—Peterborough, Ontario
Smith, Denis—Toronto, Ontario
Smith, Dolina—Scarborough, Ontario
Smith, Edgar A.—Willowdale, Ontario
Smith, George—Winona, Ontario
Smith, Gerry R. C.—Brockville, Ontario
Smith, Jean M.—Keswick, Ontario
Smith, Lillian & Don—Concord, Ontario
Smith, Marion—Windsor, Ontario
Smith, Zeta—Winona, Ontario
Smoke, Lapierre, Arthur—Willowdale, Ontario
Snook, Earl F.—North Vancouver, British Columbia
The Social Credit Party of Alberta—Alberta
Social Credit Party of Canada—Montreal, Quebec
Social Planning and Review Council of British Columbia—Vancouver, British Columbia
"La Société des Acadiens du Nouveau-Brunswick"
"Société Franco-Manitobaine"—St-Boniface, Manitoba
"Société nationale des Québécois des Cantons"—Coaticook, Quebec
"La Société Saint-Jean Baptiste de la Mauricie"—Trois-Rivières, Quebec
"Société Saint-Jean Baptiste de Montréal"—Montreal, Quebec
"Société Saint-Jean Baptiste de Québec"—Quebec, Quebec
"Soeurs de l'Assomption de la Sainte-Vierge de Nicolet"—Nicolet, Quebec
"Les Soeurs de Notre-Dame du Perpétuel Secours"—Saint-Damien, Bellechasse, Québec
Search The Society for Education, Action, Research and Counselling on Homosexuality—Vancouver, British Columbia
Soltermann, J.—Medicine Hat, Alberta
Somcynsky, Thomas—Sherbrooke, Quebec
Sommerville, R. J.—Peterborough, Ontario
South Central Tribal Council—Kamloops, British Columbia
South Okanagan Civil Liberties Society—Penticton, British Columbia
Southwestern Ontario Campaign Life—St. George, Ontario
Soward, S. E.—Victoria, British Columbia
Spallumcheen Band—Enderby, British Columbia
Sparks, Ann—Calgary, Alberta
Spinney, Robert E.—Calgary, Alberta
Splane, Richard B.—Ottawa, Ontario
Stallard, Sidney—New Glasgow, Nova Scotia
Stang, Egbert—Saskatoon, Saskatchewan
Stanton, Michael S.—Calgary, Alberta
Steer, Gary—St. Thomas, Ontario
Stelter, Alice, Wayne—Edmonton, Alberta
Stephens, John V.—Toronto, Ontario
Stevenson, J.G.A.—North Bay, Ontario
Stevenson, S.—London, Ontario
Stewart, E.—Calgary, Alberta
Summer, Audrey—Maple Ridge, British Columbia
Sumpton, James M.—Vancouver, British Columbia
Surrey-White Rock Right to Choose Society—Surrey-White Rock, British Columbia
Swift, W. H.—Edmonton, Alberta

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Tafel, R. D.—North Bay, Ontario
Tait, Janice—Ottawa, Ontario
Tait, Lyal—Port Burwell, Ontario
Tanguay, André—Oshawa, Ontario
Tates, Irene—Kamloops, British Columbia
Taylor, James C.—Toronto, Ontario
Teme-Augama Anishnaboi—Lake Temagami, Ontario
The Poet, John—Chatham, Ontario
Tennant, W.—Kamloops, British Columbia
Tholenau, Carol—Calgary, Alberta
Thomas, Dale—Thamesville, Ontario
Thomas, Eugene—Toronto, Ontario
Thompson, Andrew—Vancouver, British Columbia
Thompson, Cara M.—Barrie, Ontario
Thompson, Daniel L.—St. John's, Newfoundland
Thompson, Edith—Richmond, British Columbia
Thompson, Ruby M.—Wolfville, Nova Scotia
Thunder Bay Multicultural Association—Thunder Bay, Ontario
Tiffin, V. R.—Victoria, British Columbia
Timmer, F. J.—Kitchener, Ontario
Timmins, Edward & Colleen—Pickering, Ontario
Todres, Irving—Montreal, Quebec
Tomar, Mukhtyae S.—Dartmouth, Nova Scotia

Toosey Band—Williams Lake, British Columbia
Tophom, Reg & Barb—Powassan, Ontario
Toporoski, R. M.—Toronto, Ontario
Torok, Stephen—Timmins, Ontario
The Toronto and Montreal Committee to Defend Quebec's Right to Self-Determination—Mississauga, Ontario
The Toronto Elizabeth Fry Society—Toronto, Ontario
Tremblay, D. M.—London, Ontario
Tremblay, Peter A.—Sardis, British Columbia
Trethewey, A.—Kingston, Ontario
Trittler, Mauria—St. Thomas, Ontario
Trotlier, Colette—St. Thomas, Ontario
Turnbull, M.—Calgary, Alberta
Turner, Jim—Prince Albert, Saskatchewan

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Ukrainian Canadian Committee—Winnipeg, Manitoba
Ukrainian Greek Orthodox Church of Canada—Edmonton, Alberta
"L'Union culturel des franco-ontariennes"—L'Orignal, Ontario
Union of British Columbia Indian Chiefs—Vancouver, British Columbia
Union of British Columbia Municipalities—New Westminster, British Columbia
"Union nationale"—Quebec, Quebec
Union of New Brunswick Indians—Fredericton, New Brunswick
Union of Nova Scotia Indians—Sydney, Nova Scotia
The Union of Ontario Indians—Toronto, Ontario
"Union populaire"—Charlesbourg, Quebec
The United Church of Canada—Edmonton, Alberta
United Church of Canada—Montreal, Quebec
The United Church of Canada—St. John's, Newfoundland
The United Church of Canada—Truro, Nova Scotia
The United Church of Canada—Toronto, Ontario
The United Church of Canada—Welland, Ontario
United Hungarian Fund—Toronto, Ontario
United Native Nations Society—Vancouver, British Columbia
The University Women's Club of Barrie—Barrie, Ontario
The University of British Columbia (Members of the History 420): Doug, Archer; Hayward, Ann; Brairsto, Colin; Keelan, Mark; Gee, Richard; Leonard, Sandra; Greenword, F. M.; Seidl, Peter; Wolf, Murray—Vancouver, British Columbia
The University Women's Club of North York—Toronto, Ontario
The University Women's Club of White Rock—White Rock, British Columbia
Upper Nicola Indian Band—Merritt, British Columbia
Usher, Dan—Kingston, Ontario

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Vancouver Community Legal Assistance Society—Vancouver, British Columbia
The Vancouver Multicultural Society—Vancouver, British Columbia
Vancouver Quadra Progressive Conservative Association—Vancouver, British Columbia
Vancouver Status of Women—Vancouver, British Columbia
Van Dom, Gerald—Mississauga, Ontario
Vanden, Bernard E.—Ottawa, Ontario
Vanderwood, Sandra & Jack—Okanagan, British Columbia
Van dev Wal Hylke—Via La Loche, Saskatchewan
Van Dusen John—Weston, Ontario
Van Koughnet, Edward—Kensington, Prince Edward Island
Van Mierlo, J. B.—Powassan, Ontario
Vasa Order of American, Grand Lodge—Edmonton, Alberta
Verrall, Catherine—Hamilton, Ontario
Verreau, David, Albert, John—Edmonton, Alberta
Vickers, Herb—Calgary, Alberta
"Ville de Saint-Nicolas"—Saint-Nicolas, Comté de Lévis, Québec
Voelker, Erwin—Chomedy/Laval, Quebec
Voice for Life—Wingham, Ontario
Voice of Women—Toronto, Ontario
Voluntary Resource Council—Charlottetown, Prince Edward Island

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Woechter, Len—Walkerton, Ontario
Wagner, Frank—Toronto, Ontario
Walker, H. K.—Guelph, Ontario
Walker, Marjorie E.—Guelph, Ontario
Walker, Reagan D.—Mississauga, Ontario
Wallace, Donald C.—Downsview, Ontario
Walsh, James F.—St. John's, Newfoundland
Warby, Marney—Hamilton, Ontario
Wardle, Thomas A.—Toronto, Ontario
Warner, J. E.—Hamilton, Ontario
Wasteneys, Geoffrey—Ottawa, Ontario
Waterloo Chronicle—Waterloo, Ontario
Watson, Geoffrey—Picton, Ontario
Watson, John R.—North Battleford, Saskatchewan
Watt, Leonard J.—Calgary, Alberta
Wawryshyn, Michael—Toronto, Ontario
Way, J. (Mr. & Mrs.)—Powassan, Ontario
Weaver, Monna—Vancouver, British Columbia
Webb, George—Ilderton, Ontario
Weber, Milton—Vancouver, British Columbia
Weidinger, Regince—Cambridge, Ontario
Weiss, Dan—Formosa, Ontario
Wendland, Jack—Maryhill, Ontario

Westbury, Richard S.—Calgary, Alberta
Western Federation Society—Victoria, British Columbia
West Fed Association of Alberta—Edmonton, Alberta
Wettlaufer, Bernice—Weston, Ontario
Weygang, Peter—Kenora, Ontario
Whitby, Percy—Sudbury, Ontario
White, Frank—Victoria, British Columbia
White Rock University Women—Surrey, British Columbia
Wicklum, Earle L.—Weston, Ontario
Wilbur, Keith—Windsor, Ontario
Wildfong, Marjorie—Cambridge, Ontario
Wildsmith, Bruce H.—Halifax, Nova Scotia
Willems, Frank—North Battleford, Saskatchewan
Williams, B. M.—Dartmouth, Nova Scotia
Williams, Paul W.—Ladysmith, British Columbia
Williams, Peter H.—Toronto, Ontario
Williams, Richard—Chilliwack, British Columbia
Williams, S. A.—Ottawa, Ontario
Willis, S. D.—Alliston, Ontario
Wilson, Sam—Cayuga, Ontario
Winslow, Edward T.—West Vancouver, British Columbia
Winsor, William D.—St. John's, Newfoundland
Witchell, John B.—Pierrefonds, Quebec
Wittke, Millie—Eganville, Ontario
Wodiuk, William—Toronto, Ontario
Woehrling, José—Montreal, Quebec
Woledge, Jack O.—Jasper, Alberta
Women's Action Committee for Human Rights—Kitchener, Ontario
Women's Habitat—Etobicoke, Ontario
Women's Research Centre—Vancouver, British Columbia
Women for Political Action—Toronto, Ontario
Wood, Sharon—Alderson, Ontario
Woods, George Beatty—Don Mills, Ontario
Woodward, Helen E.—Mississauga, Ontario
Wright, Bill—Calgary, Alberta
Wright, Cathryn—Wallaceburg, Ontario
Wright, Gerald K.—Duncan, British Columbia
Wright, N. A.—Weston, Ontario
Wyman, Max—Edmonton, Alberta
Wyme, J. C.—Calgary, Alberta
Wynne, Hildburg S.—Ottawa, Ontario

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Yalden, Maxwell F.—Ottawa, Ontario
Yarie, Dale M.—Moose Jaw, Saskatchewan
Yeoman, Mark M.—Dorchester, New Brunswick
Yetman, R. H.—Calgary, Alberta
Young, Michael—Don Mills, Ontario
Young Women's Christian Association of Canada—Toronto, Ontario
Young Women's Christian Association of Canada—Calgary, Alberta
Younger, J. W.—Toronto, Ontario
Yukon Advisory Council—Whitehorse, Yukon
Yurko, William J.—Edmonton, Alberta
Yuzda, Laurence W.—Calgary, Alberta

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Zarubin, George—Yorkton, Saskatchewan
ZoBell, Bob M.—Raymond, Alberta
Zurawell, Anthony—Oshawa, Ontario

APPENDIX "D"

This document is a statistical account of the written submissions concerning the "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada"—(1) received by the Special Joint Committee on the Constitution as of 31 December 1980.

There were 323 groups and 639 individuals that made written submissions, for a total of 962.

It should be noted that of the 323 groups, there were 163 groups which submitted briefs, while the submissions of the remaining 160 groups were in the form of a telegram or letter only: many of these telegrams and letters amounted to a simple request to appear. In addition, a considerable number of group submissions seemed to be addressed to one issue, such as those in support of "denominational school rights", "rights of the handicapped", "native rights", "sexual orientation rights", "rights of the unborn child" and "women's rights".

Of the 639 individual submissions, 84 requested to appear only and 17 requested a copy of the Proposed Resolution only. Another 131 individual submissions did not comment on the Proposed Resolution as a whole (Table I), or on any of twenty-three general principles (Table II), or on any section of the Proposed Resolution (Table III). Thus there were a maximum of 409 individual submissions which served as the basis of Tables I, II and III. However it should be noted further that as was the case with group submission, numerous individual submissions were addressed to a single concern.

The document is divided into four Tables. Table I sets out the statistics concerning the Proposed Resolution as a whole. Table II reflects the opinions of groups and individuals concerning twenty-three general principles. Table III contains statistics concerning every section of the Proposed Resolution for which at least one group or individual tendered an opinion. Table IV reveals how many individual submissions were received from each province and territory of Canada.

—1 As introduced by the Prime Minister of Canada on 2 October 1980.

Prepared by:
Stephen J. Fogarty

Brooke Jefferey

Adèle Lessard

Donald Macdonald

Amos Shlosberg

A.J. Wright

Research Branch

26 January 1981

TABLE I/
TABLEAU I

OPINION CONCERNING PROPOSED RESOLUTION AS A WHOLE
OPINIONS EXPRIMÉES SUR L'ENSEMBLE DU PROJET DE RÉSOLUTION

	TOTAL NUMBER OF COMMENTS/ NOMBRE TOTAL DE COMMENTAIRES	APPROVE APPROUVENT	DISAPPROVE DÉSAPPROUVENT
GROUPS/ GROUPES	48	18	30
INDIVIDUALS/ INDIVIDUS	251	54	197

TABLE II—GENERAL PRINCIPLES*

SUBJECT	TOTAL NUMBER OF COMMENTS		AGREE		DISAGREE	
	Groups	Individuals	Groups	Individuals	Groups	Individuals
Unilateral Patriation with Substantive Changes	56	134	23	42	33	92
Entrenchment of a Bill of Rights	75	96	54	53	21	43
Entrenchment of:						
Fundamental Freedoms & Democratic Rights	7	11	6	6	1	5
Mobility Rights	10	7	9	7	1	0
Legal Rights	1	8	1	8	0	0
Equality Rights	18	7	18	5	0	2
Official Languages	27	37	22	16	5	21
Minority Language Educational Rights	27	27	24	17	3	10
Denominational School Rights	26	66	26	62	0	4
Native Rights	43	29	42	27	1	2
Multicultural Rights	20	5	20	5	0	0
Provision for Equalization in Constitution	7	7	7	6	0	1
Use of Referenda for Constitutional Change	11	57	5	41	6	16
Victoria Formual	4	12	2	5	2	7
Vancouver Consensus	8	13	7	10	1	3
Constituent Assembly	7	4	7	4	0	0
Senate Reform	7	16	7	16	0	0
Proportional Representation for House of Commons	0	6	0	6	0	0
Resource Control:						
Federal	0	1	0	1	0	0
Provincial	2	6	2	4	0	2
Increased Powers:						
Federal	2	6	0	5	2	1
Provincial	3	9	2	5	1	4
Inclusion of a Preamble in Constitution	6	4	6	4	0	0

*La version française du Tableau II suit.

TABLE III—SECTIONS OF PROPOSED RESOLUTION/TABLEAU III—ARTICLES DU PROJET DE RÉSOLUTION
(AS INTRODUCED 2 OCTOBER 1980/TEL QUE PRÉSENTÉ LE 2 OCTOBRE 1980)

Section/ Article	TOTAL NUMBER OF COMMENTS/ NOMBRE TOTAL DE COMMENTAIRES		ACCEPT/ ACCEPTENT (as drafted/ tel que formulé)		APPROVE WITH RESERVATIONS/ APPROUVENT AVEC DES RÉSERVES				REJECT/ REJETTENT		OTHER COMMENTS/ AUTRES COMMENTAIRES	
					TECHNICAL (drafting)/ FORMULATION (libellé)		SUBSTANTIVE/ CONTENU					
	Groups/ Groupes	Individuals/ Individus	G	I	G	I	G	I	G	I	G	I
1	46	26	0	0	1	2	6	3	38	17	1	4
2	14	19	0	1	3	2	8	6	1	6	2	4
2(a)	3	1	0	0	0	0	3	1	0	0	0	0
2(b)	4	2	1	0	0	0	3	2	0	0	0	0
2(c)	4	0	0	0	1	0	3	0	0	0	0	0
3	12	8	0	2	0	1	7	1	1	2	4	2
4	0	3	0	0	0	0	0	2	0	0	0	1
4(1)	0	1	0	0	0	0	0	1	0	0	0	0
4(2)	4	7	0	0	0	0	4	0	0	5	0	2
5	0	4	0	0	0	1	0	3	0	0	0	0
6	16	5	2	1	1	0	7	3	3	0	3	1
6(1)	2	2	0	0	0	0	2	1	0	0	0	1
6(2)	3	1	1	0	1	0	0	1	1	0	0	0
6(2)(b)	0	3	0	0	0	0	0	2	0	0	0	1
6(3)(a)	1	2	0	0	0	0	1	0	0	1	0	1
6(3)(b)	1	0	0	0	0	0	0	0	0	0	1	0
*7	31	71	2	1	3	1	13	58	10	7	3	4
8	13	12	2	1	2	1	5	4	3	5	1	1
9	13	8	2	1	2	1	5	1	3	3	1	2
10	4	3	1	0	1	0	1	0	0	1	1	2
10(a)	2	4	0	0	0	0	2	1	0	0	0	3
10(b)	7	0	1	0	0	0	6	0	0	0	0	0
10(c)	2	0	1	0	0	0	1	0	0	1	0	0
11	3	6	0	0	0	1	2	1	0	1	1	3
11(a)	3	2	0	0	2	0	1	0	0	0	0	2
11(b)	3	1	1	0	0	0	1	0	1	0	0	1
11(c)	4	1	1	0	0	0	2	0	0	1	1	0
11(d)	6	2	1	0	0	0	4	0	0	0	1	2
11(e)	2	0	1	0	0	0	1	0	0	0	0	0
11(f)	3	1	1	0	0	0	1	0	1	0	0	1
11(g)	1	2	1	0	0	0	0	0	0	1	0	1
12	10	8	1	0	2	2	4	2	1	0	2	4
13	8	9	1	0	0	0	3	2	2	3	2	4
14	2	1	1	0	0	0	1	0	0	0	0	1

**Section/Article 7:*
Substantive Reservations comprises the following single-issue submissions/
Réserves sur le contenu comprend pour les présentations traitant un seul sujet:
G— 6 "rights of the unborn child/droit du fœtus" and/et 2 "pro-choice/avortement libre";
I—42 "rights of the unborn child/droit du fœtus" and/et 6 "property rights/droit à la propriété privée".

Reject comprises the following single-issue submissions/Rejettent comprend pour les présentations traitant un seul sujet:
G—6 "rights of the unborn child/droits du fœtus" and/et 2 "pro-choice/avortement libre";
I—3 "rights of the unborn child/droits du fœtus" and/et 1 "property rights/droit à la propriété privée".

TABLE III (CONT'D)/TABLEAU III (SUITE)

Section/ Article	TOTAL NUMBER OF COMMENTS/ NOMBRE TOTAL DE COMMENTAIRES		ACCEPT/ ACCEPTENT (as drafted/ tel que formulé)		APPROVE WITH RESERVATIONS/ APPROUVENT AVEC DES RÉSERVES				REJECT/ REJETTENT		OTHER COMMENTS/ AUTRES COMMENTAIRES	
					TECHNICAL (drafting)/ FORMULATION (libellé)		SUBSTANTIVE/ CONTENU					
	Groups/ Groupes	Individuals/ Individus	G	I	G	I	G	I	G	I	G	I
*15	31	15	0	1	1	0	25	6	3	5	2	3
*15(1)	29	17	1	2	1	1	26	13	1	0	0	1
*15(2)	18	6	0	0	2	0	9	1	6	2	1	3
16	7	4	4	1	0	0	1	0	2	2	0	1
16(1)	3	1	0	0	0	0	0	1	3	0	0	0
16(2)	1	2	0	0	0	0	0	0	1	2	0	0
17	7	1	2	0	1	0	1	1	2	0	1	0
18	6	4	2	0	0	1	2	2	2	0	0	1
19	10	2	2	0	0	0	4	1	2	0	2	1
20	8	4	1	0	0	0	3	1	2	0	2	3
21	1	1	0	0	0	0	0	0	1	1	0	0
22	1	1	0	0	0	0	0	1	1	0	0	0
23	25	16	3	0	0	1	15	3	5	10	2	2
23(1)	3	0	0	0	0	0	3	0	0	0	0	0
23(2)	0	1	0	0	0	0	0	0	0	1	0	0
24	35	15	1	0	0	1	10	3	24	8	0	3
25	7	6	0	0	0	0	5	3	2	2	0	1
26	8	8	1	0	0	1	2	2	4	4	1	1
27	1	1	0	0	0	1	1	0	0	0	0	0
28	0	4	0	0	0	0	0	1	0	3	0	0
29	2	0	0	0	0	0	0	0	2	0	0	0
29(1)	0	1	0	0	0	0	0	0	0	0	0	1
29(2)	7	1	0	0	0	1	1	0	6	0	0	0
31	11	6	5	2	0	0	4	2	1	1	1	1
31(1)	2	3	0	0	0	0	1	1	1	1	0	1
31(1)(a)	1	1	0	0	1	0	0	0	0	0	0	1
31(1)(b)	2	0	0	0	1	0	0	0	1	0	0	0
31(1)(c)	1	0	0	0	0	0	1	0	0	0	0	0
31(2)	1	1	0	0	0	0	1	0	0	1	0	0

**Section/Article 15*
Substantive Reservations comprises the following single-issue submissions/
Réserves sur le contenu comprend pour les présentations traitant un seul sujet:
G—4 "women's rights/droits des femmes," 4 "sexual orientation/orientation sexuelle"; and/et 2 "handicap/handicapés";
I—3 "women's rights/droits des femmes".

**Section/Article 15(1)*
Substantive Reservations comprises the following single-issue submissions/
Réserves sur le contenu comprend pour les présentations traitant un seul sujet:
G—3 "women's rights/droits des femmes", 2 "native women's rights/droits des femmes autochtones", 9 "handicap/handicapés", 1 "sexual orientation/orientation sexuelle";
I—2 "women's rights/droits des femmes", 3 "handicap/handicapés".

Reject comprises the following single-issue submissions/
Rejettent comprend pour les présentations traitant un seul sujet:
G—1 "women's rights/droits des femmes".

**Section/Article 15(2)*
Substantive Reservations and Reject each comprise the following single-issue submissions/
Réserves sur le contenu et Rejettent comprennent pour les présentations traitant un seul sujet:
G—1 "women's rights/droits des femmes".

TABLE III (CONC'D)/TABLEAU III (FIN)

Section/ Article	TOTAL NUMBER OF COMMENTS/ NOMBRE TOTAL DE COMMENTAIRES		ACCEPT/ ACCEPTENT (as drafted/ tel que formulé)		APPROVE WITH RESERVATIONS/ APPROUVENT AVEC DES RÉSERVES				REJECT/ REJETTENT		OTHER COMMENTS/ AUTRES COMMENTAIRES	
					TECHNICAL (drafting)/ FORMULATION (libellé)		SUBSTANTIVE/ CONTENU					
	Groups/ Groupes	Individuals/ Individus	G	I	G	I	G	I	G	I	G	I
32	5	3	0	0	0	0	5	1	0	2	0	0
33	1	3	0	0	0	0	1	2	0	1	0	0
34	3	2	0	0	0	0	2	1	1	1	0	0
35(2)	0	1	0	0	0	0	0	0	0	0	0	1
36	1	2	0	0	0	0	1	0	0	1	0	1
37(a)	0	1	0	0	0	0	0	0	0	0	0	1
37(b)	0	1	0	0	0	0	0	1	0	0	0	0
38	3	1	0	0	0	0	0	0	3	1	0	0
38(1)	1	0	0	0	0	0	0	0	1	0	0	0
38(3)	1	2	0	0	0	0	0	0	1	1	0	1
39	0	1	0	0	0	0	0	0	0	0	0	1
40(2)	0	1	0	0	0	0	0	0	0	0	0	1
41	5	12	1	0	0	0	1	4	3	7	0	1
41(1)	0	2	0	0	0	0	0	0	0	2	0	0
41(1)(b)	1	0	0	0	0	0	0	0	1	0	0	0
41(1)(b)(i)	0	1	0	0	0	0	0	1	0	0	0	0
41(1)(b)(ii)	0	1	0	0	0	0	0	0	0	1	0	0
42	4	11	0	2	0	0	0	4	2	5	2	0
42(1)(b)	1	3	0	0	0	0	0	1	1	0	0	2
43	2	3	0	1	0	0	2	2	0	0	0	0
44	0	3	0	0	0	0	0	0	0	2	0	1
45	0	1	0	0	0	0	0	0	0	0	0	1
46	0	3	0	0	0	0	0	0	0	2	0	1
47	0	3	0	0	0	0	0	1	0	1	0	1
48	0	5	0	1	0	0	0	1	0	2	0	1
49	0	2	0	0	0	0	0	1	0	0	0	1
50	3	0	0	0	0	0	1	0	2	0	0	0
50(d)	0	1	0	1	0	0	0	0	0	0	0	0
50(g)	1	0	0	0	0	0	0	0	1	0	0	0
51	1	2	0	0	0	0	1	0	0	2	0	0
52	1	0	0	0	0	0	0	0	1	0	0	0
53	0	1	0	0	0	0	0	0	0	1	0	0

TABLE IV/
TABLEAU IV

INDIVIDUAL SUBMISSIONS BY PROVINCE OR TERRITORY OR ORIGIN/
PRÉSENTATIONS INDIVIDUELLES:
NOMBRE PAR PROVINCE OU TERRITOIRE

INDIVIDUAL SUBMISSIONS:
PRÉSENTATIONS INDIVIDUELLES: } 639

ALBERTA	99	NOVA SCOTIA/ NOUVELLE-ÉCOSSE	21
BRITISH COLUMBIA/ COLOMBIE-BRITANNIQUE	100	ONTARIO	294
MANITOBA	26	PRINCE EDWARD ISLAND/ ÎLE-DU-PRINCE-ÉDOUARD	4
NEW BRUNSWICK/ NOUVEAU-BRUNSWICK	13	QUEBEC	41
NEWFOUNDLAND/ TERRE-NEUVE	10	SASKATCHEWAN	31
NORTHWEST TERRITORIES/ TERRITOIRES DU NORD-OUEST	0	YUKON TERRITORY/ YUKON	0

A copy of the relevant Minutes of Proceedings and Evidence (*Issues Nos. 1 to 57 inclusive*) are tabled.

Respectfully submitted,

HARRY HAYS
Joint Chairman.

THE SENATE

Tuesday, February 17, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Capital Budget of Canada Mortgage and Housing Corporation respecting loans and investments for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1981-234, dated January 29, 1981.

Capital Budget of Canada Mortgage and Housing Corporation respecting furniture, equipment and business premises for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1981-111, dated January 15, 1981.

QUESTION PERIOD

[*English*]

FINANCE

EXCHANGE VALUE OF CANADIAN DOLLAR—GOVERNMENT POLICY

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. Would the minister give us the government's account of the present trading value of the Canadian dollar? For the past two days the dollar has traded below 83 cents in relation to the American dollar.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will obtain a detailed answer for my honourable friend. I will make some inquiries of some of the experts in that field to find out exactly why the position changed today.

Senator Doody: As a supplementary, perhaps the honourable minister could, at the same time, explain what appears to me to be something of a contradiction. Today in the other place the Minister of Finance described as "absurd" any suggestion that the government should take steps to cause the dollar to trade in the 87.5 cent range; yet, in the October budget the Minister of Finance predicted that the dollar should or would trade at the 87.5 cent range in 1981. Has there been a change in policy?

Could the minister also find out if it is, indeed, absurd to ask if the government is planning action to reduce the level of inflation to at least the 10 or 10.2 per cent level which was predicted would prevail in 1981?

Senator Olson: Honourable senators, I will obtain a reply to that question. I do not think it is absurd to ask.

ENERGY

SUPPLY AND DEMAND PROJECTIONS

Hon. Lowell Murray: Honourable senators, on January 20 last I asked the Minister of State for Economic Development whether his colleague the Minister of Energy, Mines and Resources, or a representative of the minister, might appear at the National Energy Board special hearings on energy supply and demand in order to defend the supply and demand forecasts in the Lalonde policy paper, because the Lalonde projections on supply and demand are being assailed from all parts of the industry, the producing provinces, economic commentators and so on.

● (2010)

Virtually no one seems to agree with those forecasts. Most recently, the Canadian Petroleum Association, as the minister is aware, stated at the National Energy Board supply and demand hearings that the Lalonde policy would result in a decrease in Canadian crude oil capacity of 158,000 barrels a day by 1990. They said that this would mean that Canada would be only 55 per cent oil self-sufficient at that date, and that the cost of oil imports would be $182 billion over the decade.

To say that the forecasts made by the Canadian Petroleum Association are spectacularly at variance with those of Mr. Lalonde would be understating the case. I simply ask the minister whether the government has considered having the Minister of Energy, Mines and Resources appear before the National Energy Board to defend the projections in his policy paper.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, whether or not that is being considered, I cannot say at the moment. I think that the hearings have been concluded insofar as taking evidence is concerned, although I am not entirely sure of that.

Of course, the projections made by the Minister of Energy, Mines and Resources were based on the assumption that a number of projects would go forward. However, they are now in abeyance. Of course, the projections also included some

contribution to the Canadian crude oil supply from such sources as off the east coast. My honourable friend knows that for that to become a reality some additional prospects, and what are now good prospects, need to be confirmed by some of the step-out drilling that is now in progress.

I think we have a right to be optimistic that that will indeed be a major contribution to the Canadian oil supply in this decade. If my honourable friend is more pessimistic about that, I suppose he has that right. Perhaps the CPA took that position.

In dealing with the prospects for exploration and development so that this may be brought on stream, it is easy to find statistical background information that can make you either pessimistic or optimistic, depending on how you choose to view these things.

I do not believe that the supply projected in this decade was the most optimistic that could have been brought in, but certainly it does depend on some significant geological formations turning into successful discoveries.

Senator Murray: Honourable senators, I am not so much pessimistic as I am concerned about the fact that the Minister of Energy, Mines and Resources claims that his policy will result, by 1990, in Canada being a net exporter of oil, whereas the projections from the industry, in particular the Canadian Petroleum Association, are that as a result of the minister's policy Canada will be only 55 per cent self-sufficient in oil.

GOVERNMENT POLICY—PROPOSED COMMITTEE STUDY

Hon. Lowell Murray: In view of the exchange between the Minister of State for Economic Development and myself, which I do not wish to pursue on the floor of the Senate—

Hon. Jacques Flynn (Leader of the Opposition): At this time.

Senator Murray: —at this time, may I ask the Deputy Leader of the Government whether the government has decided to refer the energy policy of the government to a committee of this chamber, as suggested earlier?

I ask that question again in view of the statements made by the chairman of the Economic Council of Canada yesterday to the effect that Mr. Lalonde's policy makes "heroic assumptions" about the speed and degree of demand for oil in Canada over the next 10 years. I wonder whether we could pursue this matter by way of referring it to a committee of the Senate in the near future.

Hon. Raymond J. Perrault (Leader of the Government): The energy program will come before Parliament and, therefore, before the Senate in due course, and there will be every opportunity to discuss the matter of energy.

Senator Murray: I do not believe the Leader of the Government understood my question. I put a motion on the order paper asking that energy matters, in general, be referred to a committee of this house. The Deputy Leader of the Government took the adjournment on that matter, but, before doing so, indicated substantial agreement on the proposition that these matters should be discussed in committee. I did not want to press the point while the Senate was preoccupied with the Constitution Committee, but could we have some early action on that front?

• (2015)

Senator Flynn: Is there no answer?

Hon. Royce Frith (Deputy Leader of the Government): Is it a question?

Senator Flynn: Certainly it is a question. What do you intend to do?

Senator Murray: I want to know if the Deputy Leader of the Government will resume the debate on the motion which he took the adjournment on some weeks ago, and agree to send energy matters to a committee of this house.

Senator Frith: Honourable senators, on the first part of the question, as to whether I will participate in the debate, I certainly will, and hope to do so, as indicated in the remarks by my honourable friend, as soon as we have disposed of the Constitution question. I cannot say that I will support the idea, but I will certainly make my position very clear—

Senator Flynn: You came very close to it.

Senator Frith: I will make my position very clear on that question when I participate in the debate.

Senator Murray: It is very clear already.

EMPLOYMENT AND IMMIGRATION

ON-THE-JOB TRAINING AND IMPORTATION OF SKILLED LABOUR

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. In a speech delivered in my home town of Winnipeg in late January, the minister said that shortages of skilled workers will not be satisfied by immigration, and that companies will themselves have to engage in on-the-job training.

The federal Employment Task Force has since been told by a spokesman for Montreal aerospace industries that those companies are unable to train enough workers to meet the demands of the eighties, and that they will have to recruit workers from Europe.

Did the minister consult the aerospace industry before making his statement?

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator is asking about a specific industry, namely the aerospace industry, and my remarks were of a more general nature, because there are many, what I call, critical skill shortages that appear to be developing, when we consider the requirements for the enormous growth that will take place in Canada during the 1980s. Some of those will not come up until some time later; some are in the process of development right now.

Therefore, what I was trying to do was to persuade industry to do more. I am not suggesting that they are not doing anything now, but I was trying to persuade industry to accept

some of the costs and inconveniences, if that is the right word, to do more on-the-job training. I do not believe that we are going to meet the requirements by the traditional, institutional training methods and the level of apprenticeship and on-the-job training that is in existence now. I also do not believe that we are going to meet many of the critical skill shortages by immigration to the same degree as we have in the past. Perhaps that is equally true of the aerospace industry, although that is not the specific industry I had in mind when I was speaking at this press conference in Winnipeg.

Senator Nurgitz: Honourable senators, if I may leave that question of a highly technical nature, which is, in essence, what the minister is saying it is, both labour and management in British Columbia have asserted, regarding the $2.5 billion coal deal with Japan, that many of the 9,000 jobs created as a result of that deal will have to be filled by immigration. That is something not nearly as technical as the aerospace industry.

In light of the minister's statement just now, would he share with us the government's specific plan or activity that would preclude the necessity to look abroad to fill many of these jobs?

Senator Olson: Honourable senators, the government's position is that the first place we want to look for persons to fill those requirements is the Canadian work force, whether it is the presently unemployed or people entering the market.

The point I was trying to make was that we have to adjust our application of resources, whether financial or otherwise, to turn out great numbers of workers with the required critical skills. I would hope that a large part of the requirement would be met—perhaps for the construction projects, at least, and that is what the northeast British Columbia coal project is going to be—by some form of temporary migration rather than immigration. That is our objective. I hope it succeeds—perhaps not completely, but to a higher degree than is apparent now.

• (2020)

LABOUR

PROPOSED INDUSTRIAL LABOUR MARKET INSTITUTE

Hon. Nathan Nurgitz: Arising from the minister's response to my last question, I wonder if I could draw his attention to a joint statement that I understand has been made by the Canadian Labour Congress and the Business Council on National Issues requesting the federal government to support the creation of an "Industrial Labour Market Institute" to cope with labour shortages, and asking for funds to assist in the setting up of such an organization.

Assuming that the government has the interest that has been expressed by the minister—and I accept that it has—has there been any study done which would indicate that such funding would be advanced in order to set up an institute of that type?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, in the discussions that I have had across the country—and, incidentally, there have been such meetings in each of the provincial capitals that I have visited so far—with senior businessmen, labour unions and provincial governments, we have not offered a significantly higher level of funding for this purpose. What we have asked them is whether or not they could help us devise ways in which they could enthusiastically support making better use of the funding that is now devoted to the necessary training and retraining in order to be able to meet these demands.

That funding, I should tell you, amounts to about $800 million a year from the federal government, and, even so, we do not play the leading role in education, training and retraining, in the technical sense. I think there are some extremely good examples of what is being done by some businesses, supported by their labour unions, and in some cases by the labour unions independently of business, in order to do this job rather effectively. I found no suggestion on the part of labour unions or business that they did not recognize the diagnosis of the problem, or that they rejected some of the suggestions made for resolving it. What we need is a plan of action that they will all enthusiastically support. If this is done, then I think the magnitude of the problems will be lessened considerably.

Senator Nurgitz: I take it, then, that the specific response with regard to the funding of this Industrial Labour Market Institute is that it will not be funded by the federal government.

Senator Olson: Honourable senators, I thought I had made it clear that in the course of my discussions across the country I did not offer any additional funding. What I did was to ask whether we could make more effective use of the present spending, which, by the way, is rather substantial, as regards turning out the required additional numbers of critical skills.

RESEARCH AND DEVELOPMENT—SHORTAGE OF TALENT

Hon. Nathan Nurgitz: One final human resources question, honourable senators, if I may, which I would like to address to the minister.

The Minister of State for Science and Technology recently announced that the government's objective of spending 1.5 per cent of the gross national product on research and development has been delayed until 1985 from 1983.

Is the minister aware that the President of the Natural Sciences and Engineering Research Council has said that the critical shortage of research talent may prevent Canada from achieving that goal? If the minister is so aware, would he share with us the government's specific plans for ensuring that the number of trained research workers will be such, by 1985, that the government will not be able to blame any failure to reach the target on the absence of a competent labour force?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, an objective analysis of the amount of additional funding of research and development, not only by the federal government but by other levels of government and by the private sector, leads us to believe that the 1.5

per cent level, as a combination of those three, will indeed be reached by the end of 1985. I think it is fair to say that it will perhaps be exceeded by that time, because there are some elements of research and development that we think ought to be added, such as marketing structures along the way, at the same time as technical problems are being worked out. I suppose it is purely a matter of opinion, but my opinion is—and I believe it is a fairly objective and well-informed opinion—that we will reach that objective.

[*Translation*]

THE CONSTITUTION

AMENDMENTS PROPOSED BY WOMEN'S CONFERENCE

Hon. Martial Asselin: Honourable senators, my question is for the government leader. This past weekend, an important delegation of women from all the provinces and the Northwest Territories were called by the Advisory Council on the Status of Women to a meeting in Ottawa to discuss the constitutional future of the Council in the light of constitutional changes. This large group of women passed several resolutions asking for the Charter of Rights to include legal recognition of their group.

For instance, it was suggested to the Minister of Justice that the Charter of Rights be discussed in Canada by a constituent assembly so that this important section of the Canadian electorate could express its views and state its rights.

In the wake of this important conference, will the government and in particular the Minister of Justice accept to include in the Charter of Rights some of the recommendations of that group.

● (2025)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the recommendations which were produced by that women's conference, of course, are being studied very carefully by the government at the present time.

[*Translation*]

Senator Asselin: Will the government take a decision about their claims before the close of the constitutional debate which began today in the House of Commons and which will soon get under way in the Senate?

[*English*]

Senator Perrault: Honourable senators, the question will be taken as notice and further information will be sought on that point. Interestingly enough, when the Right Honourable the Prime Minister suggested in the other place that the government may well be prepared to adopt the recommendations of the women's conference if the official opposition expresses support for the effort to enshrine a truly great Charter of Rights, his offer was totally rejected. Perhaps the spokesman for the opposition in this chamber will explain the inexplicable.

[*Translation*]

Senator Asselin: I would not think that the Leader of the Government would dare venture on such slippery ground. I fully appreciate why the opposition leader and his supporters refused to negotiate women's rights in exchange for other concessions the government might offer them about the constitutional repatriation.

I think the government in office is not being brave and courageous when it asks that members of the opposition assume its responsibilities. The government must be able to shoulder its responsibilities and then ask us to judge its decisions.

In any event, if that is what the government wants we in the official opposition have already taken our responsibilities. We are still capable of doing so. But I am saying that the argument just raised by the Leader of the Government is the weakest we can hear in this debate—asking the opposition to decide for the government.

[*English*]

Senator Buckwold: This is a speech. Why don't you ask a question?

Senator Asselin: I am coming to the question because he did not answer my question. He only made comments about what I said before.

Senator Frith: He said he would take your question as notice and he would get the information.

Senator Flynn: No, no, no.

[*Translation*]

Senator Asselin: I will go further. Considering that perhaps my question was too difficult for the Leader of the Government, I will put it in a simpler form.

In order to release the existing tension between the Advisory Council on the Status of Women and the minister responsible for that advisory council, the Honourable Lloyd Axworthy, and to restore peace within that organization, does the government intend to have that group report directly to Parliament instead of leaning on the mercy of a minister who is using his political power to pressure it?

● (2030)

[*English*]

Senator Perrault: As I stated a few moments ago, the recommendations of that conference will be considered carefully by the government, but, honourable senators, the amendments which were produced by the government represent a substantial advance for the women of Canada. No one suggests that the amendments represent perfection, but the former chairman of the Canadian Advisory Council on the Status of Women, Doris Anderson, spoke in most glowing terms about these amendments prior to her resignation. I think even yet she must admit the amendments represent substantial progress.

Senator Asselin: Then why did she resign?

Senator Perrault: To paraphrase her remarks, she said that these amendments represent great progress for the women of Canada. The government is sympathetic to improving the situation of the women in this country. If these further ideas have merit, they will certainly be given serious consideration.

ENERGY

QUEBEC AND MARITIMES PIPELINE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have seven delayed answers to questions which I would ask the chamber to take as read. I will simply identify the questions.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Honourable senators, I have a response to a question raised on January 28 by Senator Muir concerning the Quebec and Maritimes pipeline.

(*The answer follows:*)

The honourable senator will note that there is a firm commitment in the national energy program to extend the gas pipeline to the maritimes (by 1983) and west to Vancouver Island. To this end, the government has indicated that it will set aside up to $500 million to be used, if required, to support these undertakings. The competitive pricing of gas relative to oil, coupled with conversion grants, should provide additional incentives to extend the gas distribution system.

With respect to the status of applications before the National Energy Board, I wish to inform the honourable member that Trans Quebec and maritimes (TQM) has made application to extend the gas pipeline from Quebec to the maritimes. The NEB has set March 10, 1981 as the date for hearings on the supply and requirements portion of the application. Hearings on other elements of the application, including financial, environmental and technical, will be scheduled as additional information requested by the Board is available. The duration of the hearings will be affected accordingly.

In conclusion, I would reiterate that the federal government considers construction of this pipeline to be of the utmost importance and hopes to see progress on the pipeline advance quickly.

OIL—POTENTIAL SHORTAGE IN EASTERN CANADA

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a response to a question raised on January 20 by Senator Donahoe concerning a potential oil shortage in eastern Canada.

(*The answer follows:*)

I am informed that Mexico was forced to reduce crude oil exports in late 1980 and early 1981 due to severe weather conditions which affected crude oil production and created lengthy delays at loading terminals. This lower level of crude exports affected not only PetroCanada's contracted volumes but also all other Mexican oil purchasers. Such interruptions are not uncommon and most refiners' supply logistics do take them into account. Pemex, Mexico's national oil company, is currently working to overcome these technical difficulties and is hopeful of allowing companies to resume full liftings shortly.

In the meantime, offshore crude supplies into eastern Canada appear to be generally satisfactory and, compared to total eastern Canadian imports, the volume lost is relatively small. To date, refiners have not experienced difficulties in adjusting to the Mexican interruption.

Furthermore, I would like to add that the government regards the oil industry as being responsible for assuring oil product supply to Canadian consumers. If there are breakdowns in supply or refinery systems, then more crude and/or petroleum products can be imported to ensure domestic needs are met. Canada is not isolated from the international oil market; the oil refining and marketing industry is in a profitable phase, and there is no reason for it not to maintain its continuous record of assuring supply to the Canadian market.

FINANCE

CANADA SAVINGS BONDS—INTEREST RATE AND REDEMPTIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on January 29 by Senator Charbonneau concerning redemption of Canada Savings Bonds.

(*The answer follows:*)

I wish to inform the honourable senator that the government is continuously monitoring the level of Canada Savings Bond redemptions and any changes in rates payable on competing savings instruments. While the level of current redemptions is high, no decision has been taken to revise the yield on CSBs. The government's CSB policy remains one of ensuring that investors receive a fair rate of return while minimizing, as much as possible, the burden of debt charges from this form of financing on the taxpayer.

In the present situation the rates payable on some very short-term savings instruments are, indeed, higher than CSB rates. However, the rates payable on CSBs are guaranteed for a full seven-year term, whereas these other rates, such as those presently payable on bank non-chequable savings accounts, fall quickly when interest rates decline. Furthermore, CSBs can be cashed without interest penalty at any time. Because of tne attractive unique features of CSBs, the government cannot be expected to pay the same rates at all times as are available on either less liquid instruments or those which pay a guaranteed rate over a very short period of time.

Honourable senators, I have a response to a supplementary question by Senator Murray concerning Canada Savings Bonds.

(*The answer follows:*)

I am informed that net redemptions of Canada Savings Bonds during the fiscal year up to the end of January amounted to about $1.2 billion. Based on recent redemp-

tion levels, it is possible that net redemptions of CSBs during fiscal 1980-81 could amount to $2 billion. To date, however, the government has been successful in refinancing such redemptions through treasury bills and Government of Canada marketable bonds.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to questions raised by Senators Doody, Roblin, Manning and Donahoe on February 11 concerning the purchase of Petrofina by Petro-Canada.

(*The answer follows:*)

Petrofina is a fully integrated company comprising activities in exploration, development, production, refining and retailing.

Petro-Canada, based on its assessment of the worth of Petrofina, has concluded that $120 per share is an appropriate amount. While the details of this assessment must remain confidential, Petro-Canada's track record in acquiring other companies—for example, Pacific Petroleum and Atlantic Richfield—is a good one and the corporation has earned the confidence of government and the people of Canada.

The assets of Petrofina being acquired by Petro-Canada will complement the existing assets of Petro-Canada in important ways. For example, the 1,100 retail outlets in Ontario, Quebec and the maritimes will round out existing regional retail markets. Other assets to be acquired include a 5 per cent interest in Syncrude, production of about 21,000 barrels per day of oil and 82,000,000 cubic feet per day of gas for a total production in barrels of oil equivalent to about 31.6 thousand barrels per day. Petrofina also owns a refinery near Montreal with a capacity of about 90,000 barrels per day and has an interest in Panarctic. Adding this production to Petro-Canada's existing production base would make Petro-Canada the fifth largest hydrocarbon producer in Canada.

STRAIT OF CANSO—POTENTIAL SITE OF NATURAL GAS LIQUEFACTION TERMINAL

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a response to a question raised on February 12 by Senator Muir concerning the potential site of a natural gas liquefaction terminal.

I am informed there is at the present time an application before the National Energy Board which deals with this matter. The Board has yet to set a date for hearing this application. I regret that I am unable to provide the honourable senator with further details.

INTERNATIONAL TRADE

GYPSUM EXPORTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on February 11 by Senator Muir concerning the gypsum industry.

(*The answer follows:*)

Gypsum deposits are common in many areas in North America. I am informed that in Canada—in Nova Scotia and Newfoundland, in particular—large deposits of gypsum can be found. Most of these deposits are recovered from open pit mines and shipped in their raw form down the coast of eastern U.S.A. markets. The advantages of large deposits, open pit mines, and easy transportation result in a marginal price advantage for our Canadian producers. The absence of tariffs on raw gypsum also assists producers in maintaining this price advantage.

If Canadian producers decided to export a finished product, it is felt that they would lose the advantages of selling raw gypsum. Since raw gypsum is available in many areas, it is thought that buyers would turn to local suppliers, if there were no price advantage and, therefore no reason to buy Canadian.

PUBLIC WORKS

TERMINATION OF COMMUNITY SERVICES CONTRIBUTION PROGRAM—EFFECT ON WINNIPEG

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, several questions have been raised both inside and outside the chamber concerning the termination of the Community Services Contribution Program known as CSCP. The question was asked in a formal manner by Senator Roblin on December 3, 1980. I apologize for the length of time it has taken to prepare an official reply.

The decision not to renew the program was taken in the context of the government's desire to maintain expenditures at an appropriate portion of the national income. I can assure the honourable senator that the decision was a difficult one, and was only taken after a careful consideration of certain fundamental factors.

First, there was the question of whether it was appropriate for the federal government to continue funding the provision of services that from a jurisdictional point of view have been the responsibility of the provinces and municipalities. It is not a matter of whether the program was good, but rather who should pay for such a program. Second, there is the issue of accountability—whether the government responsible for raising resources through taxation should not also be responsible for the expenditure of such revenues. Third, the effectiveness of the program was analyzed from the point of view of job generation and compared with other programs that demonstrate a better return for money spent.

Moreover, the present climate of fiscal restraint contributed to this decision. In meeting the objective of providing more effective government, the continuation of existing programs has been studied with a view to providing funds for new programs, or to those of higher priority. The decision not to renew the Community Services Contribution Program now results in more funds being available for addressing higher priorities in the fiscal year 1982-1983.

Honourable senators, under CSCP, the federal government has allocated a total of $400 million for municipal capital projects: $150 million for the 1979 program year and $250 million for 1980. Over 3,000 projects in some 1,000 communities from coast to coast will have received federal assistance. This is a significant contribution to the provision of local services to Canadians in every province.

Although no further commitments will be made under the program after the 1980 program year, federal funds will flow to the provinces until March 31, 1982. There is a common misconception on this particular point. It is not an abrupt cutoff as of the end of 1980. In this regard I can assure you that the government will meet all commitments under the present federal-provincial CSCP agreements. As you are aware, concerns have been raised about the time available for the use of the 1980 program year funds. As I mentioned, the funding is scheduled to terminate at the end of March 1982. However, the minister responsible for Canada Mortgage and Housing Corporation is seeking an extension of even that date, to enable communities the time to incur the necessary expenditures. He is confident that this extension will be granted, on the understanding that fiscal expenditures in 1981-1982 will be reduced to reflect expenditures to be made in 1982-1983.

Honourable senators, I apologize for the length of the reply, but this is very important to many communities in this country and I felt that these facts should be placed on the record.

• (2040)

THE CONSTITUTION

MOTION FOR DELAY OF DEBATE ON RESOLUTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE ADJOURNED

Leave having been given to proceed to Motion No. 2:

Hon. Jacques Flynn (Leader of the Opposition), pursuant to notice of Friday, February 13, 1981, moved:

> That the Senate do not consider approval of the report of the Special Joint Committee on the Constitution, or the resolution based on that report before the House of Commons has disposed of them.

He said: Honourable senators, I imagine that I must speak in favour of this motion since—

Senator Perrault: Not necessarily.

Senator Olson: No, you are not in favour of it.

Senator Flynn: If you say that you agree with the motion, I will resume my seat right now. The motion speaks for itself. Last Saturday morning I had forgotten about the matter, deciding to prepare later whatever I would say tonight. While reading the *Gazette* of Saturday, February 14, I noticed an article entitled: "Constitution in home stretch before London trip." I quote from that article:

> A parallel debate in the Senate is expected to be shorter and more peaceful. As committee co-chairman Senator Harry Hays (Liberal-Alberta) told a press conference yesterday: "Our people are pretty well in favor of the package and seeing as we're a long way from the bathroom facilities, I think that those in the opposition—looking at their age—I think we'll whip them pretty fast."

That article did not make me very optimistic as to the result of my motion. Now, I know that Senator Hays, the joint chairman of the committee, has had problems because sometimes he speaks before he thinks.

Senator Muir: He has problems with many things.

Senator Olson: Also a high level of success.

Senator Flynn: I thought it was rather amusing. However, we will see as we proceed with this debate whether Senator Hays' opinion is the opinion of the government or of the majority in this house supporting the government.

[*Translation*]

There are three main reasons why my motion should be passed. First, the precedents. Second, the importance of the matter. Third, it is a strategic problem for the Senate—not for the political parties but for the Senate.

As for the precedents—

Senator Lamontagne: What is the fourth one. You said there were four.

Senator Flynn: No, I said there were three.

Senator Asselin: Wait a minute, there is perhaps a fourth one.

Senator Flynn: The fourth point will perhaps be made by Senator Lamontagne when he will support my proposal.

I return to the matter of precedents. I may have erred—and it can happen to me, Senator Lamontagne, if you can imagine that! However, since the Statute of Westminster, the only point that seems important to me is that if we left in London in 1931 the responsibility of any legislation amending our Constitution, it was at the request of the provinces. This is history. However, some amendments were made to the Constitution when unemployment insurance was implemented, and they were approved by the provinces who wanted to give up that burden. Now, this is not the problem, it has been passed by the Senate and the House of Commons.

But let us talk about 1949 which, in my opinion, is the important point in constitutional amendment debate. Since then, the only part of our Constitution which still remains the responsibility of Westminster is the part that concerns both the provinces and the federal government. In 1949, we patriated all the provisions that dealt exclusively with the federal government. I think that even as far as the 1949 amendment is

concerned—unless I am mistaken, I did not have time to check that particular case—Mr. St. Laurent said that it had nothing to do with the provinces, but that the federal government and Parliament were exclusively concerned.

Senator Lamontagne: That is not what your party said at the time.

Senator Flynn: Maybe not, but it should be noted, as Senator Lamontagne will certainly remember, that the Premier of Nova Scotia, Mr. MacDonald, was not very happy with this amendment, and neither was Mr. Duplessis. And that is why we have section 91.1 which is very exclusive and which states that what remains over there is what concerns provincial governments and legislatures, as well as the conditions which affect the two levels of government. I think that during an earlier debate, I mentioned that when Mr. St. Laurent had applied to Westminster for this change, he had thought—and that is the opinion expressed by Mr. Pickersgill in his book entitled *My Years with Mr. St. Laurent*—that all subsequent change would require the unanimous support of the provinces. He felt that it had not been necessary then, because his application dealt only with the patriation of the part of the Constitution which is the exclusive responsibility of the federal government.

In any case, from that moment on, we have the following precedents: in 1951, section 94.A dealing with old age security pensions, and this amendment as passed by the House of Commons on May 5, 1951, and later by the Senate on May 8, had been introduced first of all as an Address. But they had taken the trouble, as suggested then by Senator Hugessen, to print as an annex to the official report the correspondence exchanged between the federal and provincial governments to make sure that it met with the approval of the provinces.

In any case, what I want to say is that this was passed first by the House of Commons, and later by the Senate; it was not done simultaneously.

Then, in 1960, there was section 99.1 concerning the retirement age for judges. This amendment was approved by the House of Commons; the Address was approved on June 14, and it was only on July 13 that the Senate approved it, after making an amendment. I believe that Senator Croll was there at the time. The Senate amended the resolution by removing the reference to county or district judges and restricting the amendment to superior court judges. Therefore, this did not occur at the same time, but later on, and the Senate amended the Address and referred it back to the house, which accepted the amendment.

In 1964, another amendment was made to section 94.A concerning supplementary benefits and survivor entitlements for old age pensions. This amendment—it was, of course, highly technical—was passed more quickly as it was approved by the House of Commons on June 19, and by the Senate later the same day.

There is therefore no precedent for a concurrent discussion on an Address to Westminster to amend the Constitution. There is no precedent for a simultaneous discussion in both houses. Generally, the procedure is for the House of Commons to say "we" and to leave a blank space so that the words "the Senate and" can be added to the "we", meaning the House of Commons, "requesting that Her Majesty lay before the Parliament a measure hereinafter set forth—"

Senator Frith: But because of your motion, we are not having a simultaneous discussion.

Senator Flynn: I do not understand what you mean.

Senator Frith: Our discussion is not starting at the same time as in the House of Commons because we are now discussing your motion.

Senator Flynn: This is hair-splitting. Once again, if you want to accept my motion, I shall sit down immediately. He was suggesting that we would start on Thursday, when the debate in the House of Commons will go on for weeks. We would therefore be having simultaneous debates in both houses on the same address.

Senator Frith: Yes.

Senator Flynn: You were saying that we are not discussing the Address this evening at the same time as the other place and that we are therefore not having simultaneous debates.

Senator Frith: If that is the case, I do not understand what you are getting at.

Senator Flynn: I think that your point was too subtle and perhaps not really relevant in these circumstances.

Senator Frith: Are the precedents of 1951 and 1960 the only two you found? For my part, I found four earlier ones starting with 1940.

Senator Flynn: Yes, I am aware that there were four before that. But there were two decisions concerning only a distribution of seats which were highly technical. In any event, I believe that since 1931 there have not been simultaneous debates.

Senator Frith: In what sense?

Senator Flynn: In the sense that the Senate was invited to approve the Address once it had been adopted by the House of Commons. It is in that sense that I drafted my motion. Here is what I am saying: let us wait until the House of Commons has disposed of the proposed resolution or the proposed Address before we debate it here; that is my proposal. I think it seems obvious that that is what I am proposing, unless I am deluding myself. I do not know, but naturally I thought I was dealing with at least grade 10 students, not grade 2—

• (2050)

Senator Riel: You do not seem to be very convinced.

Senator Flynn: With you it is difficult to be convincing in any case, but that is the least of my worries.

Senator Molgat: As a teacher or as a student?

Senator Flynn: As a teacher I would always follow your example; only Senator Molgat with his tender and flute-like voice is typical of a primary school teacher.

Now having said that—I wonder if Senator Riel wants to say something to me?

Senator Riel: We understand what you want; you want it to be subsequent, not concomitant?

Senator Flynn: Right on.

Senator Riel: Is that what you mean?

Senator Flynn: I thought everybody had understood, especially a well-informed lawyer like you, Senator Riel. You are used to pleading cases, it is not necessary to dot all the i's for a man of your intellectual calibre. So, who else now has something to say?

Senator Asselin: I believe Senator Denis wants to say something.

Senator Denis: Come to the point!

Senator Flynn: I have just explained to you that the precedents suggest that the Senate ought to consider this type of resolution and this type of Address only after the House of Commons is through with it.

Senator Denis: There have been others as well according to Senator Frith. There have been other cases when it was debated at the same time.

Senator Flynn: No, not a single one.

Senator Asselin: No, that is not the way you see it.

Senator Flynn: According to the research I made, there is not a single one. The only one which comes very close is the address dealt with in 1964. That Address was passed by the House of Commons on June 19 and the Senate passed it a few hours later. The Senate received the message and did pass the Address.

In those days, in almost every case, very technical problems were involved and this brings me to my second point. Today we do not have before us a matter which is as limited or as easy to consider as those we had previously. Here we are dealing with very fundamental amendments to the Constitution.

According to the Prime Minister, this is the beginning of a new era. Canada has at last its own Constitution, imagine! All we are repatriating after all is that part of the Constitution which concerns the provinces and not the federal government. Secondly, we have the Charter of Rights. That is another problem, namely entrenchment. It does not solve the fundamental problem we have been discussing for years, which is the division of powers. When people suggest—and here, of course, I am a little off the subject but I was pushed into it—when people suggest that this proposal is in response to the referendum in Quebec, I tell you frankly that patriation of the Constitution and the Charter of Rights are the least of concerns of Quebecers who were rather counting on a redistribution of powers. At all events, we shall discuss that matter in due course because as regards the problems which arise concerning our federation—and that is why that province is currently opposed to the federal appeal to Westminster—we have a very important question, of course. Furthermore, it is very controversial. For example, the proceedings and the work of the joint committee indicate that a host of views were expressed, and that differences in views are focused on the central point of unilateral action. Concerning the unilateral action of both the government and the federal Parliament, the views expressed reveal that 33 groups out of 56 expressed their disagreement whereas 23 were in agreement. Some 42 out of 134 individuals who expressed their views agree whereas 92 disagree.

So this is indeed a very controversial issue. Strategically, the debate which is under way in the other place may bring about certain changes.

I do not know whether it was Senator Olson who said a while ago, "Oh yes?" I am interested in that answer. You agree that there can be changes?

Senator Asselin: No, there will not be any.

Senator Flynn: So it is decided, there will not be any.

Senator Asselin: That is even worse.

Senator Flynn: That is your opinion, Senator Olson, you think there will not be any.

[*English*]

Senator Olson: I was not commenting on what you were saying.

Senator Perrault: We are just listening.

Senator Flynn: Not very well. In any event, it does not matter.

[*Translation*]

There may be amendments because there were suggestions to that effect yesterday in the other place. Tonight also, Senator Asselin asked the government leader questions on the requests made by the Women's Advisory Council. The answer was similar to the one the Prime Minister gave yesterday, namely that if the opposition is willing to compromise, the government may grant some of the requests. As some have said, this is really some sort of horse-trading. One cannot deal in this way with fundamental rights.

But, what if Mr. Trudeau makes concessions to this group as he did with the NDP, or with Mr. Davis or others just to get what he wants, that is to get his package accepted like he did with the Senate. He did repeal clause 44 to buy off the Senate; what if he does the same with other provisions of the proposed charter. It might help for the Senate to be made aware of it before there is a confrontation or a fight with the House of Commons. It would be logical for the Senate to consider this resolution of vital importance to the future of Canada only when it knows exactly what the government is driving at, and whether or not the House of Commons is willing to agree to it. We would therefore be able in the Senate to reach a decision in relative peace and quiet and not by exchanging opinions with the other house. That danger is very real if the debate is to proceed simultaneously in the Senate and the House of Commons.

Since it is suggested that the Senate is to reform itself, since we have received the report of the special committee, since we have had all those suggestions about the role of the Senate, I should like to see the Senate really proceed to reform as suggested, and as expected, in order to deserve the confidence the government was forced to show in it by withdrawing Section 44 which would have allowed the House of Commons to abolish the Senate unilaterally, through a simple decision in the other place that would not have required our approval but would have been confirmed by the other place 90 days later.

I feel we must show, without delay, that we can assume our responsibilities. And the way to do so is to wait till we know exactly what the House of Commons or the government has decided to do in the other place. We can then discuss the matter soberly, responsibly, efficiently, and thereby show that this institution really deserves to survive.

● (2100)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, all members of this chamber have listened with a great deal of interest to the arguments advanced by the distinguished Leader of the Opposition in explaining the reasons which prompted him to move the motion which we are now debating. I suppose what Senator Flynn has really said to us is that we are the house of "sober second thought", that traditionally the Senate is a body which is supposed to reflect on actions taken previously in the other place. In effect, he suggests that honourable senators, in their wisdom, should act to make changes only after the members of the Commons have debated and voted.

It is true that one of the valuable functions of the Senate is to exercise its judgment with respect to the measures sent to it by the other place. The Senate has done that countless times. Honourable senators know better than anyone in this country of the numerous changes in legislation which are the result of official and unofficial work by the Senate—work in the chamber and outside of it. Honourable senators are aware of this process which often sees a minister contacted after a bill comes to us from the other place. The minister is taken into a process of consultation, and ways in which a bill can be improved are often suggested to that minister. This process is a Senate technique—a good and useful tradition. Many worthwhile legislative changes have come about as a result of this process. On many occasions—more often than the critics of the Senate are prepared to admit or, perhaps, know of—the Senate has improved proposed legislation. In this respect, the Senate has proved its worth time and time again.

Some honourable senators may feel persuaded initially to support the view advanced by the Honourable Senator Flynn this evening. Some may sympathize with the view that in the case of these very important constitutional proposals—some of the most important measures ever to be brought before Parliament—it may be a particularly appropriate time for a process of "sober second thought," with debate and decision in the other place before we discuss it here. However, surely there is a fundamental difference between the normal procedure followed regarding a bill which has been debated in the other place, referred to committee, given third reading and passed, and then sent to the Senate to be considered by us, and the procedure which the government has proposed for the consideration of the resolution recommended by the joint committee's report, that great report which was produced as a result, in significant part, of the efforts of many members of this chamber. Does "sober second thought" suggest that all measures should be introduced only in the other place, and that only after the Commons has disposed of them should they be sent to the Senate for detailed study, debate and possible amendment? Surely that is a narrow interpretation of "sober second thought." Isn't "sober second thought," as it applies to the Senate, really a state of mind? Is it not an attitude?

Some Hon. Senators: Oh, come on!

Senator Perrault: Yes, is it not really an attitude, an attitude which says: "Look here, now, however this measure comes before us, regardless of the formal time schedule, we are going to take a conscientious, reflective attitude towards the quality of what we do in Parliament. If possible, we shall improve those measures which come before us"?

Whether we have concurrent debate or sequential debate, whether a bill originates in the Senate and then goes to the House of Commons, or vice versa—

Senator Flynn: Technically.

Senator Perrault: —the determination to do our work in respect of a bill or a resolution in a conscientious and effective manner is of fundamental importance.

"Sober second thought," in that sense, has little to do with formal time allocation, or whether we receive bills or resolutions from the other place, or whether they originate here, or whether we debate sequentially or concurrently.

There is something very different, indeed, unique about these constitutional proposals. Here is not a normal "housekeeping" bill which has been dealt with in some sort of limited fashion by members of the other place—a bill which has been adopted after two or three hours of debate and then sent to the Senate.

In this chamber the report of the Special Joint Committee on the Constitution was tabled the other day. Has there ever been a joint committee in the history of Parliament which has seen a more united and concerted effort by parliamentarians from both chambers to do something beneficial for this country? I think not.

Senator Flynn: What do you mean by "united"?

Senator Perrault: Parliamentarians of all parties united in a concern and endeavour to abide by the highest parliamentary principles. That is what I mean.

Honourable senators, I freely acknowledge the contribution made by the official opposition in this process. They did a splendid job, according to their own lights, insights and instincts. I think the same can be said for all parties on the Hill.

The report was produced as a result of 106 meetings of a joint committee composed of representatives of this chamber and the other place; 260 hours of committee time directed towards the study of these constitutional proposals; with 51 honourable senators having participated in that committee's deliberations. I remember the debate of many weeks ago at which time it was alleged that only a limited number of carefully selected senators would be allowed to serve on that committee and that—

• (2110)

Senator Flynn: To vote.

Senator Perrault: —there was an attempt by the government to restrict freedom of speech. By the time the committee had concluded its deliberations, 51 senators from both sides of the chamber had, at one time or another, served on it with distinction. Let us acknowledge that. This was an exercise of parliamentary democracy of a type we have rarely seen in the nation's capital.

Over 90 hours were spent on the clause-by-clause study alone of the resolution, and over 130 members of the other place contributed at some point to the hearings as committee members. In other words, a total of almost 190 parliamentarians from the other place and this chamber had the opportunity at one time or another to serve on that committee, and many others attended the committee meetings as observers. Never in parliamentary history have matters related to the Constitution been the subject of such close and detailed scrutiny.

Those honourable senators who believe—and I think quite correctly—in the concept of the Senate as the chamber of sober second thought can feel reassured that a great deal of thought has already been given by members of both houses of Parliament to the subject of patriation of the Constitution and constitutional change. Indeed, the time for sober second thought is not later—it is now. My concern, honourable senators, is that should we adopt this motion tonight, and should we concur in the idea that the constitutional proposals should be debated and decided later by the Senate, that there should be a sequential process that would see the measure debated first in the Commons, I think the Senate could well earn a reputation on this vital issue as the "body of afterthought".

Some Hon. Senators: Oh, oh.

Senator Perrault: Conceivably, many important decisions could be made before the Senate had an opportunity to enter into an adequate dialogue with the members of the other place. Surely, concurrent debate would be vastly preferable with continuing day-by-day communication established between the two houses—and a sharing of constructive ideas.

Are there procedural deficiencies? Senator Flynn states he has been looking into the record. Certainly precedent indicates that the government is on good ground in proposing this concurrent procedure—the idea of having separate but similar resolutions in the Senate and in the Commons on a matter of joint concern to the two houses.

Senator Flynn: I did not say "separate."

Senator Perrault: Honourable senators, there is one 1960 precedent.

Senator Flynn: If you say 1960, you are wrong.

Senator Perrault: Senator Flynn should remember 1960 very well. He was Deputy Speaker and surely he cannot have forgotten the events that began on June 14, 1960.

Senator Flynn: It was passed in the house on June 14, 1960. It was sent on July 13.

Senator Perrault: He made reference to it, but what he failed to mention was that when the Commons, on June 14, 1960, passed this resolution, it was rescinded on July 29 because after the Commons had dealt with it on June 14, it went to the Senate and it was amended on July 13—

Senator Flynn: Sure.

Senator Perrault: —and changes were then required. Then it went back to the Commons, where there was a great deal of parliamentary disruption as a result of that process.

Senator Flynn: You don't want that to happen again.

Senator Perrault: How much better the process could have been had there been a concurrent debate at that time—

Senator Flynn: Please. Spare us.

Senator Perrault: —where an opportunity would have been provided for the two chambers to maintain communications and to determine concurrently at that time to produce the ultimate amendment. Information could have been communicated from one chamber to the other and the amending action could have been taken virtually simultaneously in both houses without the substantial parliamentary disruption which occurred.

Senator Flynn: I am sorry, but that is not what took place. I think you should look at the record.

Senator Perrault: Honourable senators, I have the record here.

Senator Flynn: There was an amendment by the Senate after the house had disposed of it, and then it was sent back to the house.

Senator Perrault: That is exactly what I said. May I just give the sequence of dates again. On June 14, 1960—and presumably Senator Flynn was there as a member of the other place—

Senator Flynn: Sure I was.

Senator Perrault: —it was passed by the Commons.

Senator Flynn: You are confusing the issue.

Senator Perrault: On July 13 the Senate amended the resolution which had been introduced here.

Senator Flynn: It had been passed by the House of Commons first, and then sent here.

Senator Perrault: Then the Commons was required to rescind on July 29, and the resolution, as amended, was passed in the Commons.

Senator Flynn: Yes, that is right.

Senator Perrault: The suggestion that I advance and, obviously, Senator Flynn rejects the idea, is that if there had been concurrent debate—

Senator Flynn: It would not have happened.

Senator Perrault: —the procedural difficulty that occurred at that time would not have taken place.

Senator Flynn: There was no difficulty.

Senator Perrault: Honourable senators, there are a number of other cases that I think might be cited in the course of this debate—

Senator Flynn: Try again.

Senator Perrault: —to reinforce this point of view.

Senator Flynn: You'd better try again.

Senator Perrault: Surely there would be value in having both houses debate the constitutional proposals over the same time period. Should the Senate, for example, debate the motion following adoption of a resolution in the other place, amendments by the Senate different from those made in the Commons would, procedurally, complicate the entire amending process. The Commons would be required to rescind its resolution and begin the debate all over again.

Senator Flynn: Just imagine the tragedy.

Senator Perrault: Honourable senators, I listened very carefully to Senator Flynn's remarks, and I would ask the same courtesy of having these arguments heard.

Thirdly, without question, sequential rather than concurrent debate in the Senate and the Commons would be extremely time-consuming in light of the very heavy legislative timetable. Time and time again we have been reminded in this debate, and during the debate in the other place, that the goverment should really get on with the task of looking at unemployment, inflation, trade, budgetary matters and energy considerations. The Prime Minister and the government have been accused of spending too much time on the Constitution and taking up too much parliamentary time on this subject. While it is necessary to devote ample time to the subject of patriation and other constitutional proposals, we believe, along with the opposition, that we should proceed as soon as possible with consideration of many key matters which require attention. Speaking for the government, may I say that we are prepared to proceed with a backlog of very important legislation as soon as this constitutional proposal is disposed of by Parliament.

The point that the government makes is that concurrent debate in the Commons and the Senate would be time efficient without in any way affecting the parliamentary prerogatives of any honourable senator. We do not have time allocation in the Senate. We do not intend to introduce it. We do not have closure. Honourable senators are going to have a full opportunity to debate this matter.

The method of proceeding then, I believe, is efficient. It will give parliamentarians in both houses an opportunity to present amendments, and it will employ parliamentary time to its maximum advantage in the public interest.

Honourable senators, may I remind you of another consideration which is of significance. I touched upon this just a moment ago. The process of concurrent debate would allow for informal consultation between both houses during the course of that debate. I believe that would be a very useful procedure. It would be possible then for a valuable amendment to be adopted in the Senate, and then to be advanced in the other place, and adopted there, if both houses were still in the process of concurrent debate. Otherwise, the parliamentary procedures would be very time consuming as honourable senators are aware.

Sequential debate could create the enormously time consuming complication of one house or the other called upon to rescind its resolution in order to consider, and possibly to accommodate, amendments adopted by the other chamber. I have mentioned already what happened in 1960 and the experience of the Leader of the Opposition at that time.

• (2120)

Senator Flynn: It was a good one.

Senator Perrault: Honourable senators, if the Senate were to debate the resolution and to vote after the Commons, this body would lose an optimum opportunity to bring influence to bear upon the House of Commons debate. Surely, this is a relevant point. If this measure comes to the Senate after the House of Commons has already dealt with it, and after the relevant processes have been completed in that chamber, what realistic opportunities remain for the Senate measurably to affect the thinking of the Commons?

Finally, honourable senators, the procedure the government proposes constitutes, in my view, the most direct way of dealing with the report of the special joint committee. The time for sober second thought, I suggest, is now: after 31 honourable senators have participated in the debate in this chamber on the question of referring the constitutional proposals to a joint committee; after 106 meetings of the special joint committee have been held; after 267 hours have been spent, during which time a total of 51 senators have participated. I think we should be prepared, without delay, to consider the resolution which has been recommended by that joint committee. As I have said, surely, if we wait until those in the other place complete their debate and vote, we risk being considered as a "house of afterthought" rather than as a body of "sober second thought".

However well-intentioned the resolution by Senator Flynn may be, I urge you to reject the motion before you.

[*Translation*]

Hon. Martial Asselin: Honourable senators, after listening to the speech made by the Leader of the Government, I realize that the important debate to come is not getting off to a good start, and yet the motion presented by the Leader of the Opposition is a reasonable one. It is supported by the precedents I will quote in my speech and which in my opinion preserve the meaning and the essence of the Senate, the very

reason why it was created as the second chamber of Parliament.

However, before coming to that point, the question which is raised, not only in the Senate and in the other place but also among the public is why are we rushed that way? We, from the opposition, have had the same experience in committee. Every single day—and Senator Tremblay could vouch for that as could other senators who attended the sittings of the joint committee—every single day we had to fight to get the majority to understand that we needed more time to study in more depth the document before us and also to give all groups coming from everywhere in Canada the opportunity to state their views before the committee. We had to fight every step of the way to get new delays, and today we are still facing the same situation, we still have to fight to make the point that going about it this way, i.e. studying this document concurrently with the House of Commons, does not do the Canadian people any good. Why do so? I would like an answer to my question. Why, honourable senators, are we rushed again? Why are we asked not to proceed as we usually do, as we have done for so many years, i.e. study legislation from the House of Commons once it has been adopted there? I thought the Leader of the Government would give us sound reasons saying: "Here is the government's timetable, we have to do it that way because of urgent legislation that needs to be passed." Of course they talked about inflation, unemployment, the economy. Well, during the two or three months we spent considering the proposed resolution in committee, the government could have brought legislation before the House of Commons and the Senate, and we could have made decisions concerning the economy, inflation and unemployment. Instead, the Leader of the Government would rather not give a reason which could have been fundamental, that is, the urgency of the program on its agenda.

People remember the Senate held a very important debate on the second reading stage and I believe the credibility of the Senate is now quite high in the mind of the Canadian public. Why has the Senate now become suddenly the instrument of the government when its credibility is high in the public mind? It is because of its independence with regard to the House of Commons and the executive power.

Why also did we not decide to pass a resolution which could be different from the one before the House of Commons? That has already been done in the past. Why is it the Senate has to adopt the same resolution which will have been discussed and then passed by the House of Commons?

Honourable senators, such behavior will belittle somewhat the role of the Senate as a sober second thought institution and that could also result in a certain confusion if the rules of both Houses do not coincide.

As Senator Flynn said, according to past practice for the introduction of a joint address, the resolution was referred to the Senate only after it had been passed by the House of Commons and I believe I will recite a few dates which Senator Flynn probably had in his notes and which he failed to mention.

I would like now to put on the record a few precedents in our parliamentary practice which confirm the point made by the Leader of the Opposition. In 1940, the amending resolution on the inclusion of unemployment insurance under clause 91 was introduced in the House of Commons on June 25, was passed on June 25 and was referred to the Senate on June 27, and the resolution was passed on June 27, that very same day by the Senate, since there were two identical addresses instead of a single joint address. I asked the question earlier: Why could we not have two addresses, one from the Senate and one from the House of Commons?

In 1946, another precedent, a resolution asking for an adjustment in the representation in the House of Commons, pursuant to changes in population shown by the 1941 census, was introduced in the House of Commons on May 28, was adopted on June 20, and then referred to the Senate on July 2 and passed on July 5.

The government leader said there were no precedents!

In 1949, as Senator Flynn said earlier—there was the resolution concerning Newfoundland joining Confederation which was introduced in the House of Commons on February 14, passed on February 16 and referred to the Senate on February 17 and passed the same day. It was always after the resolution had been passed by the House of Commons.

Senator Riel: And not concurrently.

Senator Asselin: That's a most appropriate word, Senator Riel.

In 1949, another resolution on the right of Canada to amend the British North America Act was introduced in the House of Commons on October 17, it was passed on the 27th and referred to the Senate on November 1, where it was passed on November 9.

Then Senator Flynn spoke about the 1951 resolution on old age pensions. He also quoted cases of amendments dating from 1960, 1964 and 1965. Therefore, it seems to be the established practice, honourable senators, when considering a joint address of both houses, that this resolution be introduced to the Senate only after it has been passed by the House of Commons.

Secondly, I was almost outraged by the remarks of the government leader when he defined the role of the Senate as a house of sober second thought. He misquoted the words used by the Fathers of Confederation, especially Sir John A. Macdonald, when he defined the Senate as he just did.

When it comes to the role of the Senate, when it comes to constitutional amendments requiring a power of delay and of amendment in relation to the House of Commons, they are upheld so that some control may be exercised on the resolution that will eventually be passed by the Commons. Sir John A. Macdonald said that the main purpose of the Senate was to control unreasonable legislation that could be passed by the House of Commons and that the Senate could improve it by giving it sober second thought.

• (2130)

Even if the amendment on the safeguarded sections of the British North America Act requires in practice resolutions

from both houses, there are two cases in particular in the recent past when the Senate made some changes to constitutional amendments. In 1936, the Senate refused to agree to an amendment which would have established loan boards to consolidate the borrowing power of provinces and which would at the same time have clarified taxation powers.

In 1960, the Senate amended a proposed amendment to the British North America Act concerning the retirement age of judges, as Senator Flynn has mentioned. The Commons had passed a resolution making retirement mandatory for superior and county court judges. The relevance of this amendment for county court judges was questioned, even though the government wanted to maintain the original amendment. However, the Senate passed an amendment to eliminate the reference to county court judges.

Third, a motion to adjourn a debate in the Senate can be moved at any time, as I said earlier, not by twisting the definition of the Senate as Senator Perrault did earlier, but by invoking the principle of this institution, which is to be a chamber of sober second thought. Sir John A. Macdonald did not say, as Senator Perrault has suggested, that it was to be a chamber of simultaneous thought, but rather of second thought.

The policy of the Senate is to stand up to popular pressures and partisan interests which can be the cause of undue influence on the Commons. It is said that the Senate should have a sobering influence on the House of Commons. In fact, it is the Senate which protects the rights of the minorities in the regions and guards the interests of the provinces. In this historical and important debate on the Constitution which is about to take place the Senate will certainly have the opportunity to carry out those responsibilities. In fact, it is not for the Senate to oppose the will of the people but rather to work in the best interests of confederation and not to fall prey to partisanship as might happen to the elected representatives.

The responsibility of the Senate is not to initiate legislation but to control and regulate it. Then, adjournment of the Senate can be moved on a resolution for a Joint Address on the following grounds: as Senator Flynn said earlier and I also quoted precedents to that effect, in the past, resolutions were introduced in the Senate once they were passed in the House of Commons. In this way the Senate could act as a chamber of sober second thought but it can only do so if it keeps its power to delay and amend the resolution as passed in the House of Commons.

Honourable senators, I believe that the request submitted by the opposition is not unreasonable. The Senate must play its role of upper house by pondering upon legislation and particularly upon the amendments that the House of Commons will hopefully bring to that resolution.

It is unfortunate that the Leader of the Government and his majority group provoked such a negative reaction since the debate started on this important resolution that will be introduced in the Senate. Nothing in the proposals put forward by the Honourable Senator Perrault can justify that the motion presented by the official opposition through its leader be denied.

Obviously, if the majority wants a long debate, it only has to keep on acting as it did tonight, reject reasonable requests, turn a deaf ear to anything the official opposition may say and show no cooperation whatsoever.

If the government majority wants to enter the debate in this spirit, I will tell you that we, in the official opposition, are prepared to fight a full-scale, lengthy, tough and hard battle against the government.

If those opposite do not respond with more flexibility to reasonable requests like those we made tonight, well, in my opinion, we will assume that it will not be possible to cooperate with the majority in passing the resolution which will come before us.

Honourable senators, I believe that this debate will show if the Senate deserves to exist as an institution. All those who are opposed to the resolution or the resolution introduced in the other place and which will be introduced here eventually, all Canadians, all pressure groups and provinces who are opposed to this resolution consider the Senate as the existing group in a position to say no to the executive power and to put forward the views of minority groups and the provinces.

I say that the people will follow more closely the debate in the Senate because they already know that in the House of Commons, the majority rule will prevail. Whether closure is imposed or not, at any rate the majority will prevail and the resolution will be passed in the House of Commons.

But the people have not lost hope. These pressure groups which came to testify before the Committee on the Constitution to express differing views consider the Senate as a group of staunchly objective and independent-minded people who are able to pass sound judgment on comments, views or suggestions made before the committee.

I hope that we shall not start tonight to disappoint them. For I believe that the Senate, while debating the resolution before us simultaneously with the House of Commons, may induce us to make serious mistakes, and then we might bring forward contradictory amendments. It will be difficult later on to have a worthwhile meeting between the House of Commons and the Senate in order to correct any eventual mistakes.

On the other hand, if we wait for the House of Commons to complete its debate, to study its amendments on their merits, we could later review these amendments in an independent way and review the resolution sent by the House of Commons. We could make the required corrections and act as we have always done, assuming our responsibilities when we have to amend legislation coming from the other place which we find deficient.

Therefore, even if the majority has already decided to vote against our motion, I appeal to the goodwill and spirit of cooperation and flexibility of the majority, and they will need it during this debate if they want to receive from the opposition the cooperation which they deserve in such an important debate.

But I suggest right now, and in this I express the views of my colleagues, that if the majority and the government leader show such a small measure of goodwill as they have been doing tonight, if the implication is that the motion put forward by the Leader of the Opposition must be rejected without even asking for amendments, for improvements that would lead to a consensus, and such has not been the attitude of the government leader—his reaction was quite simply to ask his group to defeat the motion put forward by the Leader of the Official Opposition—I would caution the government opposite on such an attitude. Certainly if we were offered some consensus, possibly to improve on the opposition leader's motion, we might have agreed on some working principles. This would have benefited the government as well as all honourable senators, we could have gone on with the discussion of the resolution with a will to improve on the resolution coming from the House of Commons.

Once more, honourable senators, I will support my leader's motion, and I would ask the government to think twice before flatly turning down everything that comes from the opposition.

● (2140)

[*English*]

Hon. Ernest C. Manning: Honourable senators, the proposal that has been made by the Leader of the Opposition is reasonable and appropriate, and is certainly in keeping with the traditional role of this house; but, from the remarks of the government leader, I think it is quite clear to all of us that the government had decided to reject this procedure even before the arguments had been advanced. Being a realist, I have no intention of taking up the time of the house in arguing for something which the government obviously has decided to reject, but I do want to raise a couple of points that I hope will be favourably considered by the government members in the Senate or the majority in the Senate.

We all recognize the seriousness of the issue with which we are dealing in the resolution that will be debated both here and in the other place. In the first place we should recognize that in this house, among the government members themselves, there is a more complete representation of this country than prevails in the other place, for here there are government members for every province of Canada fairly equally divided because of the basis of Senate representation, which was intended to offset the dominance of certain regions of Canada which prevails in the other place by reason of representation by population. It seems to me that that in itself imposes on this house an added responsibility. It certainly imposes that responsibility on the government members in this house, because they are well aware that in many regions of this country what is proposed is rejected almost outright by the rank and file of Canadian citizens, yet many of those areas are not represented by government members in the other place, where over 85 per cent of the total representation comes from only two provinces. Over and above the concept of sober second thought, therefore, there is the other consideration that I suggest is of particular importance in an issue of this magnitude.

I should like to suggest to the Leader of the Government—and I hope he will give my suggestion serious and favourable consideration—that there is an alternative to what he is proposing and what is proposed in the motion now before us, which is to defer all debate in this house until after the other place has concluded its debate. The reasonable and logical alternative, it seems to me, would be to give to the other place a lead time in this debate of at least two or three weeks before this house begins its deliberations. I say that for two reasons. In the first place, it is important, surely, that the honourable senators in this house know the basic positions that will be taken by the government on the amendments that will be proposed and even on the report of the committee as it is now submitted.

I think that as realists we would all acknowledge that after two or three weeks' debate the government position, at least on the most fundamental issues, will have become quite clear, and that from then on there will be the usual repetition, which is unavoidable in a debate of this kind; but at least the members of this house would, before debating this question, know pretty clearly the position of the government, the position of the majority members in the other place and what their position will be on possible further changes, or the attitude of the report in general.

Bearing in mind that there are more than two and a half times as many members in the other place as there are in this house, it is obvious that the debate there will take some considerable time on an issue of this importance. As the honourable leader said—and I quite agree with him on this point—this is probably one of the most important matters ever to have come before Parliament, and it is almost inconceivable that the government would resort to closure to cut off debate in the other place on an issue of such public importance. If that is a reasonable assumption, then the debate will go on for a couple of months at least. If the other place had a lead time of, say, three weeks to establish their position and make available the information to the members of this house then, because of the smaller number of members in this house, there would still be adequate time for concurrent debate from then on, and it would still enable this house to complete its deliberations at approximately the same time as the other place completes its deliberations.

● (2150)

I earnestly appeal to the Leader of the Government to give the matter favourable consideration. I agree with him that the two resolutions we will be debating are not the same as ordinary legislation in that we have before us a report of the Special Joint Committee on the Constitution, on which this house has been well represented and well served. For that reason, there are arguments for concurrent debate.

However, I submit that we can preserve the traditional role of this chamber. We would have the advantage of knowing the government's position on at least the fundamental issues involved prior to our debate, if we give them a lead time of perhaps three weeks. I raise the matter now because once this motion is disposed of there will probably be no other appropri-

ate opportunity to raise the matter, because concurrent debate will be insisted on from the beginning. I leave the matter with the Leader of the Government and honourable senators. It will be considered as a reasonable alternative and supported by all members.

On motion of Senator Smith, debate adjourned.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND ESTABLISHED PROGRAMS FINANCING ACT, 1977

BILL TO AMEND—THIRD READING

Hon. Sidney L. Buckwold moved the third reading of Bill C-24, to amend laws relating to fiscal transfers to the provinces.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 18, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

EXCISE TAX

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. A. Irvine Barrow: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas," or any matter relating thereto, in advance of the said bill coming before the Senate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

CANADA-UNITED STATES RELATIONS

DISCUSSION ON ALLEGED IRRITANTS

Hon. Martial Asselin: Honourable senators, I have a simple question for the Minister of State for Economic Development.

United States Special Trade Commissioner Bill Brock seemed to pour cold water yesterday on this government's oft-expressed desire for a renegotiated auto pact by saying, "We have a number of difficulties with respect to Canada. We want to talk about the Foreign Investment Review Agency and the energy policies." He added that all these issues, including the auto pact, should be discussed as one package.

I wish to know if it is now this government's view that renegotiation of the auto pact will necessarily be tied to discussions on a broader package of items which the Americans consider irritants?

Hon. H. A. Olson (Minister of State for Economic Development): I have expressed in this chamber, honourable senators, and it has certainly been expressed in the other house a number of times, that there are a number of matters that we would like to discuss, some at our initiative and others in response to questions by the United States since the new administration took office. There is nothing unusual about that. We want to proceed with the orderly, ongoing trading relations, and the future development of trading relations, with the United States, and, indeed, many other areas. Therefore, as soon as officials of the United States have been in office long enough to become familiar with the background that is so essential, there will be a number of meetings between Canadian ministers and United States secretaries. Whether or not a date will now be designated for any one of these specific matters, or even a group of the matters, the honourable senator has mentioned, I do not know. I can make some inquiries, but I do not believe there has yet been a determination of a mutually convenient time to exchange views on a number of these things.

DISCUSSION OF CANADIAN ENERGY POLICY

Hon. Martial Asselin: In order to give the Senate further information, would the Minister of State for Economic Development make inquiries and inform the Senate of the particular difficulties that exist with the new United States administration with respect to Canada's energy policies?

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, it is a bit unfair at this stage to suggest that we are having difficulties with the United States administration. There have been expressions of opinion by a number of people in the United States, including business leaders and others, but I do not believe that to this point in time we have had an official communiqué or even an expression of opinion by the new senior officers of the American administration commenting one way or the other on Canada's national energy policies.

RENEGOTIATION OF AUTO PACT

Hon. Martial Asselin: Does the Minister of State for Economic Development know when the auto pact will be renegotiated with the United States? Will it be this year or next year?

Hon. H. A. Olson (Minister of State for Economic Development): I have already indicated that I will make inquiries. If a date for an exchange of views has been set, I will bring that information back to this chamber. I do not believe that that has happened. Following that, what the honourable senator has suggested with regard to renegotiation would come into play. It has not been determined whether or not this will occur and, obviously, after the first determination is made, timing would be a consideration.

• (1410)

PRESIDENT OF THE UNITED STATES

VISIT TO CANADA—PROPOSED AGENDA

Hon. Martial Asselin: We heard this morning that the President of the United States will come to Canada on March 10. Does the government intend to provide the agenda of the discussions between the Prime Minister and cabinet ministers and the President of the United States to the Senate in advance?

Hon. H. A. Olson (Minister of State for Economic Development): I am sure that the honourable senator has been around here long enough to know the precedents with respect to indicating an agenda or a partial agenda of the matters that will be under discussion. I expect that the usual practice will be followed.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. It concerns the recent announcement with regard to Chrysler. I understand that on top of the $150 million Chrysler loan guarantee which will become effective in 1983, the company, provided it invests in certain new projects, will be able to draw on an extra $50 million which brings the amount up to the original $200 million. Would the minister indicate whether or not the expenditures on these new projects will be included in the $681 million to be invested according to the agreement, or would it be in addition to that amount?

Hon. H. A. Olson (Minister of State for Economic Development): I have to take that question as notice. I will try to unravel just exactly what the honourable senator is asking, because I do not understand at the moment.

Senator Doody: Quite frankly, I do not understand either, or I would not be asking.

Senator Olson: I understand the deal, but I do not understand the senator's question.

Senator Doody: There are a couple of things I would ask, if I may. Is that $50 million in guaranteed investment, which I mentioned earlier, on top of the $681 million? In other words, can Chrysler get the original $200 million total guarantee without investing the $1 billion originally agreed upon?

Senator Olson: Obviously, honourable senators, the senator has answered his own question.

Senator Doody: Could you explain it to me?

Senator Olson: He knows very well that the loan guarantees could not come into play until, as he said, 1983. I believe that some of the guarantees do not come into play until somewhat later than that. Certainly, there is an agreement by the company to deliver on some of their undertakings in advance of these loan guarantees becoming operative. In addition, the honourable senator will also respect the fact that by the time these guarantees come into play, the situation will be substantially clarified and Chrysler will have sorted out some of the problems on a much larger scale. At that time the viability of the company on that scale will be much better known than it is today.

Senator Doody: I thank the minister for his answer, although I am not quite sure what I am thanking him for.

Senator Olson: I am not quite sure what you asked.

Senator Doody: That is right. There appears to be a great deal of mystery about this particular deal and that is perhaps the question. I would feel more comfortable if we could get some straight answers. Perhaps I will try to get at the deal from the other side and ask about some of the commitments which Chrysler was to have made. I understand now that Chrysler will guarantee approximately 3,000 fewer jobs than it guaranteed under the original agreement, even though the $200 million total guarantee may still be in place. The minister has indicated that some of these agreements may take a little longer to come into effect. For how long after 1983 has the company undertaken to guarantee the jobs? In other words, did Chrysler undertake to provide *X* number of jobs in 1983 to fulfil its obligation, and can it then in, say, 1985 or 1986, close down its plants and put us back to where we were in 1980, or is there some down-the-road guarantee on employment?

Senator Olson: Honourable senators, I think it would be useful if I brought in a brief statement tomorrow which, I believe, would be essentially the same, in many respects, as the press release by the Minister of Industry, Trade and Commerce a few days ago but, perhaps, containing some clarification, rather than try to answer the hypotheses raised by the honourable senator, since he has already admitted he did not actually understand my answer—and he did not truly understand what he was asking either. It seems to me it would be better if we had a firm basis on which I could give some clarification and then, perhaps, he could ask some intelligent questions based on that.

Senator Doody: I thank the honourable minister; he is most co-operative.

Hon. R. James Balfour: I have a supplementary question for the Minister of State for Economic Development on the same subject, the Chrysler loan arrangement. Perhaps he would prefer to include a response to my question in his statement tomorrow. It concerns the matter of the Canadian government's agreeing not to press Chrysler to pay some $200 million in duties owed for failing to meet safeguard provisions under the auto pact which, of course, in effect, amounts to an additional $200 million interest-free loan from the taxpayers of Canada.

Would the minister either confirm or deny that that is the arrangement with Chrysler? Was it part of the original agreement that Canada would not press for payment of this outstanding debt and, if so, what are the terms of that forbearance? For what length of time will the Government of Canada

decline to press Chrysler for this money owed to the taxpayers of Canada?

Senator Olson: Honourable senators, in my reply tomorrow I will include the content of that question because I should like to be very accurate, as usual, in the reply I make.

Senator Flynn: More than usual.

Senator Olson: Again, since some hypothetical questions are raised concerning the length of time, the terms and conditions, forbearance, and certain other matters, I will include that in my reply tomorrow.

ENERGY

OIL—IMPORTATION FROM MEXICO

Hon. Lowell Murray: Honourable senators, I should like to ask the Minister of State for Economic Development a question about the famous Mexican oil deal which, so far, seems to be a rather inglorious episode in the ongoing saga of Liberal oil policy.

The minister will recall that the original understanding with the Mexicans was that we would import 100,000 barrels a day. The agreement reached with the Mexicans during the visit of the President of Mexico was 50,000 barrels a day.

Would the Minister of State for Economic Development tell us whether we have yet reached the 50,000-barrel-per-day level which was supposed to have been reached by the end of 1980? If not, can he tell us why, and when does he expect we will reach that level?

Furthermore, it appears that of the 20,000 to 25,000 barrels a day that we may be importing now, quite a higher proportion than expected is heavy crude rather than lighter oils. Would the minister tell us what is being done about this problem?

Finally, can the minister say how much more we are paying the Mexicans for this oil than we are paying our fellow Canadians in the western provinces for their oil?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am always rather amused by questions where, apparently, the honourable senator is trying to elicit information but, in the preamble to the question, he answers the question before he asks it. As an example, he asked how much of the 50,000 barrels a day we were importing, and then he states that apparently we are only up to 25,000 barrels a day.

Senator Murray: I want to know officially.

Senator Olson: I will endeavour to furnish you with an official statement tomorrow concerning the actual amounts that have come in, if I can obtain it that soon.

It seems to me that if my honourable friend is going to believe part of the press reports that come out, he should also believe the reasons given for the information contained in those press reports. According to the press statements, the reason for the level of 25,000 barrels a day is because of some severe weather which prevented the Mexicans from moving the oil up to the levels of the commitment.

Senator Murray: That is some storm; it has been going on for months.

Senator Olson: I do not believe anyone can guarantee physical deliveries under such severe and adverse conditions, when it is physically impossible to do so. If my honourable friend thinks that is some fault of this government, then he is even more unreasonable than I thought he was—and that was at a pretty high level. That information will probably be contained in the answer I will give tomorrow.

• (1420)

As far as the other part of his question is concerned, it was a rhetorical question. I say that because he already knows the answer to the question respecting the price of that oil, and he already knows the answer to the question regarding certain prices for certain types of oil in Canada. He knows, for example, that oil coming out of the tar sands plants has a suggested price of $38 plus inflation. Is that the figure he wants me to use, or would he like to have some of the others? I do not mind doing his homework for him, but I have already provided answers to all the questions he asked today.

Senator Langlois: Touché.

Senator Murray: Do I understand that the minister is going to bring a statement to the Senate on the question of when he expects us to reach the 50,000-barrels-a-day level; secondly, on what the proportion of the heavier crude to the lighter oils is and what the government expects to do about that; and thirdly, on the price we will be paying? Will the minister bring a statement to the Senate on those matters on the next sitting day?

Senator Olson: I am not sure that I can get all that information together for tomorrow, but I will do so as soon as possible.

Senator Flynn: I am not sure you can.

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. The question deals with an answer that the honourable senator tabled yesterday referring to the purchase of Petrofina by Petro-Canada. Part of that answer reads as follows:

> Petro-Canada, based on its assessment of the worth of Petrofina, has concluded that $120 per share is an appropriate amount. While the details of this assessment must remain confidential—

Would the minister tell us why they must remain confidential? Is there something that the people of Canada should not know? It is their money that is going to be used to pay this outrageous price.

Hon. H. A. Olson (Minister of State for Economic Development): I can answer that question in a few words; it must remain confidential until the deal is completely consummated.

PURCHASES OF OIL COMPANIES—GOVERNMENT INVOLVEMENT

Hon. H. A. Olson (Minister of State for Economic Development): While I am on my feet, I think it would be helpful if I now answered a question raised by Senator Charbonneau in January. I was going to wait until delayed answers were called for, but I think it would be more appropriate to answer that now.

Senator Charbonneau asked whether the government was involved in any alleged negotiations to purchase oil companies.

The answer is that the federal government is involved to the extent that Petro-Canada is an agency of the Crown and, therefore, would be acting within the guidelines of government policy.

Since the question was posed in January, there has, of course, been an announcement of Petro-Canada's acquisition of Petrofina. In retrospect, Senator Charbonneau's question appears to have have been prophetic. I would, of course, not wish to comment on his speculations with respect to other acquisitions.

By way of answering the questions, I think the honourable senator should appreciate that corporate acquisitions, and any information pertaining to such activities, are extremely delicate matters for a variety of fairly obvious reasons. Accordingly, I will not, nor should I be asked, to comment on rumoured takeovers. I would note, however, that since the National Energy Program is in part designed to restructure and Canadianize the oil and gas industry, one would expect activities and rumours of the sort which we have witnessed over the past several months to continue.

Hon. C. William Doody: I have a supplementary question for the minister. Would the minister undertake to make available to the Senate the details of the assessment once the deal is finally consummated? I understand that an outside consultant was hired to help the company arrive at this assessment. Could those documents be made available?

Senator Olson: Honourable senators, yes, that becomes part of public information after it is completed.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I would like to ask the Leader of the Government a question which relates to one that I asked in the house on January 20. It was in reference to the Garrison Dam project and it involves Canada-United States relations. At that time my leader said:

> —they have invited Canadian scientific and technical experts to visit their Water and Power Resources Service Engineering and Research Centre in Colorado—

That is a long way from my area.

> —to review possible project design modifications. This visit is tentatively scheduled for tomorrow and the following two days—that is, Wednesday, Thursday, and Friday.

The leader was making reference to January 21, 22 and 23.

[Senator Olson.]

There is mounting concern in Manitoba about the Garrison Dam project, and the insistence of the new Governor of North Dakota, Governor Olson, that the project be continued. This refers to the 100,000 hectares of land that they would drain. All of that water would come into Manitoba and destroy the fish in our lakes—a point to which I made reference before. Governor Olson is introducing new legislation in North Dakota to provide funds to finish the project. According to an article in the Winnipeg *Free Press* of Saturday, February 14, 1981, he said he will be asking for full funding, and will be presenting the request to the President of the United States this coming week.

In view of the insistence of the governor that the project be carried on, I think we cannot now sit back and say we will just wait and see what will be the outcome of the meeting which took place a couple of weeks ago. I hope the leader will be able to obtain the results of that meeting for us, but I also believe that possibly some representations should now be made at the federal level for the protection of Manitobans.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I want to thank Senator Guay for his eloquent expression of concern about Canadian interest in this very important matter. I will take the question as urgent notice, and attempt to obtain information which can be provided to Senator Guay and other honourable senators as soon as possible.

THE CONSTITUTION

REFERENCES TO APPEAL COURTS BY PROVINCIAL GOVERNMENTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked on January 13 by Senator Roblin regarding the reference of the government's constitutional proposals to appeal courts.

As I stated earlier to the honourable senator, the government intends to continue with its announced schedule. I might add, however, that the government is encouraged by the recent decision of the Manitoba Court of Appeal in this matter, and is naturally interested in the outcome of various other court cases.

Hon. Jacques Flynn (Leader of the Opposition): You mean the government is not discouraged.

Senator Perrault: Honourable senators, the government is made up of inveterate optimists.

PARLIAMENT

INTERNSHIP PROGRAM

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked on February 12 by Senator Marshall concerning the parliamentary internship program.

While the government believes the parliamentary internship program to be very worthwhile, it is not up to the government to keep it going since it is not the government's program, as honourable senators are probably aware.

The parliamentary internship program was originated and is still operated by the Canadian Political Science Association. It is, therefore, their responsibility. The program went through all-party committees in the other place and had the approval of the house leaders of all parties as well as the Speaker.

Professor Robert Jackson of Carleton University is presently the director of the program, and my office has been informed that some new sponsors have been found to help fund the program over the next three years. Notably, the Canadian Life and Health Insurance Association has pledged $60,000 a year for this period. Inco has pledged $8,000 a year, and Nova has pledged $6,000 a year for the same period. As well, there are about two dozen other contributors to the program. That should serve to alleviate the honourable senator's concern over the continuation of the program.

In response to the honourable senator's supplementary question, there is no problem in principle with the inclusion of the Senate in the program. However, it must be recognized that the program was originated by the Canadian Political Science Association and the House of Commons, as I stated earlier. I am informed that several M.P's have been very helpful in raising the needed funds for the program, and individual senators are encouraged to do the same, since it costs about $12,000 per intern per year.

● (1430)

In order to change the program to include the Senate, several committees within the Canadian Political Science Association would have to be consulted before the change could be approved, but apparently the main problem would be financing.

Honourable senators will be pleased to know that parliamentary interns are given the opportunity to acquire a better understanding of the Senate. During the course of their orientation they establish an informal relationship with members of this chamber, and many senators have opportunities to speak with interns individually and as groups.

The suggestion has been advanced that if the Senate should find it desirable to have two or more parliamentary interns directly attached to the Senate, it would be necessary to have the structural changes in the program approved by the various committees within Parliament and the Canadian Political Science Association, as well as determining the base of the funding for the program.

Hon. Heath Macquarrie: Honourable senators, as a long-time member of the House of Commons and the CPSA, I still say that the program originated not with the political scientists but with the parliamentarians. May I ask the government leader to tell us, either today or at some later time, what efforts the Senate has made to make it clear that for any intern to have knowledge of the parliamentary process, an awareness of what is going on in the Senate is imperative? Could he also tell us what facilities have been offered by the Senate to these very important young people who are a part of the intern program, which, I repeat, was instigated by parliamentarians?

Senator Perrault: Honourable senators, that question will be taken as notice. I am sure that the Honourable Senator Macquarrie, with his distinguished career in public life and education, is in an excellent position to make representations to the Canadian Political Science Association. I understand that he is a long-time member. May I suggest that he make efforts in this way?

It seems to me that if there are a number of senators interested in the extension of the internship program to the Senate—and I find merit in the idea, together with Senator Macquarrie, Senator Marshall and others—perhaps representatives from both parties serving in the Senate, and perhaps those who sit as independents, may wish to convene a meeting to discuss which way we should proceed. I am sure it would have the support of the distinguished Leader of the Opposition, and I will certainly do everything I can to help.

Senator Macquarrie: A very good answer, sir.

Senator Flynn: Now that the Senate is not threatened any more by the constitutional resolution.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION—AMENDED AND RESTATED LOAN INSURANCE AGREEMENT TABLED

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I seek permission to table a document which is a news release respecting the new agreement between Chrysler Canada and the Government of Canada. It includes a copy of the amended and restated agreement to provide loan insurance between Her Majesty the Queen in right of Canada, acting through the Minister of Industry, Trade and Commerce, and Chrysler Canada Ltd. and Chrysler Corporation; and the Chrysler Canada Ltd. 1980-85 Operating and Financing Plan.

I believe that those documents will satisfy the questions that were raised by honourable senators a few moments ago. However, if after tomorrow honourable senators wish to raise further questions, I will obtain some more specific details about the agreement.

Therefore, honourable senators, I table:

> Amended and restated agreement to provide loan insurance between the Government of Canada and Chrysler Canada Ltd. and Chrysler Corporation, dated as of February 17, 1981.

Hon. C. William Doody: Honourable senators, I read that document this morning, and that is what prompted the questions.

Senator Olson: If honourable senators already have copies, then there is no point in tabling it.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. Charles McElman: Honourable senators, may I ask a question of the Minister of State for Economic Development supplementary to that asked earlier by Senator Doody? In light of the questions and critical comments with respect to the so-called Petrofina deal, is the minister aware that yesterday Petrofina reported its profits picture for the year at something just short of $100 million, which breaks down, on a share basis at, I believe, $8.66, as compared to the previous year of $6.13, and that the deal is looking better all the time?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators. I am aware of this improvement. Not only that. I want to agree with Senator McElman that the situation is not only looking better for this year, but that the prospects for the future are even better than that.

Hon. Jacques Flynn (Leader of the Opposition): Would the honourable the minister say, as he has said to others, that the honourable senator has given the answer in putting the question?

Senator Olson: The Honourable Senator McElman laid a certain amount of groundwork for the question that he wanted to raise, but certainly that is in keeping with what seems to be the accepted practice here. I do not think that one should discourage the introduction of good news in this chamber once in a while.

Senator McElman: Honourable senators, could I just say to the Leader of the Opposition that at least my questions are short and are not speeches?

Senator Flynn: You are a good example for many.

Hon. Lowell Murray: Honourable senators, by way of supplementary, may I ask the Minister of State for Economic Development whether the government has yet reached a determination as to when the Canadian ownership account, or tax, will be imposed upon Canadians to pay for this take-over, and over what period of time the money will be raised from that tax? Will he also assure the Senate that the amount of the tax imposed will not be such as to take the price of petroleum products over the maximum amounts that were committed by the Prime Minister of Canada during the election campaign?

Senator Olson: Well, honourable senators, I can say that the government has not decided when the levy will be introduced to cover the amount of equity that will be needed, nor, indeed, has the stage been reached at which the exact amount of equity, as opposed to debt, is known that will be needed to cover the approximately $1.46 billion that is involved; but I can tell my honourable friend that I have seen certain rough calculations, the effect of which is that if the entire amount were to be collected over a two-year period it would mean an increase of slightly less than one cent per litre.

Senator Murray: But if that were the case, in the meantime PetroCan would have to arrange for transitional or bridge financing of some kind, presumably from the banks. As the minister will be aware, there would be very considerable interest payments required to service that debt. Would that money be coming from the Canadian ownership account as well, and would the minister agree that if the entire amount were to be collected by way of imposition of the $4 per barrel tax, it would be done in approximately six months?

Senator Olson: Honourable senators, I gave a hypothetical calculation of what would be raised over a two-year period reduced to the cost per litre. I did not give any indication of the total amount, what the bridge financing was going to cost, or any of that; but, obviously, when the deal is complete and the decisions are made as to when and how rapidly the amount would be collected for that acquisition, all that information will be made known to my honourable friend. I think we can state also that the totality of the cost to the consumer, including this, will be less than the totality of what was forecast in the budget of December 11, 1979. That is very important.

Senator Murray: I am very glad to have that undertaking, because a little later, down the road, we are going to look at a comparison of those two figures, and we shall see whether or not that turns out to be the case.

May I simply ask the minister how soon we may expect the government to get around to a decision on this rather important matter of how this take-over is going to be financed?

Senator Olson: As soon as possible. Don't be anxious.

● (1440)

THE CONSTITUTION

MOTION FOR DELAY OF DEBATE ON RESOLUTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN NEGATIVED

The Senate resumed from yesterday the debate on the motion of Senator Flynn that the Senate do not consider approval of the report of the Special Joint Committee on the Constitution, or the resolution based on that report, before the House of Commons has disposed of them.

Hon. G. I. Smith: Honourable senators, I should thank my friends opposite for the very warm welcome with which they greeted me when I rose. I trust they will be in as good humour when I finish. I expect to be gentle and persuasive, as usual; therefore, I look forward to their continuing warmth and support.

I rise to support the motion which my leader so ably moved and discussed yesterday. To me, it simply makes good sense and is in line with the long-standing custom and practice of the Senate.

At this point I should like to turn for a moment to the speech Senator Manning made last night. In his usual very sensible way, he suggested a compromise. As I understood him, the compromise he put forward is that this chamber should give the debate in the other place a lead time of two or three weeks before we begin here. Perhaps I will have a little more to say about that point before I finish. Senator Manning made the suggestion, as I understood him, because it seemed

to him that the government had already made a decision in favour of concurrent debate and they might not be easily persuaded to change it. Senator Manning has had more experience than I have had with the Leader of the Government and his colleagues, and it may therefore be that he is justified in his somewhat pessimistic view of the degree to which they are receptive to sound argument and good reason. However, as I have heard the Leader of the Government say about himself so often, I am an optimist. I would therefore like to give the Leader of the Government and his colleagues an opportunity to yield to good sense and accept my leader's motion. With your forbearance, honourable senators, I will now offer that opportunity.

As to the precedents relative to this particular matter, Senator Flynn and Senator Asselin put them on the record very clearly yesterday, and there is no need for me to repeat them. Those precedents, I submit, show without exception that constitutional addresses have been debated in the other place first and in the Senate only after debate in the other place has finished. This is and has been the practice so far as I can recall, which is only a few years, of course; and I find, by looking at the authorities, that it has been the practice with all matters except those first introduced in the Senate. In the latter case, of course, the other place does not take such matters into consideration unless and until the Senate has completed its debate and has sent a message saying so and praying for concurrence.

I submit, honourable senators, that the practice as between the two houses has always been sequential debate and not concurrent debate. The reason for this practice, this custom, this usage is, I believe, simple and sensible, for until one house has finished its consideration the other house does not know what it is being asked to deal with, or, indeed, whether there is anything to deal with at all. The house in which the motion is first discussed may pass it without amendment or with some amendment, great or small, or may not pass it at all. If the motion is not passed at all, there is nothing for the other house to debate, and any time spent in concurrent debate is simply wasted. If the motion is passed with amendment, the amendment may be such as to do away with or improve the subject of debate in the other house, and again time spent in debating that matter will have been wasted.

Assuming, as in this constitutional matter, that the motion or legislation is the proposal by the government, the second house—which, in this case, is the Senate—will not know what the government is prepared to accept until the first house—in this case, the Commons—has finished with the matter. I note that the Leader of the Government did not dispute the precedents named by my leader and by Senator Asselin; he did not cite any precedents to the contrary, so far as I can note. I think, then, that we are all entitled, indeed, bound to accept that the precedents mentioned by my leader and Senator Asselin show clearly what this chamber has considered the proper custom and usage to be followed.

The weight which should be given to such customs and usages is clearly set out in the first rule of the *Rules of the Senate of Canada,* which I am sure every senator is familiar with. Rule 1 reads:

> In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, so far as is practicable, be followed in the Senate or in any committee thereof.

This rule, I submit, shows that without question the customs and usages of the Senate are to be followed, when there is no particular rule applicable, so far as is practicable. They are not lightly to be cast aside at the wish of a senator or a government. I point out, as I am sure everyone would agree, that customs and usages are those found in the available precedents showing what the action of the house has been in similar circumstances in the past. Here the precedents have been clearly put before the chamber, as I have said, and have not been disputed. I therefore submit that the motion of Senator Flynn is consistent with and is supported by rule 1. No reason has been given to indicate that the motion is not practicable. Therefore, it should be accepted, I submit, as required by rule 1.

There is also in our rule book Appendix II which is entitled, "Forms and Proceedings." It begins at page 40 of the rule book with an index. Its substantive contents begin at page 41, and the very first sentence reads:

> (This appendix is a general description of Senate practice and is included in this volume as a source of information on the customs, usages, forms and proceedings of the Senate referred to in Rule 1.)

I am not sure who composed this material, but I have checked back and it is in previous rule books, perhaps not in exactly the same way but certainly containing the same substance. I think we are entitled to assume that it would not have been included in our rule book by the Rules Committee unless it had been considered authoritative. I therefore think it is reasonable to refer to it and to consider it as authoritative.

● (1450)

At page 51 of the *Rules of the Senate,* under the heading "Messages between Houses," the matter of relations between the two houses in respect of legislation is considered. An examination of this material shows that the matter of concurrent debate is not considered at all and that it is clear that the material is written on the assumption that a matter is introduced in and considered by one house, which, when it has finished its consideration, sends a message to the other house telling that other house what it has done and asking that other house to concur in it. There is no provision for concurrent consideration, but there is set out what happens when one house does not concur in what the other has already done. That will be found at page 53.

So, again I say that the customs and usages of the Senate are based on consideration by one house, followed by a message from that house to the other informing the other of what it has done and asking concurrence therein. It is only on receipt of that message that debate in the other house begins. That is what the present motion asks.

Again, I say that the Leader of the Government in the Senate does not dispute the precedents and what they show have been the customs and usages of the Senate. Being unable to dispute them, however, he endeavours to distract attention from the weight that should be given to them by saying that in the case of one such precedent—that of 1960, particularly on the dates June 14, July 13 and July 29—concurrent debates might—and I emphasize that, as I followed him, "might" was all that he could say—concurrent debates might have been simpler than the sequential debates, although I believe he fell far short of establishing even that "might have been" was a fair proposition.

I wish to say, first, however, that there are more precedents than those of 1960, and they are all to be found in the remarks of the two senators I have mentioned. In any event, when the line of precedents establishes certain customs and usages, that line is no less persuasive because in one of them it "might" have been easier not to follow the precedents.

The Leader of the Government referred to one of the traditional and established roles of the Senate as being the body of sober second thought. He acknowledged the acceptance and the importance of this role. He then went on to make what, to me, was the extraordinary and illogical argument that, although this role was important in most things, it should not apply in this, the most important matter that has come before us for many years, or perhaps that has ever come before us. In effect, he was saying, it seems to me and I submit to honourable senators, that sober second thought is good in ordinary matters but it has no place in the most important matter.

Then, as I followed him, he argued that sequential debate would be time consuming but that concurrent debate would be time efficient. But how would concurrent debate be time efficient? Certainly, the other place will not debate either more or less because its debate is concurrent with ours. It will proceed at its own pace in any event and regardless of the procedure we adopt. It is true that sequential debate is likely to cause a longer lapse of time between the beginning of debate in the other place and its completion here, but while we would be debating it here, the other place would have finished and would be able to get on with such matters as the economy, unemployment and energy, just as quickly and effectively as if the debate had been concurrent.

I pause to ask myself, and I ask honourable senators: Why all this concern with total lapse of time anyway? The finished product, if there is one, will be no better or no worse, if it comes on one day as opposed to another. A number of explanations occur to me which might make the government feel that time is important, but in the interests of being gentle and persuasive I shall omit them so as not to arouse the ire of the honourable gentleman opposite who, of course, knows what they are anyway, having heard them many times.

Honourable senators, I submit to you that the Leader of the Government has not given the Senate a single good reason why the motion should be defeated. What he has given us are excuses—and perhaps if I were not disposed to be gentle I would describe those excuses—for a decision already made.

Let me ask who or what will be the next victim, if the government gets its way now and pays no attention to customs and usages? Nobody knows, because nobody knows when the next time will be that somebody or something will get in the government's way.

I would, therefore, prefer to ask honourable senators now to support the motion and uphold the customs and usages of the Senate. It may, however, be that the government would prefer Senator Manning's suggested compromise.

Accordingly, in that frame of mind and with that object in view, I move, seconded by Senator Molson:

> That the motion be amended by striking out all of the words after the word "report" in the third line thereof and substituting the following therefor: "until the eleventh of March."

The motion as amended would then read:

> That the Senate do not consider approval of the report of the Special Joint Committee on the Constitution, or the resolution based on that report, until the eleventh of March.

If I may say so, as anyone can easily calculate by referral to the date, that is a period of three weeks from today.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Macdonald:

> That the Senate do not consider approval of the report of the Special Joint Committee on the Constitution, or the resolution based on that report, before the House of Commons has disposed of them.

In amendment, it is moved by the Honourable Senator Smith, seconded by the Honourable Senator Molson:

> That the motion be amended by striking out all of the words after the word "report" in the third line thereof and substituting the following therefor: "until the eleventh of March."

The motion as amended would then read:

> That the Senate do not consider approval of the report of the Special Joint Committee on the Consitution, or the resolution based on that report, until the eleventh of March.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Hartland de M. Molson: Honourable senators, I fully realize the situation with regard to this resolution. I know the government's commitment. We all understand that. I understand, therefore, that the government party members are anxious to have this resolution passed by this chamber.

I also understand, in this world of politics, why the opposition party does not agree with that particular move. I think both positions are quite understandable, quite justifiable and quite proper.

• (1500)

The suggestion by Senator Manning that there be a period of delay—I believe he called it "a little lead time"—to enable the Commons to get on with the matter, makes good sense from every point of view. While it may not suit the political wishes of either party, I believe it is a very wise suggestion from the point of view of the Senate, the value of debate, and the good of the country in finding its new Constitution.

For that reason, I take great pleasure in seconding the motion in amendment of Senator Smith.

Hon. Douglas D. Everett: Honourable senators, I find myself in a difficult position because of the high respect which I have for those who support both the amendment and the motion. I suppose I would like to support the amendment, for it is a very reasonable compromise between the two positions.

As to the motion itself, if I understand the argument correctly, the opposition is invoking precedent, custom and usage in order to establish the fact that we should deal with this matter in a sequential way. I will not attempt to argue the legality of that situation; I leave that to others.

However, to deal with the essence of the matter, it seems to me that we in this chamber constantly find ourselves reacting to actions taken by others. Senator Smith suggested that we find out, first of all, the government's thoughts on the matter. I believe another argument was, "Let us see where the other place stands on this issue." One of the things which I enjoyed very much in the past was the very strong attempt that was made to have bills introduced in the Senate and then considered by the House of Commons. When I first came to this house, that was the case with a number of bills.

I remember the introduction of the bill which changed our coinage and the bill which created the National Museums Corporation, both of which were introduced in the Senate and subsequently sent to the House of Commons. I believe that the use of this procedure has diminished over the last few years. There are still bills introduced in the Senate, but not as many, and they are not as important. I would like to see a much greater workload placed on the Senate as a consequence of the introduction of government bills here.

We have been given an opportunity to consider this bill without having to decide what the Commons thinks or says. Usage aside, that seems to me to be a very valuable possibility. We should take advantage of it.

While I have great respect for Senator Manning and the compromise suggested by the amendment, I do believe it is more important to grasp the fact that we have an opportunity to consider the bill as the Senate, to decide what we want to see in it, and not react to either what the government wants or what we perceive the government wants or what the House of Commons wants or what we perceive the House of Commons wants. For that reason—not because of usage, custom or precedent, but the valid ground that this is an opportunity for the Senate—I will vote against the amendment, and I will vote against the motion.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I can understand the argument made by Senator Everett, but we are not faced with the same type of situation. The Senate is not considering a bill which originated in this place. This situation is quite different. It is a matter which is vital to the future of Canada. The essence of a Constitution is that there be a consensus. Of course, if by accident, the House of Commons were to say, "No", then it would be stupid on our part to have said "Yes" in advance.

In any event, the problem is now with the amendment. The question is whether we should delay consideration of the resolution until it has been disposed of by the other place, or whether we should delay consideration until March 11, which is the substance of the amendment moved by Senator Smith following Senator Manning's lead.

As far as I am concerned, if the suggestion contained in the amendment is more acceptable to the government leader and the majority in this place, I have no objection to the adoption of the amendment as opposed to my motion. That is the point I want to make at this time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I shall speak first on the amendment, although some of my observations in that regard will apply equally to the motion. I intervene on both points, by saying, first, that I believe all senators share some of the concerns that lie behind both the motion and the amendment. I know I do. In order to explain why I say that, it is important to consider three basic steps. We are talking about the introduction of the resolution in each house, pursuit of the debate in each house and the disposition of the resolution in each house.

In this instance the first stage is a fact. The introduction is, in effect, taking place in both houses at virtually the same time. Of course, there is plenty of precedent to support the introduction of the resolution in both houses simultaneously. It began in 1940. Before that time there was no precedent for the introduction of a resolution in the two places at the same time, as Senator Smith, Senator Asselin and Senator Flynn have pointed out. Following 1940 it was the vogue, for a period of approximately 20 years, to introduce such matters simultaneously. On none of those cases did the second stage—namely, the debate—take place at the same time; nor did the disposition take place at exactly the same time, although in many cases it was very close—a matter of 24 hours in some cases.

The motion refers to stages 2 and 3. It says that we should not debate the matter until these stages have all been completed in the other place. The concern that we all share—and I may be corrected if I am wrong, but I have paid attention to all of the interventions—is disposal of the matter much sooner than it is disposed of in the other place.

• (1510)

The motion talks about our not debating the matter until after its disposition in the other place. The amendment talks about giving the House of Commons some lead time. In my respectful submission, honourable senators, the difference between the amendment and the motion is not a difference in

kind but simply a difference in degree because they both deal with stage two. Both the motion, stating that we should not debate at all until after disposition in the other place, and the amendment, stating that we should delay the debate for a certain period, really deal with the debate portion.

It is at that point that there is some difference, in my opinion, between the views of the opposition, the views of the government party and, perhaps, the views of individual senators.

I share the concerns that I detected in the interventions of Senators Flynn, Asselin and Smith on the question of our disposing of this matter too soon before it is disposed of in the other place. The sequential aspect of having the Senate dispose of the matter after it is disposed of in the other place is a principle that I found persuasive as it was expressed by the three honourable senators I have just mentioned.

On the question of debate, it seems to me, for the reasons advanced by Senators Everett and Perrault, that there is no need for, and no advantage to be gained by, delaying the debate on a matter which has received the extensive pre-study this matter has. We should take our due time with the debate. But I feel that we should start the debate now, and that we should talk later about the sequence of disposition as distinct from the sequence of the debate.

For those reasons, honourable senators, I will vote against both the motion in amendment and the main motion, but I ask honourable senators' leave to add a comment or two later about the motion itself, although many of the observations I have made relate equally to it. I do want to add two or three detailed points supporting the essence of Senator Flynn's intervention when it relates to the motion itself.

Hon. Allister Grosart: Would the honourable senator accept a question before he moves away from the amendment?

Senator Frith: Yes, certainly.

Senator Grosart: Would the Leader of the Government or his deputy be prepared, at this time, to give the Senate an undertaking that the government will not seek to complete the disposition stage in the Senate before a similar stage is completed in the other place?

Senator Frith: Honourable senators, the only information I can give on that point is to repeat my concern and my own view that the preferable sequence is for the House of Commons to dispose of it before the Senate does. I would add that I am already discussing that matter with the Leader of the Opposition, and I hope we will be able to settle the matter.

I thank Senator Grosart for the question because I do want to say that I hope no honourable senator will take the result of the vote on this motion or the amendment, should they both be defeated, as an indication that we are not interested in talking about setting up a reasonable program for debate, giving ample time and working towards the principle raised by Senator Grosart, namely, a disposition, as distinct from debate, more in conformity with the tradition of the Senate having the last word.

[Senator Frith.]

Senator Grosart: It seems to me, honourable senators, that the deputy leader has not completely understood the reason for the opposition on this side to the procedure suggested by the government. He has stressed that we are thinking only of the problem of debating, at the same time as the House of Commons, this same question, without taking into consideration what would seem to me to be an essential matter, and that is, what will happen if, in the other place, an amendment is suggested by the Opposition or another member and the amendment is accepted? Will that be communicated immediately to the Senate? In the course of a debate, will the Senate be informed that, because of something that has happened simultaneously and concurrently in the House of Commons, the government in the Senate, as opposed to the government in the House of Commons, is prepared to change the whole course of debate? The possibility of that happening seems to me to be a very good reason for postponing the debate stage here.

I might indicate some other similar types of problem. Perhaps the government will give an answer to an objection raised in the other place, and, under our rules, as I understand them, we cannot quote the statement made in the other place. This, of course, is another reason for what has been called the "precedent" for not having in this type of situation, concurrent debates.

Senator Everett made another point, but it seemed to me that he was, at more than one stage of his argument, still confused by the fact that we are not dealing with a "bill." On two occasions he referred to the matter before us as a "bill," when, of course, it is not a bill. That is not just a semantic observation because it is an essential part of the difference in the approach we take. Of course, there would be nothing objectionable at all—in fact, much would be desirable—if more bills were introduced and debated here in the first place.

However, I can foresee other examples of confusion which may arise as a result of simultaneous debate. I would, therefore, support the amendment at this time for that reason and because this is one of the rare occasions when an important amendment from the opposition has been supported by the other two parties in the Senate, the "Manning party" and the "Molson party," neither of which can properly be said to be in opposition. In other words, here we have all three parties on this side of the house urging the government to reconsider. I am not so concerned with the precedents because precedents here have come to be like our rules—we do not pay much attention to them unless someone wants to argue them, particularly on the government side, for a particular reason, at which time we are given quotations from long out-of-date sections of *Beauchesne*.

I would urge the government to reconsider this on the grounds of common sense. Surely if you look at the situation that can develop, it makes the kind of common sense that Senator Manning suggested to delay the debate, because it seems obvious—again, as Senator Manning pointed out—that there are far more members likely to want to speak on this in the House of Commons than there are in this chamber. Why

would we, therefore, put ourselves in the ridiculous position of having the government send us messages to slow up or keep it going? We do not want to get into the absurd position of having completed the debate in the Senate and then the Leader of the Government or his deputy saying, "Now, I did indicate that it made a lot of sense for us not to dispose of this before the House of Commons did; therefore, let us sit and wait. For two or three weeks we will do nothing. We will pretend we still have the matter before us and that we are still debating it." We will be going on day after day adjourning the debate in someone's name.

What would be the position if, on this side, there was a feeling on the part of an individual senator, or more than one senator, that going slow might make sense?

• (1520)

When a senator on this side adjourns the debate and says that he is not prepared to go ahead with it for a week or so, will the government say that he cannot hold the adjournment—that precedent or custom will not be honoured? Is that going to be the situation?

I raise these matters because they seem to indicate the common sense of the government's taking into consideration at least, and preferably undertaking to accept, the motion that now has the support of three of the four parties represented in this chamber.

Senator Frith: Honourable senators, I have already intervened on this subject once, so I am not entitled to speak on it again. However, I want to say that some of the points raised by Senator Grosart I should like to deal with in a short intervention on the motion itself. On the question of the government's acceptance of amendments, perhaps the Leader of the Government wishes to say something apropos what was mentioned by the honourable senator.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the motion moved by the Leader of the Opposition, and the suggestion made by Senator Manning yesterday, which was accepted by the Leader of the Opposition, have been considered carefully by the government.

May I say that many honourable senators believe that there is real merit in having, first of all, an opportunity given to senators to participate now—not later—in the constitutional debate. It is one of the most important matters ever to come before the Parliament of Canada. Many senators would find it unthinkable and unacceptable to be asked to wait until March 10 to register their views about the constitutional future of Canada, and I think to impose such a delay would place an unfair and unjust restriction on senators.

I know that there are many honourable senators who are eager to put on the record of Parliament their views on the subject of the Constitution and patriation. They want to do it now, so that their ideas can be considered properly by the other place and by the country.

Senator Asselin: Name them.

Senator Perrault: I do not believe that the other place should be the sole repository of wisdom and proper judgment with respect to the constitutional future of our nation.

Senator Asselin: Name them.

Senator Perrault: I believe that those senators who wish to participate at the outset of this debate about the future of their country should have that opportunity.

Secondly, honourable senators, I see merit in the proposal that the Senate should not rush to finish its debate on the constitutional proposals under a time schedule which is totally unrelated to the events taking place in the other place.

Senator Asselin: Table a list of your speakers.

Senator Perrault: Yes, honourable senators, and I happen to believe that if good ideas for amendment are originated in this place, they could merit action by us to suggest amendment. If the two chambers are debating concurrently, such an amending proposal could go to the other place and be discussed there and considered for adoption.

So, if the question is whether it is reasonable to hope that we can finish our debate at approximately the same time, or some brief time after the House of Commons, if one believes that there should be an extra margin of Senate debating time in order to permit the well-accepted idea of sober second thought, then I find that that could be a supportable argument. I would hope that we could negotiate with the official opposition and that we could discuss various aspects of the debate in which we will be engaged shortly.

I do not think that the two ideas are incompatible. I think there is a basic understanding in this chamber about what we would like to do with respect to this constitutional package. However, there is a difference of viewpoint about when the debate should begin. I think that difference stems from the views expressed by the Leader of the Opposition, as well as from those expressed by Senators Grosart and Smith. We all have respect for their judgment. However, I think our views differ as to when senators should be permitted to discuss this constitutional package.

Surely, there is a substantial difference between—and I mentioned this yesterday—the ordinary process, which sees a bill which may relate to ports and harbours, or grasshopper control—a bill which may have been studied and passed by the other place and then sent to us so that we could analyze it, refer it to committee, and so forth—and this matter. We are looking at a package of proposals which have been studied in a more detailed fashion than perhaps any other body of constitutional recommendations in the history of Canada. The joint committee has spent hours and weeks on this. For example, Senator Roblin has put in many hours of parliamentary overtime and a great deal of work to bring his views before that committee. Also, Senators Hays, Austin, Lamontagne and Connolly have worked diligently on this matter. Indeed, over 50 senators have participated in the preparation of this report.

Senator Asselin: Did you say Senator Hays?

Senator Perrault: This package has been studied by many members of this chamber already and they are familiar with it in great detail. Many members of this chamber are eager to get on with the debate. We are not asking that a vote be held within 10 days, two weeks or three weeks. However, I think a persuasive argument can be made so that we can proceed in concert with the members of the other place. We are not restricting the right of senators to speak, and we are not going to establish arbitrary time limits. I do not think we can tell any senator to wait until March 10 to say something on the subject of the Constitution.

This is why we find ourselves unable to support this amendment to the main motion.

Senator Molson: May I ask the Leader of the Government a question? He mentioned today, and I think yesterday, that by dealing with this matter at the same time as the other place, if there were some difference in the treatment of some of the matters contained in the resolution we could communicate with them. Unfortunately, there is no machinery that I know of and nothing in the Rules of the Senate which would permit us to do that.

If we were to debate it at the same time and if we could communicate with them, I believe that would be helpful. However, there is no machinery in our rules or in the rules of the Commons which will permit us to do that.

Senator Perrault: First of all, there is always the informal consultative process. Secondly, if the government decides to accept a proposal, which is acceptable to members of the government in both houses, it is much easier to advance that proposal. The government has not rejected the idea of change. This has been said many times.

Senator Asselin: Mr. Chrétien said there would be none.

Senator Perrault: If there is an amendment of merit which comes from the House of Commons or from the Senate, that amendment is going to be considered.

Senator Asselin: Who said that?

Senator Perrault: If the House of Commons were to finish its debate ahead of the Senate, and if it accepted the constitutional package, or accepted it with amendments, and the Senate made amendments to the package different from those made by the House of Commons, then the debate in the House of Commons would have to be re-opened, rescheduled, and the rescinding process would be difficult and complicated.

It seems to me that the proposal to have approximately concurrent debates in both the Senate and the House of Commons meets the utmost test of parliamentary democracy.

As I stated earlier, I think it is unfair to ask honourable senators to stay out of this parliamentary debating process until March 10, March 15 or whatever date, while members of the other place, with an equal background in the study of the constitutional package because of their committee participation, are given a free opportunity to debate.

● (1530)

Senator Grosart: Honourable senators, I should like to ask the Leader of the Government the question that I asked his deputy. In the spirit of good feeling, which he suggested was his approach—it is certainly ours in this matter—would he now give us an assurance that the government in the Senate will not seek to bring this matter to a conclusion before a message has been received from the House of Commons?

Senator Perrault: Honourable senators, I support that principle. However, I would like to discuss it with the Leader of the Opposition to determine whether or not a consensus can be reached. The arguments which I have advanced fully support that idea.

Hon. Edward M. Lawson: Honourable senators, I am impressed by the views my honourable friend, Senator Grosart, has expressed, particularly when he points out that this amendment has the support of the leaders of the other two parties on this side—Senator Manning's and Senator Molson's.

Senator Flynn: We forgot about you.

Senator Lawson: Notwithstanding that, I am in favour of anything that will advance this debate as quickly as possible. While I accept the view of the Leader of the Government with respect to the importance of the debate to the future of Canada, I am in favour of having it completed quickly, but in sufficient detail, so that we can deal with the economic matters facing us and thus assure a future for Canada. Notwithstanding the high regard I have for Senator Molson, Senator Flynn and the leaders of the other party on this side, as a member of the fourth party I am opposed to anything that will delay the debate, and will vote against the amendment.

[*Translation*]

Hon. Arthur Tremblay: Just for clarification purposes, I should like to ask the government leader a question concerning amendments because he gave us a very long explanation on the most productive way to propose amendments if the discussions were held simultaneously in both houses. Are the amendments to which he referred, amendments to the proposed resolution which came out of the committee, or are they amendments to the proposed resolution which is included, by itself, I believe, in the Orders of the Day under the heading "Motions"? Something bothers me in this regard. As concerns the committee, which the Leader of the Government congratulated for its very elaborate and careful work, I have noted one thing, namely that the report of the committee, that is the proposed resolution referred back by the committee, is not exactly the same as the proposed resolution which the Leader of the Government presented to the Senate.

I have noted an important difference between the report of the committee and the motion introduced in the name of the Leader of the Government. This point concerns the title of the measure to be laid before the British Parliament, which is "An act to amend the Constitution of Canada" in the committee report.

In the proposed resolution presented by the Leader of the Government, the title is "An act to give effect to a request by the Senate and House of Commons of Canada". There is an

obvious difference of contents in the two titles given to the legislation on which this whole operation hinges.

Are we to consider that an amendment has been made according to the report of the committee? Is this how we are to consider the matter? Can we hold a debate here on whether the title should be more substantial to be in accordance with the report of the committee? All these are questions that I would like the Leader of the Government to clarify as concerns the principle of moving amendments and the procedure to follow, because, in fact, a *de facto* amendment has been made to the report of the committee compared to the motion which has been moved. This concerns the whole procedure for amendments and the question of what can be amended.

[*English*]

Senator Perrault: Honourable senators, my reference to an amendment was in anticipation of a possible decision in this chamber or in the other place which would in some way change the wording of the resolution or recommend certain changes be made in the measure which has been tabled in the two chambers. At this point in time the government does not anticipate proposing, of its own volition, an amendment or change, but the Prime Minister has said from the outset that the government would always be willing to at least consider amendments should they be required. As I stated a few moments ago, having the two houses debate this measure concurrently aids very much the process of amendment, should that be necessary.

[*Translation*]

Senator Tremblay: With your permission, I should like to ask a supplementary question arising from the example I have just given. Could we be assured that between the committee report and the motion before us, there are no substantial amendments other than the one I have indicated? This is a very serious question, because I am under the impression that all those who are called upon to participate in this debate feel that this is the committee report, because the committee had recommended that the text of the resolution which the government would move be the same as that found in its own report. Considering that there is at least one difference which I have noted, could we be assured that no other substantial changes have been made? And in case there are, I ask why that one instead of others? If I ask this question, it is because most people think that we are dealing with the committee report, although I have found a difference between the motion before us and the one which would have strictly resulted from the committee report.

[*English*]

Senator Perrault: Honourable senators, the point is not directly relevant to the motion which is under debate, and I have nothing further to add to my previous remarks.

Hon. Joan Neiman: Honourable senators, having listened to the arguments put forward on this motion, I would like to add a few words. In my heart I cannot believe that the usefulness of the Senate and the good of the country would be advanced by supporting the motion of the Leader of the Opposition. We have before us a measure that has been debated in great detail and with great care by all members of Parliament in both houses for the last couple of months. We have now come to the final crunch, as it were, in this debate. In my view, I cannot see the point of waiting for the other side to make their amendments, and then we, afterwards, deciding what we are going to amend—if we are going to amend—and again waiting for the other house to consider our amendments. Surely we now have our own ideas as to amendments.

At the same time I think it is perfectly obvious that the opposition, as well as we on this side, will have consulted our colleagues in the other house and, in all probability, we will not advance amendments that are totally embarrassing to our party. Therefore, if the opposition is going to propose amendments, they should do so in consultation with their colleagues in the other house. My point is that if there are amendments we wish to make, we should make them now after consultation with our colleagues in the other house. There is no reason why we cannot do that.

• (1540)

I made a speech on the resolution that was proposed a few months ago in which I expressed a number of serious reservations. Happily for me, at least, a lot of my reservations have been resolved by the amendments with which the government has agreed, and which now appear in the present bill. If there are further amendments, both sides should be making them now in consultation with their colleagues. That is the responsible way of approaching this matter, so that we can get on with dealing with the final resolution. That will enable us all the sooner to deal with the other problems that are plaguing this country.

In my view, we in the Senate have really no justification for sitting for four, five or six weeks on this resolution. According to the views expressed in the other place, the opposition there would like at least that period of time to debate the resolution. Therefore, what justification have we to sit here waiting until the resolution has been dealt with in the other place, and then to play the record over again? I am sure we have our own ideas, our own points of view, to put forward. Therefore, let us get on with it; let us do it at the same time, work with our colleagues in the other place, and deal with the resolution satisfactorily.

[*Translation*]

Hon. Azellus Denis: Honourable senators, I wish to add one word only to say that, unfortunately, I shall be unable to support my friend Senator Flynn, or Senator Molson; because if I were to do so, we would, as a result, only extend the debate on the Constitution. Personally, I feel that the Canadian people have had more than enough of this constitutional talk: the sooner we get it over with, the better it will be for Canada. Either the proposed resolution will be rejected or accepted by the Queen; or, at a later date, it will be rejected by the Canadian people or the Supreme Court; so, the sooner we settle the matter, the better it will be. As for me, I should like, as Senator Asselin said, us to give it "a sober second thought". At this point, we are on an equal footing with the House of

Commons. What they know, we know. The pros and cons of the matter have been given and we are every bit as competent as the House of Commons to discuss the Constitution. For God's sake let's get it over with and put an end to the bickering in Canada. Let's face it: there are as many Canadians for the package as there are against. Therefore, let us settle the matter as soon as possible; prolonging the debate is not getting us anywhere.

Senator Asselin: Just a moment. I don't think that you would talk like that had clause 44 not been deleted in committee.

Senator Denis: What makes you say so?

Senator Asselin: We know what you were saying when clause 44 was part of the document.

[*English*]

The Hon. the Speaker: Order. We are discussing all kinds of things except the amendment. I must inform honourable senators that there is an amendment moved by Senator Smith, seconded by Senator Molson:

> That the Senate do not consider approval of the report of the Special Joint Committee on the Constitution, or the resolution based on that report, until the eleventh of March.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it, and I declare the motion in amendment defeated, on division. We will now consider the main motion.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, the motion in amendment was defeated on division. As to the main motion—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator Flynn speaks now his speech will have the effect of closing the debate.

Senator Flynn: I am sure that suits everyone.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, as I mentioned, I want to add a few supplementary comments with reference to the main motion.

The Leader of the Opposition, the mover of the motion, divided his observations into three categories of reasons why his motion should be supported. They were precedents, importance and strategy for the Senate. I consider that to be an excellent analysis, but we do not agree on their application. I agree with his analysis of the precedents. As I mentioned in my earlier observations, I believe it is accurate. However, in this case, we must recognize the fact that the precedents cited were themselves at one time not precedents, but became so because they dealt with unusual situations. We are dealing now with a most unusual situation which, in turn, brings me to my second point. I have nothing to add to what he said regarding the importance of this matter, but with regard to the strategy to be adopted by the Senate, my observations with reference to the amendment apply equally here.

I agree that there is an attractive argument for our working toward simultaneous, or even second, disposition of the motion by the Senate—that is, that the Senate should have the last word. The question of timing is something that I have already started to discuss with the Leader of the Opposition. I hope that we can come to an arrangement that will meet his requirements and those of his colleagues, and also the requirements and wishes of the government and its supporters, and that will not lead to extended hours in respect of meeting the undertaking or arrangement that we might be able to make. If we can reach some kind of agreement that will fulfil all the requirements for debate on this important issue, we might also be able to make some arrangements with regard to sitting normal hours and not extending the hours unless it is necessary to meet those objectives.

I wish to assure honourable senators that that is the objective of both the Leader of the Opposition and those on this side. I hope we can reach that objective, and I do not want the defeat of this motion, if it is defeated, to be construed as slamming the door on any of those initiatives.

Senator Flynn: Honourable senators, I agree with Senator Denis that many people on both sides of the issue are tired of discussing this matter. But that is not a valid reason for the Senate's refusing to deal with this matter in the normal way. We should be discussing and disposing of this motion only after the House of Commons has decided upon it. If the House rejected the resolution in principle—and that is always possible—that would be the end of it, and we would not have the problem of discussing it. I do not mind Senator Neiman's expressing her views on the question right away, but it would be rather useless if a message were not to come to us from the other place asking us to concur in the resolution.

However, I must acknowledge that what the Deputy Leader of the Government has said is very reasonable if we set aside the principle I am defending with this motion. Therefore, I want a recorded vote to be taken on this motion because there is a principle involved, and I believe the Senate should be made to take a position. If the Senate says no, I am quite sure that we will be able to agree upon an orderly manner in which to discuss and dispose of this question.

● (1550)

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Macdonald, that the Senate do not consider approval of the report of the Special Joint Committee on the

Constitution, or the resolution based on that report, before the House of Commons has disposed of them.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

Motion of Senator Flynn negatived on the following division:

● (1600)

YEAS

THE HONOURABLE SENATORS

Asselin	Deschatelets
Balfour	Doody
Beaubien	Flynn
Bélisle	Fournier
Bielish	Grosart
Charbonneau	Macdonald
Cook	Macquarrie
Marshall	Roblin
Muir	Smith
Murray	Tremblay
Nurgitz	Yuzyk—22.

NAYS

THE HONOURABLE SENATORS

Adams	Langlois
Anderson	Lapointe
Argue	Lawson
Austin	Leblanc
Bonnell	Lewis
Bosa	McElman
Buckwold	McIlraith
Cameron	Molgat
Connolly	Neiman
Cottreau	Olson
Davey	Perrault
Denis	Petten
Everett	Riel
Frith	Riley
Giguère	Rizzuto
Godfrey	Rousseau
Graham	Rowe
Guay	Stanbury
Haidasz	Thompson
Inman	van Roggen
Lafond	Wood—43.
Lamontagne	

The Hon. the Speaker: I declare the motion defeated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 19, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

February 19, 1981

Sir,

I have the honour to inform you that the Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 19th day of February, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

CANADA-UNITED STATES RELATIONS

ALASKA HIGHWAY GAS PIPELINE—CORRESPONDENCE BETWEEN MINISTER OF STATE FOR ECONOMIC DEVELOPMENT AND U.S. SECRETARY OF ENERGY TABLED

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to table, and then distribute copies of, two letters, one from Mr. Edwards, the new Secretary of Energy of the United States of America, and my reply.

Senator Olson then tabled:

Correspondence between the Honourable H. A. (Bud) Olson, Minister of State for Economic Development, and James B. Edwards, U.S. Secretary of Energy, with respect to the Alaska Highway Gas Pipeline Project.

Senator Olson: If I may have leave, honourable senators, I will read the letters now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Honourable senators, the first letter is dated February 6, 1981, and is addressed to me as Minister of State for Economic Development. The text is as follows:

> I am pleased to write to you today on the occasion of the ceremony marking initial construction in the United States of the Western Leg of the Alaska Natural Gas Transportation System (ANGTS). This milestone and the excellent prospects for rapid completion of the entire prebuild are evidence of the continuing cooperation between our countries that will help assure success of the entire system.
>
> I would like to take this opportunity to state again that the United States Government is firmly committed to the completion of ANGTS in conformity with agreements between our countries. We expect the United States sponsors and producers will soon reach an agreement on a tentative financing plan. This agreement will be a major step toward arranging private financing and obtaining final regulatory approvals for construction of the Alaskan segment.
>
> I look forward to working with you to complete the remaining steps on the way to accomplishment of this important project.

That letter is signed by James B. Edwards, Secretary of Energy of the United States.

My reply reads as follows:

> Dear Secretary Edwards:
>
> I wish to acknowledge and to thank you for your letter of February 6. With construction underway on the southern sections of the pipeline in both Canada and the United States, we in Canada are confident that the entire line will be completed in a timely manner.
>
> I was pleased to note in your letter the commitment of President Reagan's Administration to the line. I am certain that when the President visits Ottawa in the near future he and the Prime Minister will have an opportunity to review the significant progress to date and discuss the further actions required on both sides of the border.
>
> I too look forward to working with you towards the completion of the entire line by our two countries.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*), that when the Senate adjourns today it do stand adjourned until Tuesday, February 24, 1981, at 8 o'clock in the evening.

Motion agreed to.

● (1410)

QUESTION PERIOD

[*English*]

THE CONSTITUTION

RESOLUTION FOR ADDRESS—VOTING PROCEDURE IN SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, due to the regrettable absence of the Leader of the Government, I have a question for the Deputy Leader of the Government.

Hon. H. A. Olson (Minister of State for Economic Development): He is on government business.

Senator Flynn: Of course; where else would he be?

Hon. Royce Frith (Deputy Leader of the Government): The adjective is appreciated.

Senator Flynn: I hope it will be appreciated by the government leader as well.

Senator Frith: I will pass it on.

Senator Flynn: The Prime Minister indicated in the other place that he would not allow a free vote on the Constitution resolution. Would the Deputy Leader of the Government tell us if this rule also applies to Liberal senators in this place?

Senator Frith: Honourable senators, I will have to study that question, particularly its use of such words as "allow". I will take the question as notice.

PRIVILEGE

STATEMENT BY PREMIER OF SASKATCHEWAN

Hon. D. G. Steuart: Honourable senators, I wonder if I may raise a question of privilege which I had intended to raise prior to Question Period. It deals with the statement made today by Premier Allan Blakeney with regard to the withdrawal of his support for the constitutional package. My question of privilege relates to the fact that he attributes certain actions to the Senate and to some senators. In his press release he makes a statement which I believe is wrong. I do not believe that either the statement or what Mr. Blakeney purports in the press release went on among the senators should go unchallenged.

I refer specifically to his claim to have some inside knowledge about certain pressures put on the Prime Minister by Liberal senators with regard to section 44. He further states that under the present constitutional package, as amended, the Senate will have enhanced or increased powers.

I believe that it is out of line for the Premier of Saskatchewan to attribute any motives to the Senate, especially when his motives all along, and particularly now, are open to serious question. Why has the Premier of Saskatchewan dragged his feet? Why does he now choose not to support this package? Perhaps it is to split his party and enhance his own position, thereby saving his political hide in Saskatchewan. But that is for the public to decide.

I resent very much the statements made by Premier Blakeney on the rightness or wrongness of something which may or may not have happened or on any actions taken by senators on either side of the house. I do not think he knows what he is talking about, and he proved it when he made his statement this morning. If Premier Blakeney has decided not to support the constitutional package, that is his privilege and I do not question it. However, since he questions our motives, and since I am one of the senators whose motives he obviously questions, I believe that we have an equal right to question his motives and cast some doubt on the honesty and veracity of his statement.

I make it clear that I do not agree with his statement that the powers of the Senate, through the deletion of section 44, are in fact enhanced or enlarged. I would like to make that very clear. As a senator from Saskatchewan, I largely supported Premier Blakeney's position. I am bitterly disappointed that Premier Blakeney has decided, for his own political purposes, to back away and put in jeopardy the controls over resources for which we fought so hard and which he claimed he would support if they were included in the package. We have them now, but he has chosen to back away. He has probably put in jeopardy that power which we in Saskatchewan wanted so badly.

Hon. Allister Grosart: Honourable senators, on the question of privilege, may I suggest to the honourable senator that it is difficult to understand the question without hearing the words of the press release? Would the honourable senator read the press release, so that we may have a full comprehension of the point of privilege he has raised?

Senator Steuart: I would be delighted to read that particular part. There is a great deal in error in the whole thing. However, I will not bore the Senate by reading the whole thing, because it is a mish-mash of misinformation and questionable philosophy. I will read into the record the part to which I referred in particular. There is so much at fault that it is difficult to begin.

> So we were happy with this provision, contained in section 44.
>
> But apparently many of the senators weren't, including Liberals. Twenty of those Liberal senators, so it is reported, gave the Prime Minister an ultimatum: they said, either remove section 44, or they would break party ranks and defeat the resolution in the Senate.

Senator Flynn: That is not possible.

Senator Steuart: No, there are at least 24 senators.

Some Hon. Senators: Shame, shame.

Senator Steuart: He goes on to state:

> Let me be clear about the implications of removing this section. It doesn't just maintain the status quo, deferring reform of the Senate to some future time. It actually enhances Senate power, perhaps for all time.

That is what I disagree with. He claims to be a constitutional lawyer, so he should know about these things. In fact, he is wrong. Again he is using it as a red herring.

Senator Frith: To enhance his own political ends.

Senator Flynn: May I ask Senator Steuart whether his point of privilege was brought up at this time because of my question relating to the free vote by Liberal senators?

Senator Steuart: I meant to bring it up before Question Period, but Senator Flynn sprang to his feet and beat me to it.

Senator Flynn: That is easy to do.

[*Translation*]

CANADA-UNITED STATES RELATIONS

DISCUSSION OF CANADIAN ENERGY AND FOREIGN INVESTMENT POLICIES

Hon. Martial Asselin: Yesterday, I put a question to the Minister of State for Economic Development. Upon reading his answer, it appeared to me that the minister has cleverly avoided answering. So if he has no objection, I will put the question to him again today.

Yesterday, I quoted the United States Special Trade Commissioner Bill Brock as saying:

> We have a number of difficulties with respect to Canada. We want to talk about the foreign review agency and the energy policies.

In reply, as reported in *Hansard*, the minister said that it was a bit unfair to suggest that we are having difficulties with the United States administration, and that does not answer my question. The minister does not seem to realize that Mr. Brock is the equivalent of a cabinet minister in the U.S. So there is some credibility to what he says on behalf of the American government.

I would like to repeat my question: would the minister make inquiries and inform the Senate of the particular difficulties that exist with the Reagan administration with respect to our energy policy and our foreign investment policy?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): I think I gave an undertaking yesterday to the effect that I would try to obtain some specific information about the allegations made by the honourable senator and obviously attributed to an official, if that information was available.

The honourable senator can flash press releases in front of me, but he knows that the rules do not permit him to ask or a minister to reply to questions about whether or not statements in the press are true.

Setting that aside, I take his question standing by itself as to whether we would look into the matter to see whether there have been any communications from the new administration objecting to some of our energy and financial policies. I think I gave that undertaking yesterday. I will bring that reply to the Senate. Indeed, I think the honourable senator also asked—and I do not have that question in front of me—whether or not it was going to be on the agenda for discussions between the President and the Prime Minister when they meet on March 10. I also gave him an undertaking that the usual practice would be followed. Obviously I was not prepared to go beyond that. I will find out whether I can draw to the attention of this house those matters that are proposed for inclusion on the agenda. My undertaking is just as strong today as it was yesterday.

• (1420)

Senator Asselin: Can the minister assure the Senate that he will report on this question before the visit of the President of the United States on March 10?

Senator Olson: I can give him an undertaking that I will try.

Hon. Jacques Flynn (Leader of the Opposition): I was just wondering, honourable senators, if the minister rose seriously on that point of order concerning the quoting of press releases, and a minister's not having to respond in such cases.

I agree with the last part, to the effect that the honourable minister does not have to respond. He never does, no matter what the question relates to, press releases or not, but is he really making a formal objection? Because it would be very easy to change the form of a question and say that a certain thing was said. Are you seriously objecting to it?

Senator Olson: I am seriously objecting to this extent, that I would like the honourable gentlemen opposite to follow the rules of this house as meticulously as I do.

Some Hon. Senators: Oh, oh.

Senator Olson: The rule is very clear. It puts the onus on the senator asking the question even more firmly than on the minister replying, and I refer you to *Beauchesne's* fifth edition at citation No. 357, which says:

> 357. (1) The traditional restrictions on questions are those listed in Beauchesne's Fourth Edition at citation 171—

It goes on to say:

> "A question oral or written must not:—

That is emphasized: "must not", and this is referring to the context in which the question is being asked, and not the reply.

> "A question oral or written must not: ... (e) inquire whether statements made in a newspaper are true.

And there we are.

Senator Flynn: That is the point. So if we referred only to the statement, without mentioning the newspaper, you would not object.

Senator Olson: Of course not; but the honourable gentlemen opposite would then have to find some other foundation on which to base their preamble to the question.

There is another part of those Standing Orders that says—

Senator Flynn: You mean *Beauchesne*, not Standing Orders.

Senator Olson: —that the preamble to a question must not be a speech, no matter how short.

Senator Asselin: I want to remind the minister that I did not quote from a clipping. I was quoting what Mr. Brock said in a conference. This situation, therefore, is different from the one covered in the ruling the minister has been trying to explain.

Hon. Allister Grosart: Could I ask the honourable the minister if he was quoting the *Rules of the Senate*?

Senator Olson: No, I was quoting the rules as to Question Period listed in *Beauchesne's* fifth edition.

If my honourable friend has any trouble with that, all he has to do is look at rule 1 of *Rules of the Senate* which says that unless otherwise provided we follow the rules of the other place, and it is not so provided in our rules.

Senator Grosart: Just on that point, we do not have standing orders here. The honourable senator quoted "standing order" No. 1. I am quite sure he meant "rule" No. 1.

In the second place, he has just made the statement to the house—this is as a matter of clarification—that our rules say that if a matter is not provided for in our rules we follow the rules of the House of Commons. We have no rule of that kind whatsoever, unless it has been put into our rules since the last printing. The rule says something quite different from saying that we must follow the rules of the House of Commons.

Senator Olson: In case the honourable senator has not read the rule lately, perhaps I should recite it to him, although I am sure he has a copy of the rules in his own desk. The rule says:

> 1. In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada—

And that includes, obviously, the House of Commons.

> —shall, so far as is practicable, be followed in the Senate or in any committee thereof.

The nit-picking that is going on with respect to whether the House of Commons is included in the Houses of Parliament is not tenable, according to my logic.

Senator Grosart: It says "either House", and if the rule can be covered by our conventions and customs here, it is an entirely different matter. I draw that to his attention.

Senator Roblin: Quite so.

Senator Olson: And I draw it to his attention that it is not.

Hon. G. I. Smith: Honourable senators, I could hardly let such a glorious occasion go by without intervening. I would like to address a remark or two on a point of order.

To start with, let me inform Senator Olson that I absolutely reject the authority which he quoted as having anything to do with this question whatsoever. The honourable gentleman just read rule 1, which says:

> In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, . . . be followed—

This is one of them. The customs and usages which he himself followed for some nine months when he sat on this side of the house utilized to the full not only newspaper reports but also every other invention he could think of to lengthen his questions.

Senator Asselin: Right on the nose.

Senator Smith: The customs and usages which he followed and which he greatly enlarged upon are surely as open to the opposition of this day as they were to the opposition of his day.

Hon. Senators: Hear, hear.

Senator Olson: Honourable senators, I have to draw to the attention of the Honourable Senator Smith that there are levels of provocation which are more extreme in some cases than in others.

Senator Flynn: In your case.

Senator Olson: I suggest that is a very significant difference. In addition to that, I do not believe the action of one senator, even if it happens to be me, automatically changes the rules of the house. It was up to the Leader of the Government at that time, and whoever else was supporting him from that side, to raise objections if they were unhappy with the way the questions were asked, and indeed you were not unhappy.

Senator Flynn: That is the difference: we are not unhappy.

Senator Olson: I will have to remind the honourable gentlemen opposite that it is not sufficient excuse, in my view, to suggest that they can get away with things simply because I did.

Senator Flynn: I would draw the attention of the minister to the fact that the previous government was very much in favour of freedom of information. That may be the difference between the minister's approach and ours when we were on the other side.

Senator Olson: Honourable senators, I take this seriously.

Senator Flynn: We will take you seriously.

Senator Olson: Adherence to the rules that have been agreed to by all senators is a high priority of this government. They can speak for what they were doing when they were on this side, but the rules have been set down and accepted by both the House of Commons and the Senate—it is a tradition—and I am just pleading that they follow them. Some of the recent flagrant violations—

Senator Flynn: Oh, oh.

Senator Olson: —of how to ask questions have, in fact, moved the Question Period into a period of debate. I am trying to bring it back a little.

Senator Smith: So far as I am concerned, I reject out of hand, completely and forever, the argument of the honourable gentleman, and he need not think that he has convinced anybody by his strange conversion.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Heath Macquarrie: Honourable senators, I do not want to interrupt or terminate this contretemps because I am enjoying it immensely. When Senator Olson read the book to us, it reminded me of what I was told long, long ago, even before the days of Senator Lamontagne, when I was a very junior university lecturer. My boss said: "If you don't know your subject when you go into a classroom, read the textbook." I am wondering if that was not proven today.

My question is for the Deputy Leader of the Government, and I am reverting to a matter which concerns me a great deal. Being so careful of what Senator Olson said, it is not founded on a newspaper item at all. I did note Geoff Stevens' interesting column this morning, and he was right in the first sentence and wrong in all the rest. He is right because he is repeating what I have been thinking for a long, long time—

Senator Olson: That doesn't make it right.

Senator Macquarrie: —that what is in likelihood in view for the post-secondary education institutions of this country is far more important, far more serious and probably far more dangerous than anything that will happen in the Constitution.

I therefore ask the deputy leader if he can give us some assurance that somebody is listening to the educationists in the country. Further, can he find an avenue whereby this house can find some way to influence these people who are prepared, I fear, to cut back outrageously, unnecessarily and dangerously on the grants to the post-secondary institutions? Failing all of that, can he find some arrangements whereby the Senate of Canada can be informed before it is too late?

● (1430)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, on the principle that questions properly asked must elicit information, my difficulty is that it will immediately become apparent that the questioner is much more informed on this subject than I am. But first of all, I will try to assure him that someone is listening. I certainly hope so because I know what his concern is. As to the Senate's dealing with this admittedly important matter, it occurs to me that it could be the subject of an inquiry. I believe the estimates will also be before the Standing Senate Committee on National Finance, and it may be that its study will raise this question. Those are two suggestions, and I will try to co-operate with any method that the honourable senator can find to bring this question to the attention of the Senate.

Senator Macquarrie: I would like to say, honourable senators, that I accept, approve of and praise the honourable senator's reply in all its implications, analogies and appraisals, not excepting those about myself! However, I wonder if we might in this instance give thought to emulating the other place and setting in motion an inquiry, a study by a task force, or whatever designation we use, for some senators to look into this matter very carefully and very quickly. I think Senator Cameron, Senator Lamontagne and many people on this side would be most anxious to be helpful, co-operative and alert.

Senator Frith: That could be a logical result of any of the other initiatives I suggested.

GRAIN

CROWSNEST RATES

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board.

Senator Flynn: Indeed.

Senator Roblin: Does he know about it?

Senator Buckwold: I have not even asked my question yet. This house is perhaps getting tired of listening to questions about and discussions on the Crow rate—

Senator Roblin: No, never.

Senator Buckwold: Of course, the opposition is used to eating crow so they are well acquainted with it.

Senator Flynn: You do not offer anything else to us.

Senator Buckwold: My question to the minister is a serious one. The western grain-producing provinces are very confused at present with the multiplicity of statements which are coming from a variety of political leaders, provincial leaders, farm organization leaders and transportation experts on what is happening and is likely to happen to the Crow rate. I am really asking the question for the record, so that we can hear from the minister in words which I know will be emblazoned across the press of western Canada, and so that we will know the facts as to any new directions which may be taken with regard to the Crow rate.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I think some of the confusion in western Canada with regard to recent developments stems from a story from Ottawa appearing in a Regina—

Senator Roblin: A newspaper—oh! no, you cannot do that! Oh, no!

Senator Argue: I have not quoted the story. I said—well, let's smile and get on with the business of the house. We all quote from newspapers; let's not fool ourselves.

Senator Roblin: You had better get permission from Senator Olson.

Senator Argue: The Senate is a great place. We have a lot of fun here. The press does not realize just how well we do.

At any rate, I do believe this story has caused confusion in western Canada, where the main story coming out of Ottawa seemed to infer that there could be action on the Crow which

was being held up because provincial premiers did not agree. The headline says:

> Blakeney seen key to ending standoff on Crowsnest rates

Since Premier Blakeney has not been too forthright on constitutional questions, I think it would create uncertainty if this whole issue were left to the Premier of Saskatchewan. However, the Saskatchewan Minister of Agriculture, the Honourable Gordon MacMurchy—who is not referred to in this story—makes it perfectly clear that the policy of that province is to continue to oppose any increases in the Crowsnest rates.

In reply to Senator Buckwold's question, the policy of the government was made quite clear in Commons *Hansard* of February 13 when the Prime Minister made a statement as part of a general statement on the Crowsnest rates. At page 7212 of *Hansard* of that date, the Prime Minister stated:

> I told them—

"Them" refers to the farm leaders.

> —and yesterday I said it publicly—that we do not want to fiddle with the Crow rate unless there is some very strong feeling throughout the west that this rate should be reopened and the question re-examined.

He went on to say he told them:

> —if you want the Crow rate to be reopened and re-examined, you had better say it loud and clear because we will not do it on our own initiative.

I would also quote from the next page where Mr. Stan J. Hovdebo (Prince Albert) said:

> Madam Speaker, my question is for the Right Hon. Prime Minister. It concerns the question put by the hon. member for Provencher, and it is really supplementary to it. With regard to the speech given on Wednesday by the minister responsible for the Wheat Board in which he unequivocally supported the continuation of the Crowsnest freight rate, it is clear that the minister was speaking for cabinet when he made that policy statement that there will be no changes in the Crow rate?

Although it was put that way it was a question. The Right Honourable the Prime Minister replied:

> Madam Speaker, I believe that that is the answer I gave a moment ago. At present there is no decision and no intention in cabinet to change the Crow rate. I understand that even the western premiers cannot agree on whether or not it should be changed. Apparently the province of Saskatchewan is opposed to any change. The other two prairie provinces want change.

I have said that among the leaders who were part of the so-called "WAC consensus" there is obviously still a very substantial difference in attitude, one of the major organizations disagreeing with some of the other organizations in that group, saying that there cannot be any task force. Perhaps not all of the organizations, but certainly some of them, made it absolutely clear that they would not consider, at any time, a variable rate structure.

I must say that I think the position taken by the Prime Minister is realistic. I believe it means exactly what it says, namely, that as far as the Government of Canada is concerned it will not fiddle with the Crow rate unless and until there is a general consensus among people in western Canada that it should be changed, a change that would make it possible for producers themselves, in the future, to assume an increasing burden for the transportation of grain.

I think that is a much clearer position than the position contained in the article to which Senator Buckwold and I have made reference.

EMBARGO ON SALES TO U.S.S.R.—COMPENSATION TO FARMERS

Hon. Lowell Murray: I would ask the Minister of State for the Wheat Board whether a decision has been reached by the government as to whether and how the government's commitment to pay compensation to the grain growers for the period of the embargo will be carried out.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I am not able to say, today, precisely when that decision will be made. I find that the system of government is rather complicated, slow, and contains, as the former minister would certainly know, very many levels of decision-making or recommendation before a matter progresses to the stage of a cabinet decision.

On the principle of compensation, I believe that compensation will be paid. I am optimistic enough to believe that the decision will be realistic and will answer this question in a very accurate manner.

• (1440)

Senator Murray: With great respect, honourable senators, here we go again. The Minister of State for the Canadian Wheat Board, who presumably is the minister responsible in this area, says that he is optimistic that compensation will be paid.

Senator Argue: Right.

Senator Murray: There is no question but that compensation will be paid. There is a firm commitment on the part of the Government of Canada through the instrumentality of the Parliamentary Secretary to the Minister of Agriculture speaking in the House of Commons; also the minister in this chamber has stated pretty firmly that that is a commitment by the government. I want him to confirm that the government is committed to paying compensation to those farmers in respect of the period during which the embargo was in force. Having made that commitment, we can then get on a little later with the timing and nature of the compensation to be paid.

Senator Argue: Well, the record is clear, and we do not have to go over it. Based on the record, I say that I am most optimistic. I put in—

Senator Murray: Not that you are optimistic, but that compensation is going to be paid. Does that commitment stand or doesn't it? I am not interested in my honourable friend's optimism; I am interested in the official, solemn commitment

of the Government of Canada in this regard, and I ask the minister to reaffirm it.

Senator Olson: There is nothing wrong with our memory, you know. We remember what we said.

Senator Argue: The honourable senator does not seem to know one rule of the Senate, namely, that when one senator has the floor, another senator is not at liberty to stand up and take the floor.

Senator Flynn: You should have resumed your seat.

Senator Argue: Oh no. There was no request that I should be interrupted. But my honourable friend is rather new here; so I don't mind.

Senator Flynn: The legalistic pair.

Senator Argue: I come back to my statement.

Senator Flynn: Good.

Senator Argue: I am most optimistic. You know, Senator Olson, I believe our batting average has been excellent in western Canada for those things for which we have stood and fought. The world will unfold and we will see whether Senator Murray's pessimism is warranted or whether my own optimism is justified.

Senator Flynn: No answer. The legalistic pair.

Senator Argue: We are two farmers.

TRANSPORT

DOUBLE TRACKING OF CNR FROM WINNIPEG TO VANCOUVER

Hon. R. James Balfour: Honourable senators, may I address a question to the minister in charge of the Canadian Wheat Board and test his optimism in this regard? When does the minister expect the commitment made by the Prime Minister of Canada in Estevan, Saskatchewan, during the last election campaign, to double track the CNR from Winnipeg to Vancouver, to be implemented?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, there is a lot of snickering about double tracking. With other ministers, I had the privilege last fall of travelling on the CNR on the west coast and through the mountains. The CNR has some aggressive plans to provide double tracking, I believe, from Edmonton through to Vancouver on certain portions that require double tracking. The CNR understands that the freight traffic on the railroads in western Canada is growing so rapidly that within the next few years, perhaps four or five, there must be a substantial measure of double tracking, that more double tracking will take place from year to year, and that by the year 2000—some honourable senators may giggle; that is 19 years away—the whole system will be double tracked.

So, double tracking is not foolishness. Double tracking is absolutely essential for the railroads to handle the tremendous increase in traffic that everyone who understands the system can foresee. I admit it will not be this year or the next, but it is on the way, and there are certain major sections in British Columbia that require double tracking forthwith.

Senator Flynn: In the meantime the government is sidetracking.

Senator Olson: No, it is doing it right now.

Senator Argue: The CNR is the best run railroad in the world, bar none.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. Guy Charbonneau: Honourable senators, I should like to ask a question of the Minister of State for Economic Development relating to his ecstatic response to a question asked yesterday concerning the profits of Petrofina Canada. It was stated that Petrofina had a profit of $98 million last year. Of course, the government would probably get 50 per cent of that in taxes. I am at a loss to understand the optimism of the minister concerning the investment when one considers the purchase of a company such as Petrofina for $1.5 billion and $50 million will be paid to the government in taxes. That leaves approximately $45 million to $48 million. According to my calculations, that is a return of approximately 3 per cent.

If PetroCan is going to borrow money on the market, approximately $1.5 billion, at possibly 14 per cent interest, I find the minister's optimism a little far-fetched. I was wondering if that is the way the government is calculating the yield on its investment, namely, by getting 3 per cent and paying 14 per cent. Can the minister tell us the logic of that?

Senator Flynn: I doubt it.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators can adopt that line of thinking and they will obviously come to the wrong conclusion, as has my honourable friend; or they can do it the other way and add up the total assets of Petrofina, including what its cash flow may be, as one of the assets—but there are a great many more. They can then divide that by the amount of equity that Petro-Canada would be obtaining. I am sure my honourable friend would then agree that, on balance, this is a good and satisfactory deal.

Senator Flynn: An enlightening answer.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION—AMENDED AND RESTATED LOAN INSURANCE AGREEMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, in a question asked yesterday concerning the new agreement between Chrysler and the Canadian government, several senators, including Senator Doody, inquired about the level of support through loan guarantees which will be provided by the government, and, related to this, the total amount of investment in Canada being committed by the company and its U.S. parent.

Also yesterday I tabled a statement by my colleague, the Minister of Industry, Trade and Commerce, along with the amended agreement between Chrysler and the Canadian government and the revised operating and financing plan of Chrysler Canada Ltd.

On the specific details, I would refer honourable senators to that material for guidance. Senator Doody mentioned the figure of $681 million. This refers to planned expenditures by Chrysler Canada only, in Canada, through 1985. These expenditures are detailed in the company's revised operating plan.

In support of these investments, the federal government is making available a total of $150 million in loan guarantees in 1983 and 1984. That $150 million consists of $100 million for the van/wagon project and $50 million for the K car project.

Reference was made yesterday to an additional $50 million in loan guarantees over and above this. That will be available only if, and to the extent that, significant projects, such as the reopening of the Windsor engine plant, are introduced by Chrysler into its plan and are acceptable to the Minister of Industry, Trade and Commerce.

With specific reference to the question raised by Senator Balfour, I am assuming that the honourable senator was referring to Chrysler's production-to-sales ratio requirements under the Auto Pact.

As my colleague, the Minister of Industry, Trade and Commerce, has indicated, it is not the intent of the government to penalize the company during its current difficulties.

Given the complexity of the issue and the fact that there will be continuing consultations amongst the parties concerned, including the United States—which, I am sure, honourable senators would not wish to prejudice—I am limiting my remarks to what I have said and would refer honourable senators to the agreement.

● (1450)

THE CONSTITUTION

ABBREVIATED FORM OF MOTION FOR ADDRESS AUTHORIZED

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with your permission I should like briefly to deal with a housekeeping problem. Honourable senators will have noticed that, since the introduction of the motion for the Address to Her Majesty, the full motion and the full text of the Constitution Act, 1981, and all of the provisions including the appendices, are printed each day. The like situation has obtained in the other place, but they solved their problem yesterday by passing an order to the effect that the entire material I have referred to will be printed only at the beginning of each week, and all that will appear then in the *Votes and Proceedings* of the House—which is their version of our *Minutes of the Proceedings of the Senate*—will be the following short statement:

> The House resumed debate on the motion of Mr. Chrétien, seconded by Mr. Roberts, for an Address to Her Majesty the Queen respecting the Constitution of Canada.

Without wishing to follow slavishly what they do there, we could adopt the same procedure here. To that end, I have conferred with my honourable friend, the Leader of the Opposition, and I understand that he is willing to second a motion that I should like to put.

I ask leave to move:

> That it be ordered that the motion for an Address to Her Majesty the Queen respecting the Constitution of Canada be printed in the following abbreviated form in the Orders of the Day, the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate*:
>
> "Resuming the debate on the motion of the Honourable Senator Perrault, seconded by the Honourable Senator Frith:
>
> That an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.",
>
> and that the full text of the main motion be printed in the Orders of the Day for the first sitting day of each week; that the full text of any motion in amendment be printed each day until disposed of; and that the full text of the main motion be printed in the *Minutes of the Proceedings of the Senate* for the day a vote is taken on an amendment and for the day that the main motion is finally disposed of.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Flynn, P.C.—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. John M. Godfrey: Honourable senators, why is it felt necessary to republish the entire text every Tuesday? That only has the effect of avoiding its publication on Wednesdays and Thursdays, and it has already been published several times and will also be republished each time an amendment is moved.

Senator Frith: Honourable senators, the reason for publishing it at the beginning of each week is that the debate will be recommenced each week and it is expected that the matter will be on the Orders of the Day each week. However, if it is the wish of the Senate to make an order requiring us not to reprint it at all, I would be content with that. I suggest, though, that we try the procedure set out in my motion for a week or two, and if that, too, seems burdensome, perhaps we could dispense with it at that point.

Senator Godfrey: I was not suggesting that it not be reprinted at all but that we could simply do away with its being reprinted automatically.

Senator Frith: It would be reprinted automatically only at the first of each week.

Senator Godfrey: Because it will be reprinted when amendments are moved, I thought that the automatic reprinting on Tuesdays could also be done away with.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wish to confirm that I do agree with the Deputy Leader of the Government on this motion. I should also like to suggest that the matter be considered by the Standing Committee on Internal Economy, Budgets and Administration, which could deal not only with this particular problem and the suggestion made by Senator Godfrey but also with the problem of other matters that remain on the order paper for lengthy periods of time, which is both costly and useless.

I am not, incidentally, criticizing senators for having questions that are long outstanding. For instance, I am certainly not criticizing Senator Macquarrie because he has questions concerning Irish moss which have been in the *Minutes of the Proceedings of the Senate* since last May; but I suppose that if they had been printed once every two weeks or so that would have been sufficient. In other words, there is the problem of economy. However, I realize that there would also be a problem, from the individual senator's point of view, that senators desire to have their questions replied to as quickly as possible, and that might require having their questions printed frequently.

In any event, I think the whole problem should be referred to the Standing Committee on Internal Economy, Budgets and Administration, and that for the time being we should adopt Senator Frith's motion.

Senator Frith: Honourable senators, I support the observations made by the Leader of the Opposition on the additional matters.

Hon. Douglas D. Everett: I should like to say to the Honourable Senator Flynn that I can sympathize with him in respect of Senator Macquarrie's not receiving an answer to his questions, because I put a question, I believe it was five times, to Senator de Cotret when he was sitting on this side, and I still have not had an answer. It just occurs to me that perhaps Senator Flynn could get an answer for me some time.

Senator Flynn: I think that would be rather irregular, but I find it interesting. It might be more appropriate if you were to put your question to the new administration, since it has had more time to deal with the question than we had.

Senator Everett: That is a good point; I will do that.

Senator Frith: You might have to wait a long time, if you wait for another administration to deal with the question.

Motion agreed to.

[Senator Godfrey.]

INCOME TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, February 10, the debate on the motion of Senator McIlraith for the second reading of Bill C-54, to amend the statute law relating to income tax.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am bold enough to trespass on your patience this afternoon to discuss Bill C-54, although I know there are other important matters scheduled to come to our attention today. It has been a long time since this bill had its genesis in October of last year, and I sometimes wonder what the relevancy of a debate can be after such a period has elapsed.

Nevertheless, it may be useful to acknowledge the fact that I was much interested in the introduction of Bill C-54, which was presented to us, if I may say so, in a proper and commendable manner by the Honourable Senator McIlraith, who gave us an abbreviated reprise of the budget introduction of October of last year.

I must say that when I listened to Senator McIlraith I thought of that old wedding jingle that we all know: "Something old, something new, something borrowed, something blue." That, in a few words, describes my opinion of the budget speech that we heard last year. As you will gather from the tenor of my remarks, mine is not an altogether favourable opinion, because Bill C-54, in spite of the jingle, is no happy marriage of progressive economic forces, but rather a sullen union of inflation and unemployment.

The borrowed items stand out pretty clearly. They all come from the Progressive Conservative budget of November, 1979. I will mention some of them. The tax credit relief to be provided in respect of wages for spouses surfaced again in October, and I am glad of that. It was good to know that recognition was given to the work of volunteer firemen, not an important matter in terms of dollars but important socially, and I am glad of that. I was happy to see in that budget, too, a repeat of the proposal of the Progressive Conservative government that there should be a form of interest relief for the small business sector of our economy. Heaven knows that in these days of interest rates of unheard of proportions such a consideration is justified. I am glad to see that some of these happily borrowed items survived from the notorious—I think that is the correct word—the notorious budget of Mr. Crosbie of December, 1979. But if that is all that was borrowed, then I believe the taxpayers are entitled to feel not only a little blue but a little bruised. The October statement included no relief from energy taxes and energy pricing problems, or for people in the lower half of our income structure. It seems so long ago that perhaps we should remind ourselves of what was included in the budget of 1979, of which the deputy government leader does not approve, although I believe it commends itself more to him than he thinks.

● (1500)

That budget provided monthly $80 per adult and $30 per child in protection against energy price increases. Everyone

agrees that this protection is essential for those people who have incomes of less than $21,000. However, that provision is gone. It also provided tax relief on home mortgages to a good many people in this country. Those two very highly progressive policies went down when the Clark government went down.

I for one regret it because, as a result, the taxpayers are facing higher costs, particularly those taxpayers in lower income groups, than might otherwise be the case.

What is new in the budget? There are some new taxes. I will not get into the taxes which arise as a result of the government's energy policy, because that will be the subject of another debate. If there is something old in the budget it is the same old features of a steady increase in the deficit, in the national debt, in the crushing interest carrying charges and in the cost of living. Unfortunately, there has also been a steady increase in the number of unemployed in this country, although I hope that this situation will alter.

It is perhaps important to spend a little time on the Crosbie budget because it was not discussed very much in this chamber. There are certain aspects of that budget which deserve to be remembered because they deserved to be copied. The Summer 1980 issue of *Canadian Taxation* included an examination of the Crosbie budget of 1979. It had some interesting things to say which I think are worth repeating. In an article at page 112 of that journal, entitled "The Effects of Federal Budgetary Policies 1978-80 on the Distribution of Income in Canada", its position is summarized in the following terms:

> The Progressive Conservative government brought down its first budget on December 11, 1979. Two days later, it was defeated on the budget in the House of Commons on a nonconfidence motion. The government's budget was attacked, in the main, on the grounds that it was regressive. In this article, Andrew Doman, using a technique pioneered by W. Irwin Gillespie, reaches the surprising conclusion that the defeated Conservative budget was more progressive than any budget introduced by Liberal governments over the past ten years.

I think that is perhaps a striking observation and finding with regard to that budget. Unfortunately, because of the government's collapse and the time element involved, the people never really had an opportunity to understand what was included in that budget or its implications upon them. This article, which I commend to those who might be interested, compares the ten years of Liberal budgetary policy with the Progressive Conservative budget of 1979, and comes down very heartily in favour of the latter—that is, if you believe in an element of fairness and redistribution in budget, and I certainly do.

It points out in detail that the lower income groups in this country received a fairer deal under that budget than in any preceeding budget of the past 10 years, or in the present budget which we are discussing today. It was strongly progressive. If it had been enacted, it would have produced an important shift of tax burden away from the middle-income earners.

The issues of the election and that budget became encapsulated, at least in the Province of Ontario, in the expression "18 cents", which refers to the increase in the price of a gallon of gas. That is why the budget was turned down and why the Liberals were re-elected.

It will be cold comfort to those who voted for the Liberals because they will still have to pay the 18 cents per gallon. It makes no difference that Crosbie was replaced by MacEachen, these people will get it and they will get a lot more. As a result of the MacEachen budget people will have to pay more taxes than under the Crosbie budget. I am sure that those who voted for the Liberals were not counting on this occurrence. If the public had had some time to understand what was in the Crosbie budget, there may have been a different result in that election. However, these are reflections on the past which can never be recaptured.

Senator Flynn: The lie was too big.

Senator Roblin: Perhaps you are right. In any event, the past can never be recaptured, although I have no embarrassment in repeating and in stating the situation here because I believe it to be correct. However, let us move on to the MacEachen budget because that is the one which is of interest today.

The Canadian Council on Social Development had something to say about that budget. It is a well-known body and I am sure it is known to members of this chamber as being responsible and perceptive in its observations about government policy, in particular as they affect the lower income group of people in Canada. They tell the tax story of the poor very well. This body made a presentation to this government after the presentation of its October budget and placed before it the evidence of the budget's negative effect—and I repeat the word "negative"—on the poorer people of Canada.

They chose as an example a family living on a minimum wage income. Minimum wage varies across the country, but the average figure they struck is $6,200 per family. Through their calculations they made it clear that the budget introduced by Mr. MacEachen, which we are being asked to approve when we vote for this bill before us today, increased their cost of living by $496 per family, and it was all as a result of the implications and impositions of this budget.

This budget imposes an 8 per cent charge on the gross income of minimum wage earners in order to pay for the measures which we are being asked to approve here today. The Canadian Council on Social Development goes on to offer the opinion that it is more advantageous for some of these people to go on welfare than to continue working under the conditions imposed by this budget. I hope that will not be the case. The major components of this $496 burden on this particular group are quite clear. One of them is energy costs which amount to $350. I will not pretend that energy is a cost factor which can be stabilized. Energy costs cannot be stabilized and they will continue to go up.

The fact is there is no buffer to protect these people from the incidence of this situation. The Crosbie budget included

the energy tax credit buffer which would have helped to equalize the cost and to share the burden of these people. That tax credit was not universal. It did not apply to me, nor should it apply to me, but it applied to many other people who are entitled to that kind of help from the rest of us.

Because such a measure was not included in this budget, those people in the minimum wage category are carrying an intolerable burden of an 8 per cent loss of their gross income, which amounts to $496 and which is more than they would have paid under the Crosbie budget. I put it to this house that this situation cannot be glossed over. There has been an increase in the guaranteed income supplement. I supported that increase, but it must be noted that it has quickly been wiped out by the cost of living, and as a result those people are back where they started. Many of these people may not be on the supplement and, therefore, even that measure of a relief is denied them.

We have a social problem which has not been improved by this budget. Another element which has not received much notice is the unemployment insurance charges. This plan was once considered an insurance scheme with the government helping out by making a substantial contribution. However, it is no longer anything of the sort. It is now a plain wage tax. The character of the plan has been altered entirely. Under the new budget effective January 1 this year there is a 33⅓ per cent increase in the rate of unemployment insurance deductions. The rate is up to $1.80 per $100 of insurable earnings.

● (1510)

I do not slough off the fact that there was an increase in unemployment insurance payments in the Conservative budget as well, but it was not as large as this one. This one has another factor attached to it which is particularly unsatisfactory—that is, the ceiling, the amount of pay against which unemployment insurance charges are calculated, has been raised from $159 to $174 per week.

What is the combined effect of the increase in the rate of tax and the increase in the amount of money to be taxed? The amount of money to be taxed has gone up 9 per cent. The amount of tax being levied has gone up 33⅓ per cent. I think there is something wrong with that. I do not think that is fair; that is not a square deal. That is a charge that the Canadian Council on Social Development calculated. It calculated $100 as this new cost-of-living charge we are placing against the salaries of those of the lower income groups. It seems to me that that is something that leaves much to be desired.

This budget is full of sleepers. It consists of 224 pages. I wish I could say that I have read them all with care, but I have not; I just leafed through them. However, I am sure there are more sleepers than the ones I have discovered.

Another sleeper has to do with the shift in the manufacturers' sales tax. The manufacturers' sales tax of 9 per cent is being shifted under the new regulations with respect to some categories of taxation. Certain taxes at the manufacturing level on certain marginal organizations have been imposed that formerly were not imposed. There has been a shift in the manufacturers' sales tax to these marginal people in the manufacturing business. The result of this is not entirely pleasant because it will hurt some rather defenceless people. In Manitoba, for example, we have what we call sheltered workshops. These sheltered workshops are places where retarded children, retarded adults or people with handicaps work. These places give a purpose in life to these people and enable them to make some kind of living. They produce a product that somebody can use, and that is a good thing. For many years in Manitoba people have patronized sheltered workshops because they have wanted to help out in this respect, provided they could do so without facing an economic disadvantage. Now I am told that the shift in the manufacturers' sales tax to some of these marginal industries, such as the one I stated, makes it highly probable that they will lose some business. Those people who have patronized them in the past may not patronize them in the future. The fact of the matter is that these sheltered workshops may be cut out of the economic cycle because of this change in their tax category.

The Canadian Federation of Independent Business has drawn this to the attention of the government, as has the Canadian Chamber of Commerce, and as has the Canadian Manufacturers' Association. They have all asked for a delay in this matter until these anomalies—which probably were not intended—are sorted out. The Canadian Consumers' Association was so stimulated by this that it awarded the Minister of Finance the raspberry of the month. I rather thought that they would have done better to have awarded him the raspberry of the year. However, it is there.

Senator Buckwold: That is reserved for others.

Senator Roblin: I wonder to whom my honourable friend is referring.

Senator Flynn: It is too late now.

Senator Roblin: I have an idea that my honourable friend will have to accept all the raspberries directed in his direction, because he is in power, he has asked for the responsibility, he has it, and I want to see that he discharges it properly. If that involves the swallowing of a few raspberries, I am not at all surprised.

However, to get back to this, I wish to discuss the small business development bond interest plan, because I think that that can be improved substantially. High interest costs are one of the most substantial negative factors in the small business sector of our economy today. High interest costs are an important reason for the serious increase in small business bankruptcies that we have noticed—or, at least, that I hope we have noticed—because many of these small tragedies go ignored in the shadow of Chrysler and Massey Ferguson. They attract a lot less attention and, therefore, a lot less help.

The small business sector's need for money focuses, I suggest, on the need for working capital, and that is not recognized in the bill. The bill provides that money will be provided for capital investment in the purchase of fixed assets, such as land, machinery and so forth. That has to be a good thing, but I think they are severely limiting the capacity of the act to be

useful by making it impossible to secure working capital loans, when that really is the greatest area of need in a period of high interest rates and in a period of capital difficulties such as we are experiencing at the present. I would like to see both working capital and investment capital recognized as being eligible for small business bond interest treatment in this bill.

There is another factor which perhaps is even more important, and that is that the benefit of the small business bond interest relief measure is restricted to incorporated small businesses. Unincorporated small businesses are excluded. That really means that most small businesses are out in the cold. We have approximately 930,000 small businesses in this country, with 625,000 being unincorporated. So, no matter what is in the bill, only about one-third of the small business sector of the country can get inside the tent. The remaining two-thirds are left out in the cold.

I am the first one to appreciate the difficulties of defining "unincorporated" so that we could come to some reasonable parameters as to how far this act should go. I know there are problems with that, but I suggest that it is an area to which we should devote a great deal of our attention, because it seems to me that small businesses, on the whole, are the most fruitful source of new jobs in the country. Don't forget that: small businesses, on the whole, are the most fruitful source of new jobs in the country. That has been the case, statistically, for the past goodness-knows-how-long. It is a better source of jobs than is Chrysler, and a better source of jobs than is Massey Ferguson, but individually it seems that these people are too small to be noticed. I suggest that Bill C-54, on small business loans, misses a big target. I hope it gets back on to that target before long.

I have spoken so far about some of the micro-economic implications of the measure before us. I now want to spend a brief moment or two on the macro-economic factors that are associated with it. Of course, I first want to refer to the issue of inflation. After a careful perusal of the budget papers and after listening to all the speeches and observing the press reaction and opinion of commentators, I find that my own rather sad conclusions have been substantiated in that, in practical terms, the government has as good as given up on inflation. The figures speak for themselves. The inflation rate was forecast in the budget to be 10.2 per cent. The actual figure for the month of January is 12 per cent.

I think it is quite clear that the public has no confidence that the government intends to bring inflation down, except, perhaps, in the sweet by-and-by. I say that if one can believe the forecast figures for the sweet by-and-by. It might be this year, next year, sometime, never. The public is clearly anticipating continued high inflation rates in Canada, and will continue to do so until the administration gives them a clear, unmistakable signal that that is not the case. Indeed, why should the public not think that? They see federal government budgetary outlays up 15.2 per cent over last year, and that is rising faster than the rate of inflation. They see government spending rising faster than the rate of inflation. The public sees the government planning a current deficit of approximately $14 billion, almost one dollar in every four spent not covered by income the government will receive. The public knows that interest costs, to say nothing of retiring the debt, are estimated this year to be $10.4 billion. That is up an astonishing 22 per cent over the figure for last year. They know that the government's program calls for borrowing money, not just to finance their deficit, I am afraid, but to pay the interest on the money they have already borrowed.

If I can use a poetic phrase from my high school days which comes to mind, to pile Ossa on Pelion, one mountain on top of another, when does this process come to an end? The public can see no sign, in my opinion, that the process is winding down, because there are no substantial indications that they can look for some substantial improvement in this matter in the time that lies near at hand or closely ahead.

● (1520)

I want to say something about how the Minister of Finance appears to look at his problem. He describes his budget and his fiscal policy as being dedicated to a gradualist approach to these problems. "Gradualist" is the "in" word, I think, these days, in government finance—as if that were something to recommend it. He ties this into the monetary policy being followed by the Bank of Canada, and says that the bank is following the same balanced and moderate approach that is the basis of economic policy outlined in the budget. That is what the Minister of Finance says about himself and about the Governor of the Bank of Canada. They are gradualists.

Does the Minister of Finance ever read, however, the speeches of the Governor of the Bank of Canada? I ask that because they are enlightening. Governor Bouey made one on December 17 last year, at the meeting of the federal and provincial ministers of finance, and I am constrained to believe that the Minister of Finance, if he did not read the speech, must have heard it, because he was surely there. That speech, it struck me, was a confession of disappointment, not to put it in any stronger terms, on the part of the Governor of the Bank of Canada, in which he outlined the problems he had run into in dealing, in a gradualist manner, with policies that were intended to master inflation. It contained, also, an appeal—one of his many appeals—for more government fiscal and economic action to assist in the fight against inflation.

Of course, Governor Bouey defends his policy—you could not expect him to do anything else—but he does tell the story of his gradualist efforts since 1975 to bring inflation down. For five years we have had this "balanced and moderate approach" to the problems of inflation, and inflation, at the end of it, is higher than when it began. It is getting worse, not better.

Bringing down the rate of monetary growth, which is the main instrument used by the Bank of Canada, shows little or no beneficial effects, I put it to you, on the economic well-being of the nation, nor has it done anything to improve the trends of inflation. At 12 per cent, inflation stands as high as it ever did.

In that speech, which I thought reflected great credit on the Governor, he could only express his confidence that in time

inflation would decline again. Well, I have to say that my confidence in that policy is somewhat shaken, and that time, ultimately, runs out on all of us, particularly with inflation in double digit figures.

Governor Bouey, however, was candid enough to conclude—in fact, to speculate—with regard to what would have happened if he had not been dedicated to quite so gradualist a policy, that more action, more promptly taken, might have been better. I think he is on to a good point there.

Governor Bouey went on to say that it might have been useful—that is his word; mine would have been "imperative"—to have his monetary policy reinforced by stronger anti-inflationary action in other areas of public policy. When you interpret that Bank of Canada language, it means that the Minister of Finance, and the government's fiscal and economic policy, ought to have been more supportive of his efforts against inflation.

Governor Bouey, as is proper, speaks with reserve, and guardedly, but his message came through with crystal clarity to me, and that is that gradualism is a flop, and that the government's policy has helped to make it so. The Bank of Canada has not only to contend with current market forces in its problems with the rate of exchange, but also with the long term consequences of government action, which I maintain has been wrong. I do not want to put words in Governor Bouey's mouth, but he seemed to me to be almost on the point of saying so. Perhaps, one of these days, he will.

The final witness I would like to call on in dealing with our current affairs is the Prime Minister. When Prime Minister Trudeau was campaigning for election just a year ago now, he did not really have much to say about his policy and platform. I did not hear much, for example, certainly in western Canada, concerning what he was going to do about the Constitution. He did, however, make five basic commitments, which constituted the economic program of the Liberal Party in the last election, and it is instructive now to examine what happened to those commitments.

I would like to quote some of the things that the Prime Minister said. First, he said:

> We will hold the line on government expenditures under the rate of the gross national product.

That is a pretty clear undertaking. We know that it has not been carried out. We know that the budget increase in the current year is 15.2 per cent, and that the rate of inflation and the rate of the GNP, in which inflation is a factor, is substantially below that. So promise No. 1 has not been kept, and is a promise which certainly is hardly credible now.

The second thing the Prime Minister said was:

> We will negotiate an increase of less than 14 cents in the price of a gallon of gas.

Now, I do not repeat that promise merely for the sake of comic relief, though that is probably what it is in today's circumstances, but to show you that as a political promise it has very little credibility now. Negotiations are nowhere. They have not begun on a serious basis in terms of the present stand-off. Everybody knows that the 14 cents a gallon is an impossible target to hit. It was impossible last year and is even more so now. Everybody knows also that the new gasoline taxes, regardless of negotiations with any province, will begin to bite—indeed, they have begun to bite.

I think Mr. Trudeau is determined to make John Crosbie look good, when he talks about 14 cents and 18 cents in terms of gas prices in this country. I think that the policy he spurned with such indignation a year ago will now turn out to be just as good and perhaps even a little better than the policy he has produced himself. In fact, so far the policy is mostly confrontation.

The next thing the Prime Minister said, which is point number three:

> This party will not simply stand by and let the recession come. We will fight and overcome it.

I do not know why he did not say, "And we will wrestle it to the ground," because that is what he usually says when referring to something that he has no intention of doing at all.

Where are we today? There are more unemployed people now in Canada than there were a year ago. There is certainly no credibility in this basic economic undertaking of the Prime Minister.

I now go on to point number four. The Prime Minister said that he would "head a national government that uses its strength to realize the aspirations and economic potential of each of our provinces . . . a national government that builds up rather than tears down . . . decades of opportunity rather than decades of doubt.

That is great rhetoric. I wish I could believe it. One year later, what do we have? We have the most bitter confrontation that I have seen in my lifetime between the provinces and the federal government, not only on the political level, but on the regional and economic level as well. Remember that the Prime Minister was the man who was to bind up the wounds, to make us one, to reconcile our differences, and yet we have this sad and sorry situation which causes the nations of the world to look at us and say, "What are these crazy Canadians up to? They cannot get along in the best country that God ever made."

Senator Haidasz: Thanks to the premiers.

Senator Roblin: I beg your pardon? Would you like to repeat that?

Senator Haidasz: Thanks to the premiers.

Senator Roblin: Thanks to the premiers! I see. Well, I am glad to get your opinion on the subject. It is worth what I paid for it, too.

The final point I would like to mention that the Prime Minister referred to in his statement of economic policy for the nation is that he would "enhance the security of every individual by helping those who most need assistance."

Compare that piece of fine talk with the actual facts respecting minimum wage earners that we find in this budget that is now before us, and which I have placed before this

house. It is fine talk indeed, when we have a regressive budget that bears as it does on the scanty resources of low income Canadians, as illustrated by the Canadian Council of Social Affairs. Compare these sentiments with the unemployment we see around us and the stagnation that is obvious in some sectors of our economy.

Let us bear in mind, when we come to the budget and the economic policies and promises of the Liberal Party, that these are the five points made by our Prime Minister—because he is my Prime Minister as well as yours, do not forget—when he was running as a politician in the election. I think I can safely say that none of them has been kept with any faith or credibility.

That is the situation: promises not kept, but forgotten, as the political baggage of an election campaign, and nothing more than that. I feel that the October budget, apart from the energy matter, which is the subject of another bill and another debate, is one of "stand pat", is regressive, and dooms us to serious inflation in the foreseeable future.

With some regret I must pass on to you the common verdict, I think, across this country, that it creates more problems than it solves, and it fails to meet both the short-run and the long-run interests of the Canadian nation.

• (1530)

Honourable senators, having expressed my views on this piece of legislation in the manner in which I have, you would not expect me to vote for Bill C-54, because of its serious defects and disadvantages in connection with the economic welfare and health of our people. Although there is little possibility, I suggest, of any of the ideas presented from this side of the house being incorporated in this piece of legislation, I hope that in times to come we may find ourselves able to achieve a more equitable meeting of minds than we have to date.

Hon. George J. McIlraith: Honourable senators—

The Hon. the Speaker: I should like to draw the attention of honourable senators to the fact that if the Honourable Senator McIlraith speaks now, his speech will have the effect of closing the debate.

Senator McIlraith: Honourable senators, I listened with great attention to the honourable senator who has just concluded his remarks. I wondered at times whether they were confined to the bill before us, but, in any event, I was very interested in them. He debated matters other than those contained in the bill, and although I did not draw that fact to his attention at the time I do not want him to think for one moment that that will be taken as a precedent by me. I reserve the right on other similar occasions, if they arise, to seek to restrict him to those matters that are relevant to the debate.

Senator Flynn: You try it.

Senator McIlraith: I note that he observed that the bill does cover items of income tax legislation having their origin in speeches of several former ministers of finance. Indeed, he might have added one going back to 1978. So we have the extraordinary situation that the bill now before us deals with items dating back to 1978, the December 11, 1979 budget of Mr. Crosbie, the budget resolutions of April 21, 1980, and the October budget of the present Minister of Finance, Mr. MacEachen.

It is fortunate, indeed, that we are at long last getting these legislative items before the appropriate committee and having them disposed of. That is an advantageous and desirable thing in the interests of all taxpayers and the economy of the country.

I noted particularly Senator Roblin's remarks about small business, I share his view as to the importance of those firms, as he correctly set out, in the economy of the country. There is one point I should like to draw to the honourable senator's attention. It seems to me that his seeking to extend the provisions respecting small business would be beyond the jurisdiction of the Senate. I hope that we shall not have to fight that battle, but he could, as the complex clause dealing with small business comes before the committee, present his point of view to see whether there are any changes within our legislative jurisdiction that can be brought about. The matter was discussed in committee on Tuesday and will be discussed again.

The honourable senator said he expressed his views on this piece of legislation, just as I did. While I found his views tremendously interesting, I am not sure that I should be asked to agree that they were all wholly related to this legislation.

Honourable senators, in concluding my remarks, I ask you to give this bill your favourable consideration.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think my honourable friend has raised a point of order to which I would like to respond.

Senator McIlraith: I did not. I was very careful to refrain from doing so.

Senator Roblin: Perhaps I will raise the point of order. It seems to me the point is being made that it was inappropriate to refer to any matter that was not put forward within the 224 pages of this bill. I do not agree with that, for the reason that it provides the basis for a review of the budgetary and economic policies of the government. The source of the bill is the budget. It was delivered in the other place by the Minister of Finance. This is one of the matters arising out of that budgetary debate. When my honourable friend introduced the bill the other day he began to get into that whole area of budgetary policy which I think it was his right to do. I simply say that if the point of order was on my honourable friend's mind, I do not think it was justified.

Senator McIlraith: In any event, I did not raise it today. I made it clear that I did not propose to. I will raise it on another occasion.

Senator Flynn: Choose a better occasion.

Senator Roblin: I will wait for it.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Senator Roblin: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

Senator McIlraith moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN
DEBATE ADJOURNED

Hon. Sidney L. Buckwold, for **Hon. Raymond J. Perrault (Leader of the Government),** seconded by **Hon. Royce Frith (Deputy Leader of the Government),** moved:

THAT, WHEREAS in the past certain amendments to the Constitution of Canada have been made by the Parliament of the United Kingdom at the request and with the consent of Canada;

AND WHEREAS it is in accord with the status of Canada as an independent state that Canadians be able to amend their Constitution in Canada in all respects;

AND WHEREAS it is also desirable to provide in the Constitution of Canada for the recognition of certain fundamental rights and freedoms and to make other amendments to that Constitution;

A respectful address be presented to Her Majesty the Queen in the following words:

CONSIDÉRANT:

Que le Parlement du Royaume-Uni a modifié à plusieurs reprises la Constitution du Canada à la demande et avec le consentement de celui-ci;

que, de par le statut d'État indépendant du Canada, il est légitime que les Canadiens aient tout pouvoir pour modifier leur Constitution au Canada;

qu'il est souhaitable d'inscrire dans la Constitution du Canada la reconnaissance de certains droits et libertés fondamentaux et d'y apporter d'autres modifications,

il est proposé que soit présentée respectueusement à Sa Majesté la Reine l'adresse dont la teneur suit:

To the Queen's Most Excellent Majesty:

Most Gracious Sovereign:

We, Your Majesty's loyal subjects, the Senate of Canada in Parliament assembled, respectfully approach Your Majesty, requesting that you may graciously be pleased to cause to be laid before the Parliament of the United Kingdom a measure containing the recitals and clauses hereinafter set forth:

A Sa Très Excellente Majesté la Reine,

Très Gracieuse Souveraine:

Nous, membres du Sénat du Canada réunis en Parlement, fidèles sujets de Votre Majesté, demandons respectueusement à Votre Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi ainsi conçu:

ANNEXE A—SCHEDULE A

An Act to give effect to a request by the Senate and House of Commons of Canada

Whereas Canada has requested and consented to the enactment of an Act of the Parliament of the United Kingdom to give effect to the provisions hereinafter set forth and the Senate and the House of Commons of Canada in Parliament assembled have submitted an address to Her Majesty requesting that Her Majesty may graciously be pleased to cause a Bill to be laid before the Parliament of the United Kingdom for that purpose.

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Loi donnant suite à une demande du Sénat et de la Chambre des communes du Canada

Sa Très Excellente Majesté la Reine, considérant :

qu'à la demande et avec le consentement du Canada, le Parlement du Royaume-Uni est invité à adopter une loi visant à donner effet aux dispositions énoncées ci-après et que le Sénat et la Chambre des communes du Canada réunis en Parlement ont présenté une adresse demandant à Sa Très Gracieuse Majesté de bien vouloir faire déposer devant le Parlement du Royaume-Uni un projet de loi à cette fin,

sur l'avis et du consentement des Lords spirituels et temporels et des Communes réunis en Parlement, et par l'autorité de celui-ci, édicte :

Constitution Act, 1981 enacted

1. The *Constitution Act, 1981* set out in Schedule B to this Act is hereby enacted for and shall have the force of law in Canada and shall come into force as provided in that Act.

Adoption de la *Loi constitutionnelle de 1981*

1. La *Loi constitutionnelle de 1981*, énoncée à l'annexe B, est édictée pour le Canada et y a force de loi. Elle entre en vigueur conformément à ses dispositions.

Termination of power to legislate for Canada

2. No Act of the Parliament of the United Kingdom passed after the *Constitution Act, 1981* comes into force shall extend to Canada as part of its law.

2. Les lois adoptées par le Parlement du Royaume-Uni après l'entrée en vigueur de la *Loi constitutionnelle de 1981* ne font pas partie du droit du Canada.

Cessation du pouvoir de légiférer pour le Canada

French version

3. So far as it is not contained in Schedule B, the French version of this Act is set out in Schedule A to this Act and has the same authority in Canada as the English version thereof.

3. La partie de la version française de la présente loi qui figure à l'annexe A a force de loi au Canada au même titre que la version anglaise correspondante.

Version française

Short title

4. This Act may be cited as the *Canada Act*.

4. Titre abrégé de la présente loi : *Loi sur le Canada*.

Titre abrégé

SCHEDULE B

CONSTITUTION ACT, 1981

PART I

CANADIAN CHARTER OF RIGHTS AND FREEDOMS

Guarantee of Rights and Freedoms

Rights and freedoms in Canada

1. The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

Fundamental Freedoms

Fundamental freedoms

2. Everyone has the following fundamental freedoms:

(*a*) freedom of conscience and religion;

(*b*) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;

(*c*) freedom of peaceful assembly; and

(*d*) freedom of association.

Democratic Rights

Democratic rights of citizens

3. Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Maximum duration of legislative bodies

4. (1) No House of Commons and no legislative assembly shall continue for longer than five years from the date fixed for the return of the writs at a general election of its members.

Continuation in special circumstances

(2) In time of real or apprehended war, invasion or insurrection, a House of Commons may be continued by Parliament and a legislative assembly may be continued by the legislature beyond five years if such continuation is not opposed by the votes of more than one-third of the members of the House of Commons or the legislative assembly, as the case may be.

ANNEXE B

LOI CONSTITUTIONNELLE DE 1981

PARTIE I

CHARTE CANADIENNE DES DROITS ET LIBERTÉS

Garantie des droits et libertés

Droits et libertés au Canada

1. La *Charte canadienne des droits et libertés* garantit les droits et libertés qui y sont énoncés. Ils ne peuvent être restreints que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Libertés fondamentales

Libertés fondamentale

2. Chacun a les libertés fondamentales suivantes :

a) liberté de conscience et de religion;

b) liberté de pensée, de croyance, d'opinion et d'expression, y compris la liberté de la presse et des autres moyens de communication;

c) liberté de réunion pacifique;

d) liberté d'association.

Droits démocratiques

Droits démocratique des citoyens

3. Tout citoyen canadien a le droit de vote et est éligible aux élections législatives fédérales ou provinciales.

Mandat maximal des assemblées

4. (1) Le mandat maximal de la Chambre des communes et des assemblées législatives est de cinq ans à compter de la date fixée pour le retour des brefs relatifs aux élections générales correspondantes.

Prolongations spéciales

(2) Le mandat de la Chambre des communes ou celui d'une assemblée législative peut être prolongé respectivement par le Parlement ou par la législature en question au-delà de cinq ans en cas de guerre, d'invasion ou d'insurrection, réelles ou appréhendées, pourvu que cette prolongation ne fasse pas l'objet d'une opposition exprimée par les voix de plus du tiers des députés de la Chambre des communes ou de l'assemblée législative.

Annual sitting of legislative bodies

5. There shall be a sitting of Parliament and of each legislature at least once every twelve months.

Séance annuelle

5. Le Parlement et les législatures tiennent une séance au moins une fois tous les douze mois.

Mobility Rights

Liberté de circulation et d'établissement

Mobility of citizens

6. (1) Every citizen of Canada has the right to enter, remain in and leave Canada.

Liberté de circulation

6. (1) Tout citoyen canadien a le droit de demeurer au Canada, d'y entrer ou d'en sortir.

Rights to move and gain livelihood

(2) Every citizen of Canada and every person who has the status of a permanent resident of Canada has the right

(*a*) to move to and take up residence in any province; and

(*b*) to pursue the gaining of a livelihood in any province.

Liberté d'établissement

(2) Tout citoyen canadien et toute personne ayant le statut de résident permanent au Canada ont le droit :

a) de se déplacer dans tout le pays et d'établir leur résidence dans toute province;

b) de gagner leur vie dans toute province.

Limitation

(3) The rights specified in subsection (2) are subject to

(*a*) any laws or practices of general application in force in a province other than those that discriminate among persons primarily on the basis of province of present or previous residence; and

(*b*) any laws providing for reasonable residency requirements as a qualification for the receipt of publicly provided social services.

Restriction

(3) Les droits mentionnés au paragraphe (2) sont subordonnés :

a) aux lois et usages d'application générale en vigueur dans une province donnée, s'ils n'établissent entre les personnes aucune distinction fondée principalement sur la province de résidence antérieure ou actuelle;

b) aux lois prévoyant de justes conditions de résidence en vue de l'obtention des services sociaux publics.

Legal Rights

Garanties juridiques

Life, liberty and security of person

7. Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

Vie, liberté et sécurité

7. Chacun a droit à la vie, à la liberté et à la sécurité de sa personne; il ne peut être porté atteinte à ce droit qu'en conformité avec les principes de justice fondamentale.

Search or seizure

8. Everyone has the right to be secure against unreasonable search or seizure.

Fouilles, perquisitions ou saisies

8. Chacun a droit à la protection contre les fouilles, les perquisitions ou les saisies abusives.

Detention or imprisonment

9. Everyone has the right not to be arbitrarily detained or imprisoned.

Détention ou emprisonnement

9. Chacun a droit à la protection contre la détention ou l'emprisonnement arbitraires.

Arrest or detention

10. Everyone has the right on arrest or detention

(*a*) to be informed promptly of the reasons therefor;

(*b*) to retain and instruct counsel without delay and to be informed of that right; and

(*c*) to have the validity of the detention determined by way of *habeas corpus* and to be released if the detention is not lawful.

Arrestation ou détention

10. Chacun a le droit, en cas d'arrestation ou de détention :

a) d'être informé dans les plus brefs délais des motifs de son arrestation ou de sa détention;

b) d'avoir recours sans délai à l'assistance d'un avocat et d'être informé de ce droit;

c) de faire contrôler, par *habeas corpus,* la légalité de sa détention et d'obtenir, le cas échéant, sa libération.

Proceedings in criminal and penal matters

11. Any person charged with an offence has the right

(*a*) to be informed without unreasonable delay of the specific offence;

(*b*) to be tried within a reasonable time;

(*c*) not to be compelled to be a witness in proceedings against that person in respect of the offence;

(*d*) to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal;

(*e*) not to be denied reasonable bail without just cause;

(*f*) except in the case of an offence under military law tried before a military tribunal, to the benefit of trial by jury where the maximum punishment for the offence is imprisonment for five years or a more severe punishment;

(*g*) not to be found guilty on account of any act or omission unless, at the time of the act or omission, it constituted an offence under Canadian or international law or was criminal according to the general principles of law recognized by the community of nations;

(*h*) if finally acquitted of the offence, not to be tried for it again and, if finally found guilty and punished for the offence, not to be tried or punished for it again; and

(*i*) if found guilty of the offence and if the punishment for the offence has been varied between the time of commission and the time of sentencing, to the benefit of the lesser punishment.

Affaires criminelles et pénales

11. Tout inculpé a le droit :

a) d'être informé sans délai anormal de l'infraction précise qu'on lui reproche;

b) d'être jugé dans un délai raisonnable;

c) de ne pas être contraint de témoigner contre lui-même dans toute poursuite intentée contre lui pour l'infraction qu'on lui reproche;

d) d'être présumé innocent tant qu'il n'est pas déclaré coupable, conformément à la loi, par un tribunal indépendant et impartial à l'issue d'un procès public et équitable;

e) de ne pas être privé sans juste cause d'une mise en liberté assortie d'un cautionnement raisonnable;

f) sauf s'il s'agit d'une infraction relevant de la justice militaire, de bénéficier d'un procès avec jury lorsque la peine maximale prévue pour l'infraction dont il est accusé est un emprisonnement de cinq ans ou une peine plus grave;

g) de ne pas être déclaré coupable en raison d'une action ou d'une omission qui, au moment où elle est survenue, ne constituait pas une infraction d'après le droit interne du Canada ou le droit international et n'avait pas de caractère criminel d'après les principes généraux de droit reconnus par l'ensemble des nations;

h) d'une part de ne pas être jugé de nouveau pour une infraction dont il a été définitivement acquitté, d'autre part de ne pas être jugé ni puni de nouveau pour une infraction dont il a été définitivement trouvé coupable et puni;

i) de bénéficier de la peine la moins sévère, lorsque la peine qui sanctionne l'infraction dont il est déclaré coupable est modifiée entre le moment de la perpétration de l'infraction et celui de la sentence.

Treatment or punishment

12. Everyone has the right not to be subjected to any cruel and unusual treatment or punishment.

Cruauté

12. Chacun a droit à la protection contre tous traitements ou peines cruels et inusités.

Self-incrimination

13. A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except

Témoignage incriminant

13. Chacun a droit à ce qu'aucun témoignage incriminant qu'il donne ne soit utilisé pour l'incriminer dans d'autres procédures, sauf lors de poursuites pour parjure ou pour témoignages contradictoires.

in a prosecution for perjury or for the giving of contradictory evidence.

Interpreter

14. A party or witness in any proceedings who does not understand or speak the language in which the proceedings are conducted or who is deaf has the right to the assistance of an interpreter.

Interprète

14. La partie ou le témoin qui ne peuvent suivre les procédures, soit parce qu'ils ne comprennent pas ou ne parlent pas la langue employée, soit parce qu'ils sont atteints de surdité, ont droit à l'assistance d'un interprète.

Equality Rights

Droits à l'égalité

Equality before and under law and equal protection and benefit of law

15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

Égalité devant la loi, égalité de bénéfice et protection égale de la loi

15. (1) La loi ne fait acception de personne et s'applique également à tous, et tous ont droit à la même protection et au même bénéfice de la loi, indépendamment de toute discrimination, notamment des discriminations fondées sur la race, l'origine nationale ou ethnique, la couleur, la religion, le sexe, l'âge ou les déficiences mentales ou physiques.

Affirmative action programs

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

Programmes de promotion sociale

(2) Le paragraphe (1) n'a pas pour effet d'interdire les lois, programmes ou activités destinés à améliorer la situation d'individus ou de groupes défavorisés, notamment du fait de leur race, de leur origine nationale ou ethnique, de leur couleur, de leur religion, de leur sexe, de leur âge ou de leurs déficiences mentales ou physiques.

Official Languages of Canada

Langues officielles du Canada

Official languages of Canada

16. (1) English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and government of Canada.

Langues officielles du Canada

16. (1) Le français et l'anglais sont les langues officielles du Canada; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions du Parlement et du gouvernement du Canada.

Official languages of New Brunswick

(2) English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the legislature and government of New Brunswick.

Langues officielles du Nouveau-Brunswick

(2) Le français et l'anglais sont les langues officielles du Nouveau-Brunswick; ils ont un statut et des droits et privilèges égaux quant à leur usage dans les institutions de la Législature et du gouvernement du Nouveau-Brunswick.

Advancement of status and use

(3) Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English and French.

Progression vers l'égalité

(3) La présente charte ne limite pas le pouvoir du Parlement et des législatures de favoriser la progression vers l'égalité de statut ou d'usage du français et de l'anglais.

Proceedings of Parliament

17. (1) Everyone has the right to use English or French in any debates and other proceedings of Parliament.

Travaux du Parlement

17. (1) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux du Parlement.

Proceedings of New Brunswick legislature

(2) Everyone has the right to use English or French in any debates and other proceedings of the legislature of New Brunswick.

(2) Chacun a le droit d'employer le français ou l'anglais dans les débats et travaux de la Législature du Nouveau-Brunswick.

Travaux de la Législature du Nouveau-Brunswick

Parliamentary statutes and records

18. (1) The statutes, records and journals of Parliament shall be printed and published in English and French and both language versions are equally authoritative.

18. (1) Les lois, les archives, les comptes rendus et les procès-verbaux du Parlement sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents parlementaires

New Brunswick statutes and records

(2) The statutes, records and journals of the legislature of New Brunswick shall be printed and published in English and French and both language versions are equally authoritative.

(2) Les lois, les archives, les comptes rendus et les procès-verbaux de la Législature du Nouveau-Brunswick sont imprimés et publiés en français et en anglais, les deux versions des lois ayant également force de loi et celles des autres documents ayant même valeur.

Documents de la Législature du Nouveau-Brunswick

Proceedings in courts established by Parliament

19. (1) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court established by Parliament.

19. (1) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux établis par le Parlement et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux établis par le Parlement

Proceedings in New Brunswick courts

(2) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of New Brunswick.

(2) Chacun a le droit d'employer le français ou l'anglais dans toutes les affaires dont sont saisis les tribunaux du Nouveau-Brunswick et dans tous les actes de procédure qui en découlent.

Procédures devant les tribunaux du Nouveau-Brunswick

Communications by public with federal institutions

20. (1) Any member of the public in Canada has the right to communicate with, and to receive available services from, any head or central office of an institution of the Parliament or government of Canada in English or French, and has the same right with respect to any other office of any such institution where

(*a*) there is a significant demand for communications with and services from that office in such language; or

(*b*) due to the nature of the office, it is reasonable that communications with and services from that office be available in both English and French.

20. (1) Le public a, au Canada, droit à l'emploi du français ou de l'anglais pour communiquer avec le siège ou l'administration centrale des institutions du Parlement ou du gouvernement du Canada ou pour en recevoir les services; il a le même droit à l'égard de tout autre bureau de ces institutions là où, selon le cas :

a) l'emploi du français ou de l'anglais fait l'objet d'une demande importante;

b) l'emploi du français et de l'anglais se justifie par la vocation du bureau.

Communications entre les administrés et les institutions fédérales

Communications by public with New Brunswick institutions

(2) Any member of the public in New Brunswick has the right to communicate with, and to receive available services from, any office of an institution of the legislature or government of New Brunswick in English or French.

(2) Le public a, au Nouveau-Brunswick, droit à l'emploi du français ou de l'anglais pour communiquer avec tout bureau des institutions de la législature ou du gouvernement ou pour en recevoir les services.

Communications entre les administrés et les institutions du Nouveau-Brunswick

Continuation of existing constitutional provisions

21. Nothing in sections 16 to 20 abrogates or derogates from any right, privilege or obligation with respect to the English and French languages, or either of them, that exists or is continued by virtue of any other provision of the Constitution of Canada.

Maintien en vigueur de certaines dispositions

21. Les articles 16 à 20 n'ont pas pour effet, en ce qui a trait à la langue française ou anglaise ou à ces deux langues, de porter atteinte aux droits, privilèges ou obligations qui existent ou sont maintenus aux termes d'une autre disposition de la Constitution du Canada.

Rights and privileges preserved

22. Nothing in sections 16 to 20 abrogates or derogates from any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Charter with respect to any language that is not English or French.

Droits préservés

22. Les articles 16 à 20 n'ont pas pour effet de porter atteinte aux droits et privilèges, antérieurs ou postérieurs à l'entrée en vigueur de la présente charte et découlant de la loi ou de la coutume, des langues autres que le français ou l'anglais.

Minority Language Educational Rights

Droits à l'instruction dans la langue de la minorité

Language of instruction

23. (1) Citizens of Canada

(*a*) whose first language learned and still understood is that of the English or French linguistic minority population of the province in which they reside, or

(*b*) who have received their primary school instruction in Canada in English or French and reside in a province where the language in which they received that instruction is the language of the English or French linguistic minority population of the province,

have the right to have their children receive primary and secondary school instruction in that language in that province.

Langue d'instruction

23. (1) Les citoyens canadiens :

a) dont la première langue apprise et encore comprise est celle de la minorité francophone ou anglophone de la province où ils résident,

b) qui ont reçu leur instruction, au niveau primaire, en français ou en anglais au Canada et qui résident dans une province où la langue dans laquelle ils ont reçu cette instruction est celle de la minorité francophone ou anglophone de la province,

ont, dans l'un ou l'autre cas, le droit d'y faire instruire leurs enfants, aux niveaux primaire et secondaire, dans cette langue.

Continuity of language instruction

(2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

Continuité d'emploi de la langue d'instruction

(2) Les citoyens canadiens dont un enfant a reçu ou reçoit son instruction, au niveau primaire ou secondaire, en français ou en anglais au Canada ont le droit de faire instruire tous leurs enfants, aux niveaux primaire et secondaire, dans la langue de cette instruction.

Application where numbers warrant

(3) The right of citizens of Canada under subsections (1) and (2) to have their children receive primary and secondary school instruction in the language of the English or French linguistic minority population of a province

(*a*) applies wherever in the province the number of children of citizens who have such a right is sufficient to warrant the provision to them out of public funds of minority language instruction; and

Justification par le nombre

(3) Le droit reconnu aux citoyens canadiens par les paragraphes (1) et (2) de faire instruire leurs enfants, aux niveaux primaire et secondaire, dans la langue de la minorité francophone ou anglophone d'une province :

a) s'exerce partout dans la province où le nombre des enfants des citoyens qui ont ce droit est suffisant pour justifier à leur endroit la prestation, sur les fonds publics, de l'instruction dans la langue de la minorité;

(*b*) includes, where the number of those children so warrants, the right to have them receive that instruction in minority language educational facilities provided out of public funds.

b) comprend, lorsque le nombre de ces enfants le justifie, le droit de les faire instruire dans des établissements d'enseignement de la minorité linguistique financés sur les fonds publics.

Enforcement

Recours

Enforcement of guaranteed rights and freedoms

24. (1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

24. (1) Toute personne, victime de violation ou de négation des droits et libertés qui lui sont garantis par la présente charte, peut s'adresser à un tribunal compétent pour obtenir la réparation que le tribunal estime convenable et juste eu égard aux circonstances.

Recours en cas d'atteinte aux droits et libertés

Exclusion of evidence bringing administration of justice into disrepute

(2) Where, in proceedings under subsection (1), a court concludes that evidence was obtained in a manner that infringed or denied any rights or freedoms guaranteed by this Charter, the evidence shall be excluded if it is established that, having regard to all the circumstances, the admission of it in the proceedings would bring the administration of justice into disrepute.

(2) Lorsque, dans une instance visée au paragraphe (1), le tribunal a conclu que des éléments de preuve ont été obtenus dans des conditions qui portent atteinte aux droits ou libertés garantis par la présente charte, ces éléments de preuve sont écartés s'il est établi, eu égard aux circonstances, que leur utilisation est susceptible de déconsidérer l'administration de la justice.

Irrecevabilité d'éléments de preuve qui risqueraient de déconsidérer l'administration de la justice

General

Dispositions générales

Aboriginal rights and freedoms not affected by Charter

25. The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including

(*a*) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and

(*b*) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

25. Le fait que la présente charte garantit certains droits et libertés ne porte pas atteinte aux droits ou libertés — ancestraux, issus de traités ou autres — des peuples autochtones du Canada, notamment :

a) aux droits ou libertés reconnus par la Proclamation royale du 7 octobre 1763;

b) aux droits ou libertés acquis par règlement de revendications territoriales.

Maintien des droits et libertés des autochtones

Other rights and freedoms not affected by Charter

26. The guarantee in this Charter of certain rights and freedoms shall not be construed as denying the existence of any other rights or freedoms that exist in Canada.

26. Le fait que la présente charte garantit certains droits et libertés ne constitue pas une négation des autres droits ou libertés qui existent au Canada.

Maintien des autres droits et libertés

Multicultural heritage

27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

27. Toute interprétation de la présente charte doit concorder avec l'objectif de promouvoir le maintien et la valorisation du patrimoine multiculturel des Canadiens.

Maintien du patrimoine culturel

Rights respecting certain schools preserved

28. Nothing in this Charter abrogates or derogates from any rights or privileges guaranteed by or under the Constitution of

28. Les dispositions de la présente charte ne portent pas atteinte aux droits ou privilèges garantis en vertu de la Constitution du

Maintien des droits relatifs à certaines écoles

Canada, in respect of denominational, separate or dissentient schools.

Canada concernant les écoles séparées et autres écoles confessionnelles.

Application to territories and territorial authorities

29. A reference in this Charter to a province or to the legislative assembly or legislature of a province shall be deemed to include a reference to the Yukon Territory and the Northwest Territories, or to the appropriate legislative authority thereof, as the case may be.

29. Dans la présente charte, les dispositions qui visent les provinces, leur législature ou leur assemblée législative visent également le territoire du Yukon, les territoires du Nord-Ouest ou leurs autorités législatives compétentes.

Applications aux territoires

Legislative powers not extended

30. Nothing in this Charter extends the legislative powers of any body or authority.

30. La présente charte n'élargit pas les compétences législatives de quelque organisme ou autorité que ce soit.

Non-élargissement des compétences législatives

Application of Charter

Application de la charte

Application of Charter

31. (1) This Charter applies

(*a*) to the Parliament and government of Canada and to all matters within the authority of Parliament including all matters relating to the Yukon Territory and Northwest Territories; and

(*b*) to the legislature and government of each province and to all matters within the authority of the legislature of each province.

31. (1) La présente charte s'applique :

a) au Parlement et au gouvernement du Canada, ainsi qu'à tous les domaines relevant du Parlement, y compris ceux qui concernent le territoire du Yukon et les territoires du Nord-Ouest;

b) à la législature et au gouvernement de chaque province, ainsi qu'à tous les domaines relevant de cette législature.

Application de la charte

Exception

(2) Notwithstanding subsection (1), section 15 shall not have effect until three years after this Act, except Part VI, comes into force.

(2) Par dérogation au paragraphe (1), l'article 15 n'a d'effet que trois ans après l'entrée en vigueur, exception faite de la partie VI, de la présente loi.

Restriction

Citation

Titre

Citation

32. This Part may be cited as the *Canadian Charter of Rights and Freedoms.*

32. Titre de la présente partie : *Charte canadienne des droits et libertés.*

Titre

PART II

PARTIE II

RIGHTS OF THE ABORIGINAL PEOPLES OF CANADA

DROITS DES PEUPLES AUTOCHTONES DU CANADA

Recognition of aboriginal and treaty rights

33. (1) The aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

33. (1) La présente charte confirme les droits, ancestraux ou issus de traités, des peuples autochtones du Canada.

Confirmation des droits des peuples autochtones

Definition of "aboriginal peoples of Canada"

(2) In this Act, "aboriginal peoples of Canada" includes the Indian, Inuit and Métis peoples of Canada.

(2) Dans la présente loi, «peuples autochtones du Canada» s'entend notamment des Indiens, des Inuit et des Métis du Canada.

Définition de «peuples autochtones du Canada»

PART III

PARTIE III

EQUALIZATION AND REGIONAL DISPARITIES

PÉRÉQUATION ET INÉGALITÉS RÉGIONALES

Commitment to promote equal opportunities

34. (1) Without altering the legislative authority of Parliament or of the provincial

34. (1) Sous réserve des compétences législatives du Parlement et des législatures

Engagements relatifs à l'égalité des chances

legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

(*a*) promoting equal opportunities for the well-being of Canadians;

(*b*) furthering economic development to reduce disparity in opportunities; and

(*c*) providing essential public services of reasonable quality to all Canadians.

et de leur droit de les exercer, le Parlement et les législatures, ainsi que les gouvernements fédéral et provinciaux, s'engagent à :

a) promouvoir l'égalité des chances de tous les Canadiens dans la recherche de leur bien-être;

b) favoriser le développement économique pour réduire l'inégalité des chances;

c) fournir à tous les Canadiens, à un niveau de qualité acceptable, les services publics essentiels.

Commitment respecting public services

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Engagement relatif aux services publics

(2) Le Parlement et le gouvernement du Canada prennent l'engagement de principe de faire des paiements de péréquation propres à donner aux gouvernements provinciaux des revenus suffisants pour les mettre en mesure d'assurer les services publics à un niveau de qualité et de fiscalité sensiblement comparables.

PART IV

CONSTITUTIONAL CONFERENCES

PARTIE IV

CONFÉRENCES CONSTITUTIONNELLES

Constitutional conferences

35. (1) Until Part VI comes into force, a constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada at least once in every year.

Conférences constitutionnelles

35. (1) Avant l'entrée en vigueur de la partie VI, le premier ministre du Canada convoque au moins une fois par an une conférence constitutionnelle réunissant les premiers ministres provinciaux et lui-même.

Participation of aboriginal peoples

(2) A conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on that item.

Participation des peuples autochtones

(2) Sont placées à l'ordre du jour de la conférence visée au paragraphe (1) les question constitutionnelles qui intéressent directement les peuples autochtones du Canada, notamment la détermination et la définition des droits de ces peuples à inscrire dans la Constitution du Canada. Le premier ministre du Canada invite leurs représentants à participer aux travaux relatifs à ces questions.

Participation of territories

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Participation des territoires

(3) Le premier ministre du Canada invite des représentants élus des gouvernements du Yukon et des territoires du Nord-Ouest à participer aux travaux relatifs à toute question placée à l'ordre du jour de la conférence visée au paragraphe (1) et qui, selon lui, intéresse directement le territoire du Yukon et les territoires du Nord-Ouest.

PART V

INTERIM AMENDMENT PROCEDURE AND RULES FOR ITS REPLACEMENT

Interim procedure for amending Constitution of Canada

36. Until Part VI comes into force, an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and by the legislative assembly or government of each province.

Amendment of provisions relating to some but not all provinces

37. Until Part VI comes into force, an amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and by the legislative assembly or government of each province to which the amendment applies.

Amendments respecting certain language rights

38. (1) Notwithstanding section 40, an amendment to the Constitution of Canada

(*a*) adding a province as a province named in subsection 16(2), 17(2), 18(2), 19(2) or 20(2), or

(*b*) otherwise providing for any or all of the rights guaranteed or obligations imposed by any of those subsections to have application in a province to the extent and under the conditions stated in the amendment,

may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and the legislative assembly of the province to which the amendment applies.

Initiation of amendment procedure

(2) The procedure for amendment prescribed by subsection (1) may be initiated only by the legislative assembly of the province to which the amendment applies.

Initiation of amendment procedures

39. (1) The procedures for amendment prescribed by sections 36 and 37 may be initiated either by the Senate or House of Commons or by the legislative assembly or government of a province.

PARTIE V

PROCÉDURE PROVISOIRE DE MODIFICATION ET RÈGLES DE REMPLACEMENT

Procédure provisoire de modification

36. Avant l'entrée en vigueur de la partie VI, la Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat et de la Chambre des communes et par l'assemblée législative ou le gouvernement de toutes les provinces.

Modification à l'égard de certaines provinces

37. Avant l'entrée en vigueur de la partie VI, les dispositions de la Constitution du Canada applicables à certaines provinces seulement peuvent être modifiées par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat et de la Chambre des communes et par l'assemblée législative ou le gouvernement de chaque province à laquelle la modification s'applique.

Modification concernant certains droits linguistiques

38. (1) Par dérogation à l'article 40, toute modification de la Constitution du Canada :

a) soit portant insertion du nom d'une province aux paragraphes 16(2), 17(2), 18(2), 19(2) ou 20(2),

b) soit prévoyant l'application à une province, aux conditions précisées dans la modification, de tout ou partie des droits ou obligations visés à ces paragraphes,

peut être prise par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de la province concernée.

Initiative de la procédure

(2) L'initiative de la procédure de modification visée au paragraphe (1) appartient à l'assemblée législative de la province concernée.

Initiative des procédures

39. (1) L'initiative des procédures de modification visées aux articles 36 et 37 appartient au Sénat, à la Chambre des communes, à l'assemblée législative d'une province ou au gouvernement de celle-ci.

Revocation of authorization

(2) A resolution made or other authorization given for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

Possibilité de révocation

(2) La résolution adoptée ou l'autorisation donnée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise.

Limitation on use of interim amendment procedure

40. Sections 36 and 37 do not apply to an amendment to the Constitution of Canada where there is another provision in the Constitution for making the amendment, but the procedure prescribed by section 36 shall be used to amend the *Canadian Charter of Rights and Freedoms* and any provision for amending the Constitution, including this section.

Restriction du recours à la procédure provisoire

40. Les articles 36 et 37 ne s'appliquent pas aux cas de modification constitutionnelle pour lesquels une procédure différente est prévue par une autre disposition de la Constitution du Canada. La procédure visée à l'article 36 s'impose toutefois pour modifier la *Charte canadienne des droits et libertés*, ainsi que les dispositions relatives à la modification de la Constitution, y compris le présent article.

Coming into force of Part VI

41. Part VI shall come into force

(*a*) with or without amendment, on such day as may be fixed by proclamation issued pursuant to the procedure prescribed by section 36, or

(*b*) on the day that is two years after the day this Act, except Part VI, comes into force,

whichever is the earlier day but, if a referendum is required to be held under subsection 42(3), Part VI shall come into force as provided in section 43.

Entrée en vigueur de la partie VI

41. La partie VI entre en vigueur à la première des dates suivantes :

a) avec ou sans modification, à la date fixée par proclamation prise conformément à la procédure visée à l'article 36;

b) deux ans après l'entrée en vigueur, exception faite de la partie VI, de la présente loi.

Il demeure entendu que, si la tenue d'un référendum s'impose conformément au paragraphe 42(3), la partie VI entre en vigueur conformément à l'article 43.

Provincial alternative procedure

42. (1) The legislative assemblies of seven or more provinces that have, according to the then latest general census, combined populations of at least eighty per cent of the population of all the provinces may make a single proposal to substitute for paragraph 45(1)(*b*) such alternative as they consider appropriate.

Proposition de remplacement

42. (1) Les assemblées législatives d'au moins sept provinces dont la population confondue représente, selon le recensement général le plus récent à l'époque, au moins quatre-vingts pour cent de la population de toutes les provinces peuvent présenter une proposition commune en vue de remplacer la procédure prévue à l'alinéa 45(1)*b*).

Procedure for perfecting alternative

(2) One copy of an alternative proposed under subsection (1) may be deposited with the Chief Electoral Officer of Canada by each proposing province within two years after this Act, except Part VI, comes into force but, prior to the expiration of that period, any province that has deposited a copy may withdraw that copy.

Possibilité de mise au point

(2) Chaque province concernée peut déposer le texte de la proposition visée au paragraphe (1) auprès du directeur général des élections du Canada dans les deux ans suivant l'entrée en vigueur, exception faite de la partie VI, de la présente loi, étant entendu qu'elle peut retirer le texte au cours de cette période.

Referendum

(3) Where copies of an alternative have been deposited as provided by subsection (2) and, on the day that is two years after this Act, except Part VI, comes into force, at least seven copies remain deposited by provinces that have, according to the then latest

Référendum

(3) Dans les cas où, deux ans après l'entrée en vigueur, exception faite de la partie VI, de la présente loi, au moins sept provinces remplissant les conditions démographiques visées au paragraphe (1) n'ont pas retiré leur texte, le gouvernement du Canada

general census, combined populations of at least eighty per cent of the population of all the provinces, the government of Canada shall cause a referendum to be held within two years after that day to determine whether

(*a*) paragraph 45(1)(*b*) or any alternative thereto approved by resolutions of the Senate and House of Commons and deposited with the Chief Electoral Officer at least ninety days prior to the day on which the referendum is held, or

(*b*) the alternative proposed by the provinces,

shall be adopted.

fait tenir, dans les deux années suivant l'échéance des deux ans, un référendum pour déterminer laquelle des procédures suivantes sera adoptée :

a) celle qui est prévue à l'alinéa 45(1)*b*) ou l'éventuelle procédure de remplacement adoptée par des résolutions du Sénat et de la Chambre des communes et dont le texte est déposé auprès du directeur général des élections au moins quatre-vingt-dix jours avant la date du référendum;

b) celle qui fait l'objet de la proposition des provinces.

Coming into force of Part VI where referendum held

43. Where a referendum is held under subsection 42(3), a proclamation under the Great Seal of Canada shall be issued within six months after the date of the referendum bringing Part VI into force with such modifications, if any, as are necessary to incorporate the proposal approved by a majority of the persons voting at the referendum and with such other changes as are reasonably consequential on the incorporation of that proposal.

Entrée en vigueur de la partie VI après référendum

43. Dans les six mois suivant la date du référendum visé au paragraphe 42(3), une proclamation sous le grand sceau du Canada est prise en vue de faire entrer en vigueur la partie VI, éventuellement modifiée dans la mesure nécessaire pour incorporer la proposition approuvée par la majorité des votants et pour intégrer les autres aménagements justifiés qui en découlent.

Right to vote

44. (1) Every citizen of Canada has, subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society, the right to vote in a referendum held under subsection 42(3).

Droit de vote

44. (1) Tout citoyen canadien a le droit de vote au référendum visé au paragraphe 42(3); ce droit ne peut être restreint que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Establishment of Referendum Rules Commission

(2) If a referendum is required to be held under subsection 42(3), a Referendum Rules Commission shall forthwith be established by commission issued under the Great Seal of Canada consisting of

(*a*) the Chief Electoral Officer of Canada, who shall be chairman of the Commission;

(*b*) a person appointed by the Governor General in Council; and

(*c*) a person appointed by the Governor General in Council

(i) on the recommendation of the governments of a majority of the provinces, or

Constitution de la commission référendaire

(2) Dès que s'impose la tenue du référendum visé au paragraphe 42(3), il est constitué, par proclamation du gouverneur général sous le grand sceau du Canada, une commission référendaire composée :

a) du directeur général des élections du Canada, président;

b) d'une personne nommée par le gouverneur général en conseil;

c) d'une personne nommée par le gouverneur général en conseil :

(i) soit sur la recommandation des gouvernements de la majorité des provinces,

(ii) soit, si les gouvernements de la majorité des provinces ne présentent pas

(ii) if the governments of a majority of the provinces do not recommend a candidate within thirty days after the Chief Electoral Officer of Canada requests such a recommendation, on the recommendation of the Chief Justice of Canada from among persons recommended by the governments of the provinces within thirty days after the expiration of the first mentioned thirty day period or, if none are so recommended, from among such persons as the Chief Justice considers qualified.

de candidat dans les trente jours suivant la demande que leur en fait le directeur général des élections du Canada, sur la recommandation du juge en chef du Canada, le candidat ainsi présenté étant choisi parmi les personnes recommandées par les gouvernements des provinces dans les trente jours suivant l'expiration du premier délai de trente jours ou, faute de recommandation, parmi les personnes que le juge en chef estime qualifiées.

Duty of Commission

(3) A Referendum Rules Commission shall cause rules for the holding of a referendum under subsection 42(3) approved by a majority of the Commission to be laid before Parliament within sixty days after the Commission is established or, if Parliament is not then sitting, on any of the first ten days next thereafter that Parliament is sitting.

Mandat de la commission

(3) Dans les soixante jours suivant sa constitution, la commission référendaire fait déposer devant le Parlement les règles applicables à la tenue du référendum visé au paragraphe 42(3), qu'elle aura approuvées par décision majoritaire. Si le Parlement ne siège pas, ce dépôt s'effectue dans les dix premier jours de séance ultérieurs.

Rules for referendum

(4) Subject to subsection (1) and taking into consideration any rules approved by a Referendum Rules Commission in accordance with subsection (3), Parliament may enact laws respecting the rules applicable to the holding of a referendum under subsection 42(3).

Réglementation du référendum

(4) Sous réserve du paragraphe (1) et compte tenu des règles déposées conformément au paragraphe (3), le Parlement peut légiférer pour réglementer la tenue du référendum visé au paragraphe 42(3).

Proclamation

(5) If Parliament does not enact laws under subsection (4) respecting the rules applicable to the holding of a referendum within sixty days after receipt of a recommendation from a Referendum Rules Commission, the rules recommended by the Commission shall forthwith be brought into force by proclamation issued by the Governor General under the Great Seal of Canada.

Proclamation

(5) Faute par le Parlement d'avoir légiféré, conformément au paragraphe (4), dans le délai de soixante jours suivant le dépôt des règles visées au paragraphe (3), celles-ci sont mises immédiatement en vigueur par proclamation du gouverneur général sous le grand sceau du Canada.

Computation of period

(6) Any period when Parliament is prorogued or dissolved shall not be counted in computing the sixty day period referred to in subsection (5).

Computation du délai

(6) Dans la computation du délai visé au paragraphe (5), ne sont pas comptés les jours pendant lesquels le Parlement est prorogé ou dissous.

Rules to have force of law

(7) Subject to subsection (1), rules made under this section have the force of law and prevail over other laws made under the Constitution of Canada to the extent of any inconsistency.

Valeur de force de loi des règles

(7) Sous réserve du paragraphe (1), les règles arrêtées en vertu du présent article ont force de loi et l'emportent sur les dispositions incompatibles de toute autre règle de droit fondée sur la Constitution du Canada.

PART VI

PROCEDURE FOR AMENDING CONSTITUTION OF CANADA

General procedure for amending Constitution of Canada

45. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(*a*) resolutions of the Senate and House of Commons; and

(*b*) resolutions of the legislative assemblies of at least a majority of the provinces that includes

(i) every province that at any time before the issue of the proclamation had, according to any previous general census, a population of at least twenty-five per cent of the population of Canada,

(ii) two or more of the Atlantic provinces, and

(iii) two or more of the Western provinces that have in the aggregate, according to the then latest general census, a population of at least fifty per cent of the population of all of the Western provinces.

Definitions

(2) In this section,

"Atlantic provinces"

"Atlantic provinces" means the provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland;

"Western provinces"

"Western provinces" means the provinces of Manitoba, British Columbia, Saskatchewan and Alberta.

Amendment authorized by referendum

46. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by a referendum held throughout Canada under subsection (2) at which

(*a*) a majority of persons voting thereat, and

(*b*) a majority of persons voting thereat in each of the provinces, resolutions of the legislative assemblies of which would be

PARTIE VI

PROCÉDURE DE MODIFICATION DE LA CONSTITUTION DU CANADA

Procédure normale de modification

45. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée à la fois :

a) par des résolutions du Sénat et de la Chambre des communes;

b) par des résolutions des assemblées législatives d'une majorité des provinces; cette majorité doit comprendre :

(i) chaque province dont la population, avant la date de cette proclamation, représentait, selon un recensement général antérieur quelconque, au moins vingt-cinq pour cent de la population du Canada,

(ii) au moins deux des provinces de l'Atlantique,

(iii) au moins deux des provinces de l'Ouest, à condition que la population confondue des provinces consentantes représente, selon le recensement général le plus récent à l'époque, au moins cinquante pour cent de la population de l'ensemble des provinces de l'Ouest.

Définitions

(2) Les définitions qui suivent s'appliquent au présent article.

«provinces de l'Atlantique»

«provinces de l'Atlantique» Les provinces de la Nouvelle-Écosse, du Nouveau-Brunswick, de l'Île-du-Prince-Édouard et de Terre-Neuve.

«provinces de l'Ouest»

«provinces de l'Ouest» Les provinces du Manitoba, de la Colombie-Britannique, de la Saskatchewan et de l'Alberta.

Modification autorisée par référendum

46. (1) La Constitution du Canada peut être modifiée par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par un référendum tenu dans tout le pays conformément au paragraphe (2) et lors duquel la modification a été approuvée :

a) d'une part, à la majorité des votants;

b) d'autre part, à la majorité des votants de chacune des provinces dont les résolutions de leurs assemblées législatives suffiraient, avec les résolutions du Sénat et de

sufficient, together with resolutions of the Senate and House of Commons, to authorize the issue of a proclamation under subsection 45(1),

have approved the making of the amendment.

la Chambre des communes, à autoriser la proclamation mentionnée au paragraphe 45(1).

Authorization of referendum

(2) A referendum referred to in subsection (1) shall be held where directed by proclamation issued by the Governor General under the Great Seal of Canada, which proclamation may be issued where

(*a*) an amendment to the Constitution of Canada has been authorized under paragraph 45(1)(*a*) by resolutions of the Senate and House of Commons;

(*b*) the requirements of paragraph 45(1)(*b*) in respect of the proposed amendment have not been satisfied within twelve months after the passage of the resolutions of the Senate and House of Commons; and

(*c*) the issue of the proclamation has been authorized by the Governor General in Council.

Autorisation de référendum

(2) L'ordre de tenue du référendum mentionné au paragraphe (1) est donné par proclamation du gouverneur général sous le grand sceau du Canada. Cette proclamation est assujettie aux conditions suivantes :

a) le Sénat et la Chambre des communes ont, conformément à l'alinéa 45(1)*a*), adopté des résolutions autorisant la modification de la Constitution du Canada;

b) les dispositions de l'alinéa 45(1)*b*) applicables au projet de modification n'ont pas été observées dans les douze mois suivant l'adoption des résolutions du Sénat et de la Chambre des communes;

c) le gouverneur général en conseil a autorisé la proclamation.

Time limit for referendum

(3) A proclamation issued under subsection (2) in respect of a referendum shall provide for the referendum to be held within two years after the expiration of the twelve month period referred to in paragraph (*b*) of that subsection.

Délai de tenue du référendum

(3) La proclamation visée au paragraphe (2) fixe la tenue du référendum pour une date comprise dans les deux ans qui suivent l'expiration du délai de douze mois mentionné à l'alinéa *b*) de ce paragraphe.

Amendment of provisions relating to some but not all provinces

47. An amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies.

Modification à l'égard de certaines provinces

47. Les dispositions de la Constitution du Canada applicables à certaines provinces seulement peuvent être modifiées par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de chaque province à laquelle la modification s'applique.

Amendments respecting certain language rights

48. (1) Notwithstanding section 54, an amendment to the Constitution of Canada

(*a*) adding a province as a province named in subsection 16(2), 17(2), 18(2), 19(2) or 20(2), or

(*b*) otherwise providing for any or all of the rights guaranteed or obligations imposed by any of those subsections to have application in a province to the extent and under the conditions stated in the amendment,

Modification concernant certains droits linguistiques

48. (1) Par dérogation à l'article 54, toute modification de la Constitution du Canada :

a) soit portant insertion du nom d'une province aux paragraphes 16(2), 17(2), 18(2), 19(2) ou 20(2),

b) soit prévoyant l'application à une province, aux conditions précisées dans la modification, de tout ou partie des droits ou obligations visés à ces paragraphes,

may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and the legislative assembly of the province to which the amendment applies.

peut être prise par proclamation du gouverneur général sous le grand sceau du Canada, autorisée par des résolutions du Sénat, de la Chambre des communes et de l'assemblée législative de la province concernée.

Initiation of amendment procedure

(2) The procedure for amendment prescribed by subsection (1) may be initiated only by the legislative assembly of the province to which the amendment applies.

(2) L'initiative de la procédure de modification visée au paragraphe (1) appartient à l'assemblée législative de la province concernée.

Initiative de la procédure

Initiation of amendment procedures

49. (1) The procedures for amendment prescribed by subsection 45(1) and section 47 may be initiated either by the Senate or House of Commons or by the legislative assembly of a province.

49. (1) L'initiative des procédures de modification visées au paragraphe 45(1) et à l'article 47 appartient au Sénat, à la Chambre des communes ou à l'assemblée législative d'une province.

Initiative des procédures

Revocation of authorization

(2) A resolution made for the purposes of this Part may be revoked at any time before the issue of a proclamation authorized by it.

(2) La résolution adoptée dans le cadre de la présente partie peut être révoquée à tout moment avant la date de la proclamation qu'elle autorise.

Possibilité de révocation

Right to vote

50. (1) Every citizen of Canada has, subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society, the right to vote in a referendum held under section 46.

50. (1) Tout citoyen canadien a le droit de vote au référendum visé à l'article 46; ce droit ne peut être restreint que par une règle de droit, dans des limites qui soient raisonnables et dont la justification puisse se démontrer dans le cadre d'une société libre et démocratique.

Droit de vote

Establishment of Referendum Rules Commission

(2) Where a referendum is to be held under section 46, a Referendum Rules Commission shall forthwith be established by commission issued under the Great Seal of Canada consisting of

(2) Dès que s'impose la tenue du référendum visé à l'article 46, il est constitué, par proclamation du gouverneur général sous le grand sceau du Canada, une commission référendaire composée :

Constitution de la commission référendaire

(*a*) the Chief Electoral Officer of Canada, who shall be chairman of the Commission;

a) du directeur général des élections du Canada, président;

(*b*) a person appointed by the Governor General in Council; and

b) d'une personne nommée par le gouverneur général en conseil;

(*c*) a person appointed by the Governor General in Council

c) d'une personne nommée par le gouverneur général en conseil :

(i) on the recommendation of the governments of a majority of the provinces, or

(i) soit sur la recommandation des gouvernements de la majorité des provinces,

(ii) if the governments of a majority of the provinces do not recommend a candidate within thirty days after the Chief Electoral Officer of Canada requests such a recommendation, on the recommendation of the Chief Justice of Canada from among persons recommended by the governments of the prov-

(ii) soit, si les gouvernements de la majorité des provinces ne présentent pas de candidat dans les trente jours suivant la demande que leur en fait le directeur général des élections du Canada, sur la recommandation du juge en chef du Canada, le candidat ainsi présenté étant choisi parmi les personnes recommandées par les gouvernements des provin-

inces within thirty days after the expiration of the first mentioned thirty day period or, if none are so recommended, from among such persons as the Chief Justice considers qualified.

ces dans les trente jours suivant l'expiration du premier délai de trente jours ou, faute de recommandation, parmi les personnes que le juge en chef estime qualifiées.

Duty of Commission

(3) A Referendum Rules Commission shall cause rules for the holding of a referendum under section 46 approved by a majority of the Commission to be laid before Parliament within sixty days after the Commission is established or, if Parliament is not then sitting, on any of the first ten days next thereafter that Parliament is sitting.

(3) Dans les soixante jours suivant sa constitution, la commission référendaire fait déposer devant le Parlement les règles applicables à la tenue du référendum visé à l'article 46, qu'elle aura approuvées par décision majoritaire. Si le Parlement ne siège pas, ce dépôt s'effectue dans les dix premier jours de séance ultérieurs.

Mandat de la commission

Rules for referendum

(4) Subject to subsection (1) and taking into consideration any rules approved by a Referendum Rules Commission in accordance with subsection (3), Parliament may enact laws respecting the rules applicable to the holding of a referendum under section 46.

(4) Sous réserve du paragraphe (1) et compte tenu des règles déposées conformément au paragraphe (3), le Parlement peut légiférer pour réglementer la tenue du référendum visé à l'article 46.

Réglementation du référendum

Proclamation

(5) If Parliament does not enact laws under subsection (4) respecting the rules applicable to the holding of a referendum within sixty days after receipt of a recommendation from a Referendum Rules Commission, the rules recommended by the Commission shall forthwith be brought into force by proclamation issued by the Governor General under the Great Seal of Canada.

(5) Faute par le Parlement d'avoir légiféré, conformément au paragraphe (4), dans le délai de soixante jours suivant le dépôt des règles visées au paragraphe (3), celles-ci sont mises immédiatement en vigueur par proclamation du gouverneur général sous le grand sceau du Canada.

Proclamation

Computation of period

(6) Any period when Parliament is prorogued or dissolved shall not be counted in computing the sixty day period referred to in subsection (5).

(6) Dans la computation du délai visé au paragraphe (5), ne sont pas comptés les jours pendant lesquels le Parlement est prorogé ou dissous.

Computation du délai

Rules to have force of law

(7) Subject to subsection (1), rules made under this section have the force of law and prevail over other laws made under the Constitution of Canada to the extent of any inconsistency.

(7) Sous réserve du paragraphe (1), les règles arrêtées en vertu du présent article ont force de loi et l'emportent sur les dispositions incompatibles de toute autre règle de droit fondée sur la Constitution du Canada.

Valeur de force de loi des règles

Limitation on use of general amendment procedure

51. (1) The procedures prescribed by section 45, 46 or 47 do not apply to an amendment to the Constitution of Canada where there is another provision in the Constitution for making the amendment, but the procedures prescribed by section 45 or 46 shall, nevertheless, be used to amend any provision for amending the Constitution, including this section.

51. (1) Les articles 45, 46 ou 47 ne s'appliquent pas aux cas de modification constitutionnelle pour lesquels une procédure différente est prévue par une autre disposition de la Constitution du Canada. La procédure visée aux articles 45 ou 46 s'impose toutefois pour modifier les dispositions relatives à la modification de la Constitution, y compris le présent article.

Restriction du recours à la procédure normale de modification

Idem

(2) The procedures prescribed by section 45 or 46 do not apply in respect of an amendment referred to in section 47.

(2) Les procédures prévues aux articles 45 ou 46 ne s'appliquent pas à la modification visée à l'article 47.

Idem

Amendments by Parliament

52. Subject to section 54, Parliament may exclusively make laws amending the Constitution of Canada in relation to the executive government of Canada or the Senate or House of Commons.

52. Sous réserve de l'article 54, le Parlement a compétence exclusive pour modifier les dispositions de la Constitution du Canada relatives au pouvoir exécutif fédéral, au Sénat et à la Chambre des communes.

Modification par le Parlement

Amendments by provincial legislatures

53. Subject to section 54, the legislature of each province may exclusively make laws amending the constitution of the province.

53. Sous réserve de l'article 54, la législature de chaque province a compétence exclusive pour modifier la constitution de celle-ci.

Modification par les législatures provinciales

Matters requiring amendment under general amendment procedure

54. An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with a procedure prescribed by section 45 or 46:

(*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(*b*) the *Canadian Charter of Rights and Freedoms;*

(*c*) the commitments relating to equalization and regional disparities set out in section 34;

(*d*) the powers of the Senate;

(*e*) the number of members by which a province is entitled to be represented in the Senate;

(*f*) the method of selecting Senators and the residence qualifications of Senators;

(*g*) the right of a province to a number of members in the House of Commons not less than the number of Senators representing the province; and

(*h*) the principles of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada.

54. Toute modification de la Constitution du Canada portant sur les questions suivantes se fait selon la procédure visée aux articles 45 ou 46 :

a) la charge de Reine, celle de gouverneur général et celle de lieutenant-gouverneur;

b) la *Charte canadienne des droits et libertés*;

c) les engagements énoncés, en matière de péréquation et d'inégalités régionales, à l'article 34;

d) les pouvoirs du Sénat;

e) le nombre de sénateurs représentant chaque province au Sénat;

f) le mode de sélection des sénateurs et les conditions de résidence qu'ils doivent remplir;

g) le droit d'une province d'avoir à la Chambre des communes un nombre de députés au moins égal à celui de ses sénateurs;

h) les principes de la représentation proportionnelle des provinces à la Chambre des communes prévus par la Constitution du Canada.

Recours obligatoire à la procédure normale de modification

Consequential amendments

55. (1) Class 1 of section 91 and class 1 of section 92 of the *Constitution Act, 1867* (formerly named the *British North America Act, 1867*), the *British North America (No. 2) Act, 1949*, referred to in item 22 of Schedule I to this Act and Parts IV and V of this Act are repealed.

55. (1) La rubrique 1 de l'article 91 et la rubrique 1 de l'article 92 de la *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*), l'*Acte de l'Amérique du Nord britannique (nº 2), 1949*, mentionné au nº 22 de l'annexe I de la présente loi, et les parties IV et V de la présente loi sont abrogés.

Modifications corrélatives

Idem

(2) When Parts IV and V of this Act are repealed, this section may be repealed and this Act may be renumbered, consequential upon the repeal of those Parts and this section, by proclamation issued by the Governor General under the Great Seal of Canada.

Idem

(2) Dès l'abrogation des parties IV et V de la présente loi, le gouverneur général peut, par proclamation sous le grand sceau du Canada, abroger le présent article et changer en conséquence de cette double abrogation la numérotation de la présente loi.

PART VII

AMENDMENT TO THE CONSTITUTION ACT, 1867

PARTIE VII

MODIFICATION DE LA LOI CONSTITUTIONNELLE DE 1867

Amendment to *Constitution Act, 1867*

56. (1) The *Constitution Act, 1867* (formerly named the *British North America Act, 1867*) is amended by adding thereto, immediately after section 92 thereof, the following heading and section:

Modification de la *Loi constitutionnelle de 1867*

56. (1) La *Loi constitutionnelle de 1867* (antérieurement désignée sous le titre : *Acte de l'Amérique du Nord britannique, 1867*) est modifiée par l'insertion, après l'article 92, de la rubrique et de l'article suivants :

"*Non-Renewable Natural Resources, Forestry Resources and Electrical Energy*

«*Ressources naturelles non renouvelables, ressources forestières et énergie électrique*

Laws respecting non-renewable natural resources, forestry resources and electrical energy

92A. (1) In each province, the legislature may exclusively make laws in relation to

(*a*) exploration for non-renewable natural resources in the province;

(*b*) development, conservation and management of non-renewable natural resources and forestry resources in the province, including laws in relation to the rate of primary production therefrom; and

(*c*) development, conservation and management of sites and facilities in the province for the generation and production of electrical energy.

Compétence provinciale

92A. (1) La législature de chaque province a compétence exclusive pour légiférer dans les domaines suivants :

a) prospection des ressources naturelles non renouvelables de la province;

b) exploitation, conservation et gestion des ressources naturelles non renouvelables et des ressources forestières de la province, y compris leur rythme de production primaire;

c) aménagement, conservation et gestion des emplacements et des installations de la province destinés à la production d'énergie électrique.

Export from provinces of resources

(2) In each province, the legislature may make laws in relation to the export from the province to another part of Canada of the primary production from non-renewable natural resources and forestry resources in the province and the production from facilities in the province for the generation of electrical energy, but such laws may not authorize or provide for discrimination in prices or in supplies exported to another part of Canada.

Exportation hors des provinces

(2) La législature de chaque province a compétence pour légiférer en ce qui concerne l'exportation, hors de la province, à destination d'une autre partie du Canada, de la production primaire tirée des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production d'énergie électrique de la province, sous réserve de ne pas adopter de lois autorisant ou prévoyant des disparités de prix ou des disparités dans les exportations destinées à une autre partie du Canada.

Authority of Parliament

(3) Nothing in subsection (2) derogates from the authority of Parliament to enact laws in relation to the matters referred to

Pouvoir du Parlement

(3) Le paragraphe (2) ne porte pas atteinte au pouvoir du Parlement de légiférer dans les domaines visés à ce paragra-

in that subsection and, where such a law of Parliament and a law of a province conflict, the law of Parliament prevails to the extent of the conflict.

Taxation of resources

(4) In each province, the legislature may make laws in relation to the raising of money by any mode or system of taxation in respect of

(*a*) non-renewable natural resources and forestry resources in the province and the primary production therefrom, and

(*b*) sites and facilities in the province for the generation of electrical energy and the production therefrom,

whether or not such production is exported in whole or in part from the province, but such laws may not authorize or provide for taxation that differentiates between production exported to another part of Canada and production not exported from the province.

"Primary production"

(5) The expression "primary production" has the meaning assigned by the Sixth Schedule.

Existing powers or rights

(6) Nothing in subsections (1) to (5) derogates from any powers or rights that a legislature or government of a province had immediately before the coming into force of this section."

Idem

57. The said Act is further amended by adding thereto the following Schedule:

"THE SIXTH SCHEDULE

Primary Production from Non-Renewable Natural Resources and Forestry Resources

1. For the purposes of section 92A of this Act,

(*a*) production from a non-renewable natural resource is primary production therefrom if

phe, les dispositions d'une loi du Parlement adoptée dans ces domaines l'emportant sur les dispositions incompatibles d'une loi provinciale.

Taxation des ressources

(4) La législature de chaque province a compétence pour prélever des sommes d'argent par tout mode ou système de taxation :

a) des ressources naturelles non renouvelables et des ressources forestières de la province, ainsi que de la production primaire qui en est tirée;

b) des emplacements et des installations de la province destinés à la production d'énergie électrique, ainsi que cette production même.

Cette compétence peut s'exercer indépendamment du fait que la production en cause soit ou non, en totalité ou en partie, exportée hors de la province, mais les lois adoptées dans ces domaines ne peuvent autoriser ou prévoir une taxation qui établisse une distinction entre la production exportée à destination d'une autre partie du Canada et la production non exportée hors de la province.

«Production primaire»

(5) L'expression «production primaire» a le sens qui lui est donné dans la sixième annexe.

Pouvoirs ou droits existants

(6) Les paragraphes (1) à (5) ne portent pas atteinte aux pouvoirs ou droits détenus par la législature ou le gouvernement d'une province lors de l'entrée en vigueur du présent article.»

Idem

57. La présente loi est en outre modifiée par l'adjonction de l'annexe suivante :

«SIXIÈME ANNEXE

Production primaire tirée des ressources naturelles non renouvelables et des ressources forestières

1. Pour l'application de l'article 92A :

a) on entend par production primaire tirée d'une ressource naturelle non renouvelable :

(i) it is in the form in which it exists upon its recovery or severance from its natural state, or

(ii) it is a product resulting from processing or refining the resource, and is not a manufactured product or a product resulting from refining crude oil, refining upgraded heavy crude oil, refining gases or liquids derived from coal or refining a synthetic equivalent of crude oil; and

(*b*) production from a forestry resource is primary production therefrom if it consists of sawlogs, poles, lumber, wood chips, sawdust or any other primary wood product, or wood pulp, and is not a product manufactured from wood."

(i) soit le produit qui se présente sous la même forme que lors de son extraction du milieu naturel,

(ii) soit le produit non manufacturé de la transformation, du raffinage ou de l'affinage d'une ressource, à l'exception du produit du raffinage du pétrole brut, du raffinage du pétrole brut lourd amélioré, du raffinage des gaz ou des liquides dérivés du charbon ou du raffinage d'un équivalent synthétique du pétrole brut;

b) on entend par production primaire tirée d'une ressource forestière la production constituée de billots, de poteaux, de bois d'œuvre, de copeaux, de sciure ou d'autre produit primaire du bois, ou de pâte de bois, à l'exception d'un produit manufacturé en bois.»

PART VIII

GENERAL

Primacy of Constitution of Canada

58. (1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

PARTIE VIII

DISPOSITIONS GÉNÉRALES

Primauté de la Constitution du Canada

58. (1) La Constitution du Canada est la loi suprême du Canada; elle rend inopérantes les dispositions incompatibles de toute autre règle de droit.

Constitution of Canada

(2) The Constitution of Canada includes

(*a*) the *Canada Act*;

(*b*) the Acts and orders referred to in Schedule I; and

(*c*) any amendment to any Act or order referred to in paragraph (*a*) or (*b*).

(2) La Constitution du Canada comprend :

a) la *Loi sur le Canada*;

b) les textes législatifs et les décrets figurant à l'annexe I;

c) les modifications aux textes législatifs et aux décrets mentionnés aux alinéas *a*) ou *b*).

Constitution du Canada

Amendments to Constitution of Canada

(3) Amendments to the Constitution of Canada shall be made only in accordance with the authority contained in the Constitution of Canada.

(3) La Constitution du Canada ne peut être modifiée que conformément aux pouvoirs conférés par elle.

Modification

Repeals and new names

59. (1) The enactments referred to in Column I of Schedule I are hereby repealed or amended to the extent indicated in Column II thereof and, unless repealed, shall continue as law in Canada under the names set out in Column III thereof.

59. (1) Les textes législatifs énumérés à la colonne I de l'annexe I sont abrogés ou modifiés dans la mesure indiquée à la colonne II. Sauf abrogation, ils restent en vigueur en tant que lois du Canada sous les titres mentionnés à la colonne III.

Abrogation et nouveaux titres

Consequential amendments

(2) Every enactment, except the *Canada Act*, that refers to an enactment referred to in Schedule I by the name in Column I thereof is hereby amended by substituting

(2) Toute loi, sauf la *Loi sur le Canada*, qui fait mention d'une loi figurant à l'annexe I par le titre indiqué à la colonne I est modifiée par substitution à ce titre du titre

Modifications corrélatives

for that name the corresponding name in Column III thereof, and any British North America Act not referred to in Schedule I may be cited as the *Constitution Act* followed by the year and number, if any, of its enactment.

correspondant mentionné à la colonne III; tout Acte de l'Amérique du Nord Britannique non mentionné à l'annexe I peut être cité sous le titre de *Loi constitutionnelle* suivi de l'indication de l'année de son adoption et éventuellement de son numéro.

French version of Constitution of Canada

60. A French version of the portions of the Constitution of Canada referred to in Schedule I shall be prepared by the Minister of Justice of Canada as expeditiously as possible and, when any portion thereof sufficient to warrant action being taken has been so prepared, it shall be put forward for enactment by proclamation issued by the Governor General under the Great Seal of Canada pursuant to the procedure then applicable to an amendment of the same provisions of the Constitution of Canada.

Version française de certains textes constitutionnels

60. Le ministre de la Justice du Canada est chargé de rédiger, dans les meilleurs délais, la version française des parties de la Constitution du Canada qui figurent à l'annexe I; toute partie suffisamment importante est, dès qu'elle est prête, déposée pour adoption par proclamation du gouverneur général sous le grand sceau du Canada, conformément à la procédure applicable à l'époque à la modification des dispositions constitutionnelles qu'elle contient.

English and French versions of certain constitutional texts

61. Where any portion of the Constitution of Canada has been or is enacted in English and French or where a French version of any portion of the Constitution is enacted pursuant to section 60, the English and French versions of that portion of the Constitution are equally authoritative.

Versions française et anglaise de certains textes constitutionnels

61. Les versions française et anglaise des parties de la Constitution du Canada adoptées dans ces deux langues ont également force de loi. En outre, ont également force de loi, dès l'adoption, dans le cadre de l'article 60, d'une partie de la version française de la Constitution, cette partie et la version anglaise correspondante.

English and French versions of this Act

62. The English and French versions of this Act are equally authoritative.

Versions française et anglaise de la présente loi

62. Les versions française et anglaise de la présente loi ont également force de loi.

Commencement

63. Subject to section 64, this Act shall come into force on a day to be fixed by proclamation issued by the Governor General under the Great Seal of Canada.

Entrée en vigueur

63. Sous réserve de l'article 64, la présente loi entre en vigueur au jour fixé par proclamation du gouverneur général sous le grand sceau du Canada.

Exception

64. Part VI shall come into force as provided in Part V.

Exception

64. La partie VI entre en vigueur dans les conditions prévues à la partie V.

Short title and citations

65. This Schedule may be cited as the *Constitution Act, 1981*, and the Constitution Acts 1867 to 1975 (No. 2) and this Act may be cited together as the *Constitution Acts, 1867 to 1981.*

Titres

65. Titre abrégé de la présente annexe : *Loi constitutionnelle de 1981*; titre commun des lois constitutionnelles de 1867 à 1975 (nº 2) et de la présente loi : *Lois constitutionnelles de 1867 à 1981.*

SCHEDULE I

to the

CONSTITUTION ACT, 1981

MODERNIZATION OF THE CONSTITUTION

Item	Column I Act Affected	Column II Amendment	Column III New Name
1.	British North America Act, 1867, 30-31 Vict., c. 3 (U.K.)	(1) Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1867*." (2) Section 20 is repealed.	Constitution Act, 1867
2.	An Act to amend and continue the Act 32-33 Victoria chapter 3; and to establish and provide for the Government of the Province of Manitoba, 1870, 33 Vict., c. 3 (Can.)	(1) The long title is repealed and the following substituted therefor: "*Manitoba Act, 1870*." (2) Section 20 is repealed.	Manitoba Act, 1870
3.	Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the union, dated the 23rd day of June, 1870		Rupert's Land and North-Western Territory Order
4.	Order of Her Majesty in Council admitting British Columbia into the Union, dated the 16th day of May, 1871.		British Columbia Terms of Union
5.	British North America Act, 1871, 34-35 Vict., c. 28 (U.K.)	Section 1 is repealed and the following substituted therefor: "1. This Act may be cited as the *Constitution Act, 1871*."	Constitution Act, 1871
6.	Order of Her Majesty in Council admitting Prince Edward Island into the Union, dated the 26th day of June, 1873.		Prince Edward Island Terms of Union
7.	Parliament of Canada Act, 1875, 38-39 Vict., c. 38 (U.K.)		Parliament of Canada Act, 1875
8.	Order of Her Majesty in Council admitting all British possessions and Territories in North America and islands adjacent thereto into the Union, dated the 31st day of July, 1880.		Adjacent Territories Order

ANNEXE I

LOI CONSTITUTIONNELLE DE 1981

ACTUALISATION DE LA CONSTITUTION

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
1.	Acte de l'Amérique du Nord britannique, 1867, 30-31 Vict., c. 3 (R.-U.)	(1) L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1867*.» (2) L'article 20 est abrogé.	Loi constitutionnelle de 1867
2.	Acte pour amender et continuer l'acte trente-deux et trente-trois Victoria, chapitre trois, et pour établir et constituer le gouvernement de la province de Manitoba, 1870, 33 Vict., c. 3 (Canada)	(1) Le titre complet est abrogé et remplacé par ce qui suit : «*Loi de 1870 sur le Manitoba*.» (2) L'article 20 est abrogé.	Loi de 1870 sur le Manitoba
3.	Arrêté en conseil de Sa Majesté admettant la Terre de Rupert et le Territoire du Nord-Ouest, en date du 23 juin 1870		Décret en conseil sur la terre de Rupert et le territoire du Nord-Ouest
4.	Arrêté en conseil de Sa Majesté admettant la Colombie-Britannique, en date du 16 mai 1871		Conditions de l'adhésion de la Colombie-Britannique
5.	Acte de l'Amérique du Nord britannique, 1871, 34-35 Vict., c. 28 (R.-U.)	L'article 1 est abrogé et remplacé par ce qui suit : «1. Titre abrégé : *Loi constitutionnelle de 1871*.»	Loi constitutionnelle de 1871
6.	Arrêté en conseil de Sa Majesté admettant l'Île-du-Prince-Édouard, en date du 26 juin 1873		Conditions de l'adhésion de l'Île-du-Prince-Édouard
7.	Acte du Parlement du Canada, 1875, 38-39 Vict., c. 38 (R.-U.)		Loi de 1875 sur le Parlement du Canada
8.	Arrêté en conseil de Sa Majesté admettant dans l'Union tous les territoires et possessions britanniques dans l'Amérique du Nord, et les îles adjacentes à ces territoires et possessions, en date du 31 juillet 1880		Décret en conseil sur les territoires adjacents

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
9.	British North America Act, 1886, 49-50 Vict., c. 35 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1886*."	Constitution Act, 1886
10.	Canada (Ontario Boundary) Act, 1889, 52-53 Vict., c. 28 (U.K.)		Canada (Ontario Boundary) Act, 1889
11.	Canadian Speaker (Appointment of Deputy) Act, 1895, 2nd Sess., 59 Vict., c. 3 (U.K.)	The Act is repealed.	
12.	The Alberta Act, 1905 4-5 Edw. VII, c. 3 (Can.)		Alberta Act
13.	The Saskatchewan Act, 1905, 4-5 Edw. VII, c. 42 (Can.)		Saskatchewan Act
14.	British North America Act, 1907, 7 Edw. VII, c. 11 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1907*."	Constitution Act, 1907
15.	British North America Act, 1915, 5-6 Geo. V, c. 45 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1915*."	Constitution Act, 1915
16.	British North America Act, 1930, 20-21 Geo. V, c. 26 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act, 1930*."	Constitution Act, 1930
17.	Statute of Westminster, 1931, 22 Geo. V, c. 4 (U.K.)	In so far as they apply to Canada, (*a*) section 4 is repealed; and (*b*) subsection 7(1) is repealed.	Statute of Westminster, 1931
18.	British North America Act, 1940, 3-4 Geo. VI, c. 36 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1940*."	Constitution Act, 1940

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
9.	Acte de l'Amérique du Nord britannique, 1886, 49-50 Vict., c. 35 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1886.*»	Loi constitutionnelle de 1886
10.	Acte du Canada (limites d'Ontario) 1889, 52-53 Vict., c. 28 (R.-U.)		Loi de 1889 sur le Canada (frontières de l'Ontario)
11.	Acte concernant l'Orateur canadien (nomination d'un suppléant) 1895, 2e session, 59 Vict., c. 3 (R.-U.)	La loi est abrogée.	
12.	Acte de l'Alberta, 1905, 4-5 Ed. VII, c. 3 (Canada)		Loi sur l'Alberta
13.	Acte de la Saskatchewan, 1905, 4-5 Ed. VII, c. 42 (Canada)		Loi sur la Saskatchewan
14.	Acte de l'Amérique du Nord britannique, 1907, 7 Ed. VII, c. 11 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1907.*»	Loi constitutionnelle de 1907
15.	Acte de l'Amérique du Nord britannique, 1915, 5-6 Geo. V, c. 45 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1915.*»	Loi constitutionnelle de 1915
16.	Acte de l'Amérique du Nord britannique, 1930, 20-21 Geo. V, c. 26 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle de 1930.*»	Loi constitutionnelle de 1930
17.	Statut de Westminster, 1931, 22 Geo. V, c. 4 (R.-U.)	Dans la mesure où ils s'appliquent au Canada : *a*) l'article 4 est abrogé; *b*) le paragraphe 7(1) est abrogé.	Statut de Westminster de 1931
18.	Acte de l'Amérique du Nord britannique, 1940, 3-4 Geo. VI, c. 36 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1940.*»	Loi constitutionnelle de 1940

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Continued*

Item	Column I Act Affected	Column II Amendment	Column III New Name
19.	British North America Act, 1943, 6-7 Geo. VI, c. 30 (U.K.)	The Act is repealed.	
20.	British North America Act, 1946, 9-10 Geo. VI, c. 63 (U.K.)	The Act is repealed.	
21.	British North America Act, 1949, 12-13 Geo. VI, c. 22 (U.K.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Newfoundland Act*."	Newfoundland Act
22.	British North America (No. 2) Act, 1949, 13 Geo. VI, c. 81 (U.K.)	The Act is repealed. (effective when section 55 of the *Constitution Act, 1981* comes into force)	
23.	British North America Act, 1951, 14-15 Geo. VI, c. 32 (U.K.)	The Act is repealed.	
24.	British North America Act, 1952, 1 Eliz. II, c. 15 (Can.)	The Act is repealed.	
25.	British North America Act, 1960, 9 Eliz. II, c. 2 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1960*."	Constitution Act, 1960
26.	British North America Act, 1964, 12-13 Eliz. II, c. 73 (U.K.)	Section 2 is repealed and the following substituted therefor: "2. This Act may be cited as the *Constitution Act, 1964*."	Constitution Act, 1964
27.	British North America Act, 1965, 14 Eliz. II, c. 4, Part I (Can.)	Section 2 is repealed and the following substituted therefor: "2. This Part may be cited as the *Constitution Act, 1965*."	Constitution Act, 1965

ANNEXE I (*suite*)

LOI CONSTITUTIONNELLE DE 1981

Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
. Acte de l'Amérique du Nord britannique, 1943, 6-7 Geo. VI, c. 30 (R.-U.)	La loi est abrogée.	
. Acte de l'Amérique du Nord britannique, 1946, 9-10 Geo. VI, c. 63 (R.-U.)	La loi est abrogée.	
. Acte de l'Amérique du Nord britannique, 1949, 12-13 Geo. VI, c. 22 (R.-U.)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi sur Terre-Neuve.*»	Loi sur Terre-Neuve
2. Acte de l'Amérique du Nord britannique (N° 2), 1949, 13 Geo. VI, c. 81 (R.-U.)	La loi est abrogée lors de l'entrée en vigueur de l'article 55 de la *Loi constitutionnelle de 1981.*	
3. Acte de l'Amérique du Nord britannique, 1951, 14-15 Geo. VI, c. 32 (R.-U.)	La loi est abrogée.	
4. Acte de l'Amérique du Nord britannique, 1952, 1 Eliz. II, c. 15 (Canada)	La loi est abrogée.	
5. Acte de l'Amérique du Nord britannique, 1960, 9 Eliz. II, c. 2 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1960.*»	Loi constitutionnelle de 1960
6. Acte de l'Amérique du Nord britannique, 1964, 12-13 Eliz. II, c. 73 (R.-U.)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé : *Loi constitutionnelle de 1964.*»	Loi constitutionnelle de 1964
7. Acte de l'Amérique du Nord britannique, 1965, 14 Eliz. II, c. 4, Partie I (Canada)	L'article 2 est abrogé et remplacé par ce qui suit : «2. Titre abrégé de la présente partie : *Loi constitutionnelle de 1965.*»	Loi constitutionnelle de 1965

SCHEDULE I

to the

CONSTITUTION ACT, 1981—*Concluded*

Item	Column I Act Affected	Column II Amendment	Column III New Name
28.	British North America Act, 1974, 23 Eliz. II, c. 13, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 38(1) (Can.) is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act, 1974*."	Constitution Act, 1974
29.	British North America Act, 1975, 23-24 Eliz. II, c. 28, Part I (Can.)	Section 3, as amended by 25-26 Eliz. II, c. 28, s. 31 (Can.) is repealed and the following substituted therefor: "3. This Part may be cited as the *Constitution Act (No. 1), 1975*."	Constitution Act (No. 1), 1975
30.	British North America Act (No. 2), 1975, 23-24 Eliz. II, c. 53 (Can.)	Section 3 is repealed and the following substituted therefor: "3. This Act may be cited as the *Constitution Act (No. 2), 1975*."	Constitution Act (No. 2), 1975

ANNEXE I (*fin*)

LOI CONSTITUTIONNELLE DE 1981

	Colonne I Loi visée	Colonne II Modification	Colonne III Nouveau titre
28.	Acte de l'Amérique du Nord britannique, 1974, 23 Eliz. II, c. 13, Partie I (Canada)	L'article 3, modifié par le paragraphe 38(1) de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle de 1974*.»	Loi constitutionnelle de 1974
29.	Acte de l'Amérique du Nord britannique, 1975, 23-24 Eliz. II, c. 28, Partie I (Canada)	L'article 3, modifié par l'article 31 de la loi 25-26 Elizabeth II, c. 28 (Canada), est abrogé et remplacé par ce qui suit : «3. Titre abrégé de la présente partie : *Loi constitutionnelle n° 1 de 1975*.»	Loi constitutionnelle n° 1 de 1975
30.	Acte de l'Amérique du Nord britannique n° 2, 1975, 23-24 Eliz. II, c. 53 (Canada)	L'article 3 est abrogé et remplacé par ce qui suit : «3. Titre abrégé : *Loi constitutionnelle n° 2 de 1975*.»	Loi constitutionnelle n° 2 de 1975

Hon. Jack Austin: Honourable senators—

Hon. Senators: Hear, hear.

Senator Austin: —I am presuming that Senator Perrault is yielding to me.

The government has asked me to begin this final stage of the debate in the Senate on the proposed Address to Her Majesty the Queen to patriate the Canadian Constitution with an amending formula, and to entrench in the Canadian Constitution a Charter of Rights.

I feel greatly honoured to lead off, and I also feel deeply the responsibility for marshalling in a clear and cogent way the desirability and, even more, the necessity of taking this critical step forward at one of the most decisive moments in Canadian political life.

I count it among the rare privileges in my lifetime, and I am sure it will remain such, that I was honoured by this chamber to be appointed a member of the Special Joint Committee on the Constitution of Canada. I marvelled at the ignorance I had about Canada as I listened to witnesses from every walk of life and every community in our country. They came forward and expressed to us, on the first part, their disappointments with the treatment they had received at the hands of Canadian society generally, but even more important, on the second part, their great optimism in Canada and belief that our democratic society would concern itself with their needs and would satisfy those needs in a fair and equitable way.

The joint committee heard the pleas of such people as the Japanese Canadians, originally inhabitants of my own province of British Columbia. They recounted to us what took place to their community in the Second World War. It was not a proud moment, honourable senators, in the life of my province or, indeed, for Canada.

We heard from the Ukrainian community, the Mennonite community, the black community, the Jewish community, the French-speaking and English-speaking communities in the province of Quebec, the French-speaking communities in other parts of Canada, and many others. I regret that I cannot mention them all. They made a profound impact on the understanding of the members of the committee with regard to the nature of this country and the need to free the blockages in our political and constitutional processes which have held back the evolution of a more just society in Canada.

• (1540)

I would like to take a moment to pay tribute to the work of some of the members of this chamber, those senators who served either as permanent members or in a part-time capacity on the joint committee. The work of the Senate was certainly equal in every way to the work of the members of the other place. I felt, in particular, that the permanent members on both sides of this house, who were able to give continuity to their efforts, discharged their duties with great effect. I would like to extend a particular acknowledgment to Senator Roblin and Senator Tremblay for a very vigorous examination of the resolution as it lay before the joint committee and a vigorous defence of their own positions with respect to that resolution.

Last Tuesday in the other place, when they began their debate on the joint resolution, the word "historical" was often used. I share the conviction that in the whole history of the Senate we have not had imposed upon us more responsibility than we face now. We are being asked to weigh the state of the Canadian nation and to make choices, once and for all, between themes that have existed since the first federal Parliament met and members began to argue the political and constitutional nature of the nation that they had helped form. Canadians have argued the nature of Canada now for more than 100 years. Was the nation, as reflected through its national Parliament, to be paramount, or was the nation to be, in essence, a league of provinces? That was the choice which was argued then. That is the choice which has been argued since. That is the choice which this Parliament is being asked to make once and for all. It is an historic choice which faces us, and it will define our nation.

The joint resolution puts before us questions which deal with the essence of Canada. First, shall Canadians now free themselves from the last colonial appendage which remains extant; namely, the inability of the Canadian constitutional process to amend the Constitution of Canada without recourse to the British Parliament? Shall that recourse be severed at last? Second, shall Canadians, in freeing themselves from the British Parliament, provide themselves with an amending formula of the kind which will allow future constitutional changes to be made by the Queen in this Parliament supported by a requisite majority of the provinces or, failing that requisite majority, by the people of Canada directly? Can a fair balance be found between the flexibility required to ensure that the nation has at all times a Constitution which reflects the people of Canada and the necessary degree of stability to ensure that changes cannot be made unless they truly are fair and equitable to the regions and minorities of this country? Third, shall Canadians provide themselves, through the action of this Parliament, with a Charter of Rights which will serve to protect and foster our individual liberties, give hope to many Canadians who are labouring under a disadvantage in our society, and guarantee that, regardless of anyone's place in Canadian society, they are equal before the law and under the law?

Are these goals important to Canadians at this time? I think they are. Do they deserve the prominence in debate in the Parliament of Canada, in the legislatures of the provinces and in other levels of our community which they have received? I am convinced they do.

There are those who say that none of this is necessary; it is a tempest stirred up without reason; it is even an event taking place through the wilful act of one man.

Senator Flynn: Yes, I agree with that.

Senator Austin: I must deal with these assertions. This is a decisive moment in Canadian history, simply because in one major way the bargain of 1867 was not successfully carried forward in the following years. The bargain was to create on this northern half of the North American continent, in this country called Canada, one nation out of its two major peoples, whom we have come to call Canada's founding peoples. The French majority in Quebec came together with the English majority of Ontario, New Brunswick and Nova Scotia to create a nation in which there would be tolerance of one another, acceptance of one another's language and culture; a nation based on turning the diversities into complementarity, not uniformity, and complementarity into unity, not division.

What we got instead was a restlessness in Quebec, the French Canadians caught in an English Canadian embrace. The restlessness of Quebec became, in our own generation, a hostile Quebec and a Quebec asking whether the bargain would ever be kept or whether the political marriage should be put asunder. The answer in May, 1980, in a referendum in Quebec which was one of the most gripping political events we have ever experienced in this country, was an answer to try again within the Canadian context. It was a conditional answer which required the response of the nation as a whole. This joint resolution is evidence of that response.

Senator Flynn: No.

Senator Austin: This joint resolution will place within the Canadian constitutional context an explicit description of the rights of the English minority in the province of Quebec, of the French minorities in the other provinces of Canada, and it will ensure a process of political growth in Canada which will enhance those rights over time.

The Leader of the Opposition, the Right Honourable Joe Clark, and other members of his party have been fanning the argument that what we are asked to do here is the wilful act of one egocentric man, and they refer to the Prime Minister, the Right Honourable Pierre Elliott Trudeau. While I find it hard to take the argument seriously because it so deeply shows its ignorance of the history of Canada, I feel, nonetheless, compelled not to leave the proposition unanswered. Does the Conservative leader fail totally to understand the just outcry of French-speaking Canadians? Does he fail to understand the just outcry of our aboriginal peoples? Does he fail to understand the just outcry of disadvantaged and discriminated-against Canadians all over our country? Does he fail to understand the commitments the national government proposes to make to ensure equalization to the provinces, to ensure the protection of multiculturalism, to ensure a more direct management of national resources by the provinces, which is a deep-seated concern of the western provinces? Are all of these things important to only one man? Are these things none of the concern of other Canadians?

I can tell the Leader of the Opposition and his followers what they already well know but do not want to admit: that the charge that this constitutional process is the wilful egotism of one man is a false and silly charge. In other places the Conservative Party has argued that the Liberal Party is seeking to create a unitary state, or that there is a choice to be made between a unitary state and a community of communities. These are deeply philosophical and practical issues which have been with us for more than a century. Are they created by the will of one man? No! They are the essence of Canada today.

But I admit, with pride and conviction, that one man, the Prime Minister, the Right Honourable Pierre Elliott Trudeau, has had the courage and conviction to confront these issues which have been so divisive in Canada for so long, and which have held back the just cause of so many individual Canadians for so long. No Canadian has grasped the meaning of Canada so deeply as Pierre Elliott Trudeau. His conviction and his courage are shared by his parliamentary party, are shared by me personally, are shared by the Liberal Party of Canada, and I believe they are sincerely shared by the people of Canada. I am convinced of that.

Canadians are torn by argument not so much on the Charter of Rights, which the polls show and which even the official opposition concedes a very substantial majority of Canadians support, but by the procedures for implementing these very desirable constitutional changes.

• (1550)

Canadians are concerned to understand why it is necessary for the Parliament of Canada to use its legal power to amend the Constitution by a Joint Address to the Parliament at Westminster rather than by finding some way of settling these questions between the federal government, on the one hand, and the provinces, on the other. The procedures which we are using are being questioned, and the issue must be addressed as clearly and as understandably as possible. The simple reality of Canada today is that we have not been able to agree to a joint federal and provincial amending procedure.

When we became a self-governing nation, the Fathers of Confederation were unable to agree to an amending procedure and, therefore, left the matter to the Parliament at Westminster. It quickly became the convention, both in Canada and in Great Britain, that the British North America Act would be amended only by an Address by the Parliament of Canada—that is, by the Senate and the House of Commons—to the Parliament of Great Britain. That became, and is today, the legal and constitutional way in which amendments to the British North America Act take place.

Throughout Canadian constitutional history, the federal government has discussed with the provinces how an amending procedure can be shaped in Canada to include the provinces which would eliminate the need for parliamentary action by the British Parliament. Only once, in all the history of these discussions, was there unanimity among the federal government and the provinces for an amending procedure. That was in Victoria, at the beginning of 1971, when it was agreed by all

that the amending procedure would be by joint resolution of the Senate and the House of Commons, by resolution of the provinces of Quebec and Ontario, by resolution of two or more of the Atlantic provinces, and by resolution of two or more of the four western provinces provided they reflected provinces having 50 per cent or more of the population of western Canada. As I have said, at no other time, in all the hours that have been devoted at countless federal-provincial conferences to this question, has there been any agreement for any other amending procedure for Canada.

The federal government, in the proposed resolution, has adopted that Victoria formula as the amending procedure to be used in Canada, subject to further discussions with the provinces over the next few years to see whether there could be agreement on some other procedure.

As honourable senators know, since that brief moment in Victoria of unanimous agreement, there has been nothing but retreat and change by the provinces on the question of an amending procedure. Within two weeks the Province of Quebec had withdrawn its agreement and was bargaining for more jurisdiction in the area of social policy. More weeks went by and other provinces, for one reason or another, found the need to bargain and, of course, governments changed and new perceptions of advantage occurred to the successor governments.

To me, nothing was more discouraging than to see the true meaning of "a community of communities"—to use the phrase made so well known by the Leader of the Opposition in the other place—in action at the September First Ministers' Conference. There was no sense there, among the Canadian provinces, of a Canadian nation or a responsibility on the part of the Canadian premiers for something greater than the immediate interests, as they saw them, of their provinces or their own political parties and their own positions within their political parties. The majority of the premiers took no responsibility to seek a consensus for Canada at any cost to themselves whatever. That, I suppose, is not surprising. After all, what Premier of British Columbia is going to show any great sensitivity to the electorate of New Brunswick, Quebec or Saskatchewan; and why should he? He is not accountable to them.

It was made demonstrably clear to me that the Fathers of Confederation were right in establishing the national Parliament as paramount in Canada. Only in the national Parliament can the interests of Canadians everywhere be addressed, dealt with, negotiated and assured; not in a community of communities, and not in a league of provinces.

But the question has been asked: Is the Government of Canada too impatient? Would it be possible, with yet more negotiation, for a consensus to be reached on an amending procedure? Should yet more time be taken before we deal with and redress the just complaints of so many Canadians? That depends on your view of whether there is any likelihood of changes on the part of the majority of provinces which do not support this joint resolution and which do not agree with the amending procedure agreed to by their predecessors in Victoria in 1971.

My answer is that none of us has seen any evidence whatever that the dissenting premiers will change their positions. The premiers met in Montreal just a short time ago; they didn't change their positions. Nothing but continuing dissention among themselves came out of that meeting. They could not even decide whether to do the ultimate in colonial folly and take themselves off to London to plead with the British Parliament, which has no substantive role whatever to play in this issue.

Does anyone think that Premier Lévesque has become a federalist? Does anyone think that Premier Peckford will change his view that it is the provinces that have the residual powers? Does anyone here think that Premier Lyon, Premier Lougheed or Premier Bennett will accept an amending formula, except one based on unanimity, or that they will accept a charter of rights? Does anyone know what Premier Blakeney thinks?

The Conservative Premier of New Brunswick, Premier Hatfield, told the joint committee, of which I had the honour to be a member, that the only result achieved by delay would be more delay. The Conservative Premier of Ontario, Premier Davis, has said that he supports unilateral action on the part of the national Parliament as the only way to break this historic impasse, and that he supports the Victoria formula. The Premier of Ontario has gone on to urge the Conservative members of the Senate and of the House of Commons, particularly those from Ontario, to support the joint resolution which is now before us.

Putting it in a nutshell, the decisive choice for this Parliament is whether to delay and, by delay, exacerbate the real problems of Canadians which are addressed by the Charter of Rights and by the other provisions of the joint resolution and, thereby, in my view, lose the unity which we have developed over so many years, or whether Parliament can now act to cut the Gordian knot, which has so frustrated and perplexed the Canadian nation for so long, and, by cutting it asunder, release the energies and talents of Canadians in a positive direction towards building a better society.

I believe the forces of Canadian energy have been too long restrained by the problems which have been created for us by our past divisiveness and dissention and by our negative provincialism. This unilateral act by Parliament will resolve the divisiveness in Canadian society today, not create it, for it has been with us for a very long time. It will quiet old issues that should be historical anachronisms, and it will allow us to renew our focus and to direct our energies towards ensuring economic and social justice to our citizens and allowing Canada to give stronger and more fulfilled attention to its role in the family of nations.

There is one other issue, honourable senators, that I must address, and that is the place of this chamber in the constitu-

tional evolution of Canada. I am fully convinced of the need in our continental nation, composed as it is of so many different areas and experiences, for a second chamber which can serve as a balance wheel for the interests of communities which do not, by virtue of their population make-up, have decisive representation in the House of Commons. All of you are aware of the great disaffection which exists in my part of Canada, in western Canada, with the federal decision-making process. Whether true or not, the impression exists in western Canada that the national Parliament is dominated by the central provinces of Quebec and Ontario which, because their population represents some two-thirds of the population of the nation, dominate the decision-making and govern the nation in their own interests and without proper sensitivity towards western and Atlantic Canadians.

The old legal maxim is that justice must not only be done, but must be seen to be done. Certainly, in western Canada it is true that justice is not seen to be done by the national government and the national Parliament, where western interests are concerned. To be seen to be done, western Canadians, in the operation of this Parliament, must participate in the decision-making, must be seen to participate in the decision-making, and must take that participation back to their communities, showing those communities, directly, how their needs are being served.

I have to admit that part of the weakness of this national, federal process, our national Parliament, as seen by those in western Canada, is based on the realities, as they work their way through the Canadian community, of a long period in power of the Liberal Party. Because the Liberal Party has been in power for a long period of time, it has been the perception of those in western Canada that the Liberal Party governs for the votes of those in central Canada. The result is a protest which is translated more and more into the support of those who are not in government. So we have a Catch-22, a revolving problem. The more the centre appears to govern through the Liberal Party, the more western Canadians protest and opt out of a role in the decision-making process through the Liberal Party.

• (1600)

I want to make it clear to all honourable senators, who I know are as convinced about this as I am, that the political parties are the foundation stones of our democracy. The Liberal Party, the Progressive Conservative Party, the New Democratic Party, through their activities, ensure Canadians a voice in Canadian society, ensure that the arguments are heard in a fair and democratic way.

I believe very strongly that western Canadians do have a perception which all of us in the national process must address. It has been a vicious circle and it must be broken. To deal with the rejection of the national process by people in western Canada, it is my conviction that we must create a Senate of Canada with a larger representation from the western region than we have had up to now; we must create a Senate of Canada that retains the power to represent regional interests within the context of the federal process; we must create a Senate of Canada in which the voices of western Canadians and Atlantic Canadians are meaningful, substantial, and, when in concert with some opinions and support in central Canada, can be decisive.

In my view, the credibility of senators in the context of what Canada is today must be based on a form of proportional election. To do otherwise would mean that regardless of the constitutional responsibility of an appointed senator from western Canada, he or she would still face the dominant political attitude in the Commons that the person appointed has no mandate to oppose the person elected.

I will not dwell at any length on the proposals which I made in this chamber in December, 1978 for a proportionally elected Senate. Since that time I have spoken to many senators, and I know there is increasing interest in this chamber for a study in that direction. What I do wish to say is that we have retained our powers for a public purpose. The proposal of the government, as it was in the old section 44, has been dropped by the government. We have retained the powers that were given to us by the Fathers of Confederation. But it is clear—and I know that all honourable senators share my views on this matter—that we have not been able to retain those powers, or have been interested in retaining those powers, for any individual interest of any of us. We have a public trust to discharge in the second stage of constitutional reform which lies ahead of us, a change in this body, where we will see the focus of the hopes of the regions of Canada again on the Senate, as they were in the original processes that led to the creation of this body, a process that once came from Quebec and will now come aggressively from western Canada.

We have argued that we must retain our current powers in order to discharge our present trust. We have argued that the concerns of our regions are not the property alone of the premiers and cannot be entrusted alone to the premiers—and we have been listened to.

Senator Flynn: Did you argue that in the committee?

Senator Austin: I certainly did.

Senator Flynn: In the committee?

Senator Austin: In committee.

Senator Flynn: I do not remember having seen anything about that.

Senator Austin: I will send you copies of my remarks.

I would like to say one last word about the Charter. The defence of the Charter is very simple. It is certainly simple for me, because I believe in a very fundamental proposition, namely, that those less favoured by life should be more favoured by law. That is what we are doing with our Charter of Rights.

I cannot accept, with all the good will that I have toward the historic concerns which are being expressed by the Conservative Party about the role of the provinces, an argument that federal politicians, members of the national Parliament, can look in the eye the problems of Canadians, as I have looked at those problems through the committee, and then say, "Oh well, we will dispense all of this justice in the good time that the provinces will give us." Honourable senators, I do not believe that is good enough for Canada or for Canadians. I do not believe that the process which we have experienced over decades allows premiers to depart from their particular provincial constituencies to join in a national constituency. It certainly does not allow it very often, and I am not prepared to believe that we should wait another 104 years from 1971 to see the next time a point of unanimity will occur among the premiers and with the federal government.

We have to accept that there is a fundamental clash between the interests of provincial governments and the interests of a national government. Provincial governments are entitled to their views. I make no claim that they should desist from representing their interests as fully in our process as they wish; but it will be a lack of cognition, a lack of understanding about Canada, a lack of knowledge of the crises in Canadian society, if we as national parliamentarians do not come to grips with our responsibilities. That is the decisive question that is before us. I hope that through this debate, through the acceptance by Parliament of this joint resolution, we will build a stronger federal process, and, most important of all, a stronger nation.

On motion of Senator Tremblay, debate adjourned.

NATIONAL ENERGY BOARD

NORTHERN PIPELINE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Earl A. Hastings, pursuant to notice of Tuesday, February 17, 1981, moved:

> That the Special Committee of the Senate on the Northern Pipeline be authorized to examine and consider the subject-matter of the Bill C-60, intituled: "An Act to amend the National Energy Board Act", in advance of the said Bill coming before the Senate, or any matter relating thereto.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Senator Hastings: Honourable senators, by way of explanation, the purpose of my motion, which I commend to your attention, is to provide authority for the Special Committee of the Senate on the Northern Pipeline to give pre-study to Bill C-60, an Act to amend the National Energy Board Act, which deals primarily with right-of-way acquisition procedures for pipeline construction.

Bill C-60 in many respects is the successor to Bill S-12 which was proposed by the Northern Pipeline Committee in 1979. It was introduced in the Senate by our colleague, Senator Olson, who at that time was chairman of the committee. Great credit should go to Senator Olson who, in reality, was the author of Bill S-12. In any event, the bill passed the Senate at that time but died on the order paper in the other place. Bill C-60 has now been introduced in the other place as a government bill by the Minister of Energy, Mines and Resources.

Honourable senators, pre-study of the bill, or prior examination, will permit the committee to hear the evidence from industry or anyone interested in putting forward their views, and will certainly expedite passage of the bill in the Senate when it arrives here. Accordingly I commend the motion to your favourable consideration.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable W. R. McIntyre, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

> An Act to amend laws relating to fiscal transfers to the provinces.
>
> An Act to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts subsequent to 1970.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, February 24, 1981 at 8 p.m.

THE SENATE

Tuesday, February 24, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

ESTONIA

SIXTY-THIRD ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

Hon. Paul Yuzyk: Honourable senators, I should like to draw the attention of the Senate to the fact that today, February 24, marks the sixty-third anniversary of the proclamation of the independence of the Estonian Democratic Republic, which is being celebrated by the Estonians of Canada, the United States and other countries of the free world. After having been subjugated and oppressed for centuries by the Russian czarist régime, on this day in 1918 Estonia, by the will of her people, became a free state with an advanced democratic constitution. The other two Baltic nations, Latvia and Lithuania, also proclaimed independence and established democratic states, following the example of the Ukraine, which had earlier proclaimed independence and statehood on January 22, 1918.

The free Estonians prospered under their democratic government and lived in peace and harmony with their neighbours.

Although the Soviet Union had recognized the independence and sovereignty of the three Baltic states in 1920, that did not deter the communist government from invading those countries in June, 1940. With the connivance of Hitler, Stalin annexed the Baltic states, incorporating them as Soviet "republics." The leaders were arrested and large numbers of people were persecuted and brutally deported to Siberia.

Despite Soviet adherence to the Helsinki Final Act, the Estonians are living and suffering under the oppressive Soviet regime which denies them their fundamental freedoms and human rights.

Honourable senators, Estonia, Latvia and Lithuania were given full recognition in 1921 by the Supreme Council of the Allied Powers. The Baltic states were immediately admitted into the League of Nations. The United States gave them *de jure* recognition in 1922. Consequently, the western powers did not, and still do not, recognize the annexation of the Baltic states by the U.S.S.R. in 1940. Canada and the United States, up to the present time, do not recognize this Soviet occupation, but give recognition to the consuls of the Baltic states who reside here. For several years these consuls have been recognized when they have visited the Senate and House of Commons chambers. They will again visit our chamber this year on March 4, at the time of the Baltic Evening on Parliament Hill. That colourful and entertaining cultural event is sponsored and supported by parliamentarians of both houses.

Today I should like to congratulate the Canadian citizens of Estonian ancestry for their devotion to the principles of freedom and democracy, and pay tribute to them for their many contributions to their adopted country.

I believe that all honourable senators will join with me in this tribute and in extending our very best wishes to the Estonians for the realization of the freedom of their homeland. Canada is a better country for having accepted them as citizens, and they, in turn, are happy to live and work in full freedom.

Hon. Andrew Thompson: Honourable senators, I should like to concur with the sentiments expressed by Senator Yuzyk. The account given by the senator on the tragic history of Free Estonia is, for me, a very personal matter. Many honourable senators know that I see the tragedy of Free Estonia in the face of someone I love and respect very much, my father-in-law, who just by chance was able to escape the communist freight cars which were to carry him and his family to the Soviet Union. His crime was that he was a writer, lawyer and a member of the parliament of Free Estonia. He fled across the Baltic Sea, some 200 miles, with his wife and his two young children, one of whom is now my wife. For me, the plight of Free Estonia is very real.

After almost one thousand years this little land of approximately one million people saw the flame of freedom, opportunity and independence go out. These people had formulated a constitution for their parliamentary system which is worthy of study and which is exemplary to the world. For the Estonians in Canada commemorating this independence, it is both a sad and bitter memory. Yet, they feel they have an obligation to do so in this free land of ours because they want Canadians to be aware of how fragile freedom is and to let us know how preciously they love their freedom in this country. They ask us also to recognize the constant threat of an aggressive communist system to all free people.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Department of the Solicitor General of Canada for the fiscal year ended March 31, 1980, pursuant to section 5 of the *Department of the Solicitor General Act*, Chapter S-12, R.S.C., 1970.

Report of the National Capital Commission, including its accounts and financial statements certified by the

Auditor General, for the fiscal year ended March 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Capital Budget of the National Capital Commission for the fiscal year ending March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1981-233, dated January 29, 1981.

Capital Budget of Air Canada for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1981-320, dated February 5, 1981, approving same.

THE ROYAL FAMILY

BETROTHAL OF H.R.H. THE PRINCE OF WALES TO LADY DIANA SPENCER—ADDRESS TO HER MAJESTY THE QUEEN

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the following message has been received from the House of Commons:

RESOLVED: That an humble Address be presented to Her Majesty the Queen in the following words:

To the Queen's Most Excellent Majesty:

Most Gracious Sovereign:

We, Your Majesty's Loyal Subjects, the House of Commons of Canada in Parliament assembled, respectfully desire to express our great happiness to Your Majesty and His Royal Highness the Prince Philip on the announcement of the engagement and forthcoming marriage of His Royal Highness the Prince of Wales and Lady Diana Spencer, and to assure Your Majesty that this happy announcement is greeted by the Members of the House of Commons with great joy.

ORDERED: That the said Address be engrossed; and

That a Message be sent to the Senate informing Their Honours that this House has passed the said Address and requesting Their Honours to unite with this House in the said Address.

ATTEST:

C. B. Koester
The Clerk of the House of Commons.

Honourable senators, when shall this message be taken into consideration?

● (2010)

Hon. Raymond J. Perrault (Leader of the Government), seconded by the Honourable Duff Roblin (Deputy Leader of the Opposition), with leave of the Senate and notwithstanding rule (1)(*b*), moved:

That the Senate do agree with the House of Commons in the said Address by filling up the blank spaces left therein with the words "Senate and".

He said: All honourable senators rejoice in the announcement made in London today. We welcome the very happy news from Buckingham Palace and wish to join with the other place in expressing our best wishes and happiness to Her Majesty the Queen and to His Royal Highness the Prince Philip on the occasion of the forthcoming marriage of Lady Diana Spencer to their son the Prince of Wales.

[Senator Perrault.]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, in the name of my leader, the Honourable Senator Flynn, and other honourable senators in the opposition, I am delighted to join in this expression of sincere good wishes to Lady Diana Spencer and hearty congratulations to the Prince of Wales.

Prince Charles was born to the Throne, and I suppose his first test was to combine the inherited qualities of character and personality with the acquired arts of the democratic monarch. I hope it may be allowed for someone such as myself to say that I believe he has passed that test in an excellent fashion.

The second test, of course, is to choose a young woman, not only to be his wife but also, in time, to be the Queen of the constitutional monarchy which stretches around the Commonwealth.

The Princess of Wales to be is a most admirable and lovable person in herself, with every sign of being able to perform the task of an able and successful helpmeet; and when, in Providence's good time, she comes to the Crown matrimonial, modeling herself, as I believe she will, on the splendid example of the present Queen's Most Excellent Majesty, she will prove to be a worthy successor to those who have worn that Crown in times gone by.

We join in the motion expressed in the House of Commons, and as stated by the Leader of the Government in this chamber, in congratulating the Prince of Wales and bidding a hearty welcome to our future Queen.

Motion agreed to.

The Hon. the Speaker: Ordered, That the Clerk do go down to the House of Commons and acquaint that House that the Senate do agree to the Address to Her Most Excellent Majesty the Queen expressing our great happiness to Her Majesty and His Royal Highness the Prince Philip on the announcement of the engagement and forthcoming marriage of His Royal Highness the Prince of Wales and Lady Diana Spencer, and have inserted in the blank spaces therein the words "Senate and".

Senator Perrault: Honourable senators, I now move, seconded by the Honourable Senator Roblin:

That the Honourable the Speaker do sign the said Address to Her Majesty the Queen on behalf of the Senate.

Motion agreed to.

ADDRESS TO THE GOVERNOR GENERAL

Hon. Raymond J. Perrault (Leader of the Government), seconded by the Honourable Duff Roblin (Deputy Leader of the Opposition), with leave of the Senate and notwithstanding rule 44(1)(b), moved:

That the following Address be engrossed and presented to His Excellency the Governor General, namely:—

To His Excellency the Right Honourable Edward Richard Schreyer, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit upon whom has been conferred the Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada:

MAY IT PLEASE YOUR EXCELLENCY:

The Senate of Canada, in Parliament assembled, have agreed to an Address to Her Most Excellent Majesty the Queen expressing our great happiness to Her Majesty and His Royal Highness the Prince Philip on the announcement of the engagement and forthcoming marriage of His Royal Highness the Prince of Wales and Lady Diana Spencer, and respectfully request that Your Excellency will be pleased to transmit the said Address to Her Majesty the Queen.

Motion agreed to.

Senator Perrault: Honourable senators, I move, seconded by the Honourable Senator Roblin:

That a Message be sent to the House of Commons to acquaint that House that the Senate have passed the said Address and request the House of Commons to unite with this House in the said Address to His Excellency the Governor General by inserting therein the words "and Commons".

Motion agreed to.

The Hon. the Speaker: Ordered, That the Clerk do go down to the House of Commons and acquaint that House that the Senate have passed an Address to His Excellency the Governor General respectfully requesting that His Excellency may be pleased to transmit the said Address to Her Most Excellent Majesty the Queen expressing our great happiness to Her Majesty and His Royal Highness the Prince Philip on the announcement of the engagement and forthcoming marriage of His Royal Highness the Prince of Wales and Lady Diana Spencer, and request the House of Commons to unite with this House in the Address to His Excellency the Governor General by inserting therein the words "and Commons".

Senator Perrault: Honourable senators, I move, seconded by the Honourable Senator Roblin:

That the Honourable the Speaker do sign the said Address to His Excellency the Governor General on behalf of the Senate.

Motion agreed to.

INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, February 24, 1981

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill S-17, intituled: "An Act to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax," has, in obedience to the order of reference of Wednesday, December 17, 1980, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. Barrow
Deputy Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Henry D. Hicks moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Irvine Barrow, Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, February 24, 1981

The Standing Senate Committee on Banking, Trade and Commerce to which was referred Bill C-54, intituled: "An Act to amend the statute law relating to income tax," has, in obedience to the order of reference of Thursday, February 19, 1981, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

A. I. Barrow
Deputy Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. George J. McIlraith: Honourable senators, I move that this bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (2020)

Senator Barrow: Honourable senators, I should like to say at this time that while Bill C-54 was referred to the Banking, Trade and Commerce Committee only last Thursday, the subject matter of the measure was referred to the committee on February 5. The committee met on five occasions over the past two weeks. During the course of its meetings it carefully reviewed Bill C-54 with its advisers and officials of the Department of Finance and the Department of National Revenue. As a result, the committee has prepared a lengthy report.

However, it is important that the bill be passed without delay. Many taxpayers throughout Canada are awaiting refunds of tax, which can only be processed after passage of the bill. In order to avoid the delay, which will result if we wait for the report to be translated, Senator McIlraith has moved that the bill be read the third time at the next sitting. The report, which has been prepared as a report on the subject matter of the bill, will be tabled within the next few days.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a question of my honourable friend about this matter? He is telling us that the committee has prepared a substantial report on the subject matter of the bill, but will we have an opportunity to look at it before third reading is proceeded with? I ask that question because, unfortunately, I did not have the opportunity to attend the committee meetings as I would like to have done. If the honourable senator tells me that the report contains no recommendations for changes in the bill, that is one thing, but if there are such recommendations, that might be something else.

Senator McIlraith: Honourable senators, I believe that I can clarify the matter. There were two distinct and separate references to the committee, one being—I do not recall the date—

Senator Connolly: February 5.

Senator McIlraith: —on February 5, which had to do with the pre-study of the bill. That report has not yet been presented to the Senate. It has not been finally completed because of its length and its translation, but it does not recommend changes to the bill. The second reference to the committee was after second reading of the bill itself. That report is what is now before the Senate, and it simply reports the bill without amendment. The other report that will be tabled in a few days does not recommend any changes in the bill, but there are quite lengthy discussions and a good deal of material in it.

Senator Roblin: I thank my honourable friend for his explanation, but I am a little disturbed that the committee has a lengthy report which would probably make for interesting reading, and apparently we will not have an opportunity to see it before third reading is completed. Is that the situation?

Senator McIlraith: Yes, that is really the situation, because unfortunately the bill itself does contemplate changes that affect some returns that have to be made by February 28 and others by April 30. It also affects certain refunds of overpayments of taxes, and may affect certain contracts that are dependent on the tax law.

There is another matter that I should add. The bill itself does not have any common theme running through it. It is a collection of many items having their origin, as I sought to explain on second reading, in different budgets, or budget speeches, in the past. It affects the tax practitioners who have to make these returns immediately, and who are trying to get refunds of overpayments as soon as possible. It is highly desirable that these people get this legislation into their hands at the earliest possible moment.

[Senator Barrow.]

That is the view of the committee, and that is the situation that confronts us. The committee considered the matter of how to report the two references and came to the conclusion that the better way was to proceed with an immediate report on the bill itself. The other report, of course, is ready to go forward as soon as it can be translated.

Senator Roblin: Honourable senators, I have to express my unhappiness with the fact that that report is not available. I might even be persuaded to change my vote on third reading if I had a chance to read it. I am wondering if it might be possible for an anglophone to have a chance to read the other report before third reading comes up, even if it is not translated. I understand from the house leader that there is some urgency with regard to getting this bill passed by a certain date. I appreciate that, and I have heard from my colleague, Senator Smith, on the subject; but I would still appreciate seeing that report before we vote on third reading.

Senator McIlraith: Perhaps your colleague, Senator Smith, would brief you on it. He is a very good adviser to honourable senators, and I think he can allay your anxieties on the subject. I shall try to obtain a copy of the report in English in the morning and send it to you.

Hon. G. I. Smith: Honourable senators, my only comment on the remarks of Senator McIlraith are these, that if my reputation as a convincer or as an adviser depended on the number of times I have been able to convince him, his remarks this evening would not be justified.

Senator Roblin: Honourable senators, I think there is quite an important point here. This question of pre-study is something that we have invented, or that better men than I in the Senate have invented, and generally we have agreed that it is a useful thing. Now it appears we are going to have two types of reports, and I would not like that to be established as a precedent without further consideration.

While I am certainly not prepared to hold up third reading because of my particular view on this matter tomorrow, I hope that we shall be very careful about creating some new style of committee report which seems to undercut the normal process of the consideration of a bill. Potentially, at any rate, that report might influence the views of those who are called upon to vote on the bill.

Motion agreed to.

• (2030)

QUESTION PERIOD

[*English*]

INDUSTRY

GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question that I address to the

Honourable Minister of State for Economic Development. I suppose he is familiar with the speech delivered yesterday by his colleague, the Minister of Finance, to the Canadian Club of Montreal, in which the Minister of Finance appears to be edging into that elusive industrial strategy of the government that we are all so interested in knowing something about. The minister said:

> We must also encourage the movement of productive resources, those industrial activities with diminishing prospects, to strong and potentially strong industries in some sectors.

That is an unexceptional comment, but I would like to know what plans the government has to consult with both the provinces that have a constitutional interest in this territory and the industries that have an economic interest in this territory, with a view to arriving at some consensus. I presume it is not the intention of the federal government to proceed without those consultations.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will put that specific question to the Minister of Finance. I would not like the honourable senator to draw from that statement—which he said is unexceptional as far as he is concerned—that there are some plans now for a significant move, in any direction, in the absence of some consultation. This government recognizes that there are some very important responsibilities which fall within the provincial jurisdiction, but we would, through the consultative process, not only try to ascertain from them what the coordinated effort might be, but also obtain their views on what each of the provincial jurisdictions is going to do if, indeed, they have some hard plans. Therefore, what we are doing will be in concert with them.

Senator Roblin: I am glad my honourable friend will ask what the minister meant by his statement. I think that is what he is telling me. I would be very interested to know because we have heard many statements of this kind from other people, as time has gone by, and nothing has happened. I would be interested not only in an explanation of what the minister meant but also in what his timetable is. Has he any idea in mind as to when he is going to tackle this problem with the provinces and the industries concerned? It is not a matter which I think anyone in this country would like to see left dangling much longer.

Senator Olson: Honourable senators, you can take the view, if you like, that the government may be becoming more deeply involved in the economy, but I think what the minister was expressing was a fairly accurate definition of a dynamic economy. Some of the things that he talked about, not only in that particular quotation but in other parts of that speech, indicate that as well.

Senator Roblin: Well, that is exactly the case, but the minister said, "We must also encourage . . ." I presume he is talking about the government, among others. I want to know whether this is just a blithe expression or whether it has some substance.

Senator Olson: I will ask the Minister of Finance whether he would want to give some kind of reply to the question. I could take great exception to some of the terminology used, but I am in such a peaceful frame of mind that I will not.

Hon. Lowell Murray: By way of a supplementary question, will the minister say why the government refuses to consult with the provinces or involve them in a $350 million program announced some time ago to take effect in six centres across the country, involving, as it does, industrial restructuring, manpower retraining and mobility, all of which fall at least partially under provincial jurisdiction? I ask the question particularly because of the statement made this afternoon by the Minister of Industry, Trade and Commerce in the Standing Senate Committee on National Finance to the effect that this program might well serve as a model for future programs in the general field of industrial strategy.

Senator Olson: Honourable senators, I am not sure that I accept the flat statement that the government refuses to consult. On the other hand, I think that it has been made clear from the beginning that this is a federally initiated and federally funded program and, therefore, we have an obligation to administer it, at least to that extent. I think the honourable senator will perhaps have to accept the fact that there are some federal responsibilities in those areas as well, and we are trying to discharge them.

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION—AMENDED AND RESTATED LOAN INSURANCE AGREEMENT

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. Before I get into the question, I wonder whether the minister would mind lifting up his microphone a little. I am afraid I am missing some of these pearls. Thank you, sir.

Senator Olson: Turn up the volume.

Senator Doody: It is all right for me; I can read them tomorrow in *Hansard*, but others might not have that advantage.

Senator Murray: We can all read.

Senator Donahoe: But you may not have the advantage of—

Senator Doody: That is terrible; that is awful. I wish you were on the other side of the house, senator; I would give you an awful tongue lashing.

On Wednesday I asked some questions of the honourable minister relative to the Chrysler deal, and on Thursday the minister was kind enough to give me a delayed answer—at least, it was a partial answer. Some of the matters involved in that are still somewhat unclear. I asked: Will it be possible for Chrysler to receive in total the original $200 million in loan guarantees from the federal government without investing the $1 billion they had originally promised to? The original deal was, "We will give you $200 million in guarantees if you will undertake to invest $1 billion." In the second phase of the arrangement, the investment arrangement has decreased considerably. Has the government guarantee decreased propor-

tionately? My understanding now is that there was $150 million plus $50 million, which comes to the same amount. I am still unclear on that. I have looked at the statement, the press release and at the answer, and I still do not know if the Government of Canada is committed to a $200 million guarantee without the company's commitment to invest $1 billion.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am distressed that the honourable senator cannot understand what he reads in that delayed answer which I gave him, because it is pretty clear to me that the $150 million in guarantees will be activated by an investment of somewhere between $600 million and $700 million. The investment was specified; it was to add a capability for assembly of the K cars and the truck plant. If the honourable senator reads the rest of it very carefully, he will note that there is a possibility of an additional $50 million in guarantees if Chrysler does in fact undertake further investment over and above the $600 million to $700 million. One specific example was an engine plant, either to reactivate one, which means a lot of re-tooling, or to build another engine plant in Canada. Of course, if that were to happen on a world-scale market requirement, then my honourable friend could add that up and I am sure that he would come to the point where it might be even more than $1 billion in total.

Senator Doody: Honourable senators, the minister can save himself a lot of distress—and I am sorry that I have caused him this discomfort—by telling me if it is a $1 billion investment, more than $1 billion or less than $1 billion, and if the ultimate government commitment of that guarantee is $200 million or $150 million. Is it $150 million or $200 million, and what exactly is Chrysler's commitment for investment in the country?

Senator Olson: Honourable senators, I will try again. There is a specific $150 million in guarantees for a specific investment of somewhere between $600 million and $700 million, and this investment is well spelled out in the documents that I passed to him. There is an additional $50 million, to look after additional investments that cannot be specific at this time although the activities can be.

● (2040)

Senator Doody: I remember one of the honourable minister's predecessors saying, "What's a million?" Now we are talking about $600 million or $700 million, give or take $100 million. I suppose it must be the inflationary process that the honourable minister's government is putting us through that distorts the numbers.

Perhaps we can get down to specifics, as the honourable minister has suggested. For how long beyond 1985 is Chrysler, under this agreement, obliged to guarantee the 12,000-odd jobs which it promised would be in effect at that time? I know the projection is to 1985 for the commitment of the guarantee, but what commitment does the company have with respect to jobs for Canadians who hope to work there?

Senator Olson: Honourable senators, we hope and expect that this refinancing of Chrysler, and the massive investment involved in it, will turn the company in Canada, and even beyond Canada, into a viable operation. If that happens, those jobs could go on for a very long time. If it does not happen in the timeframe between now and when the investment is made, then the Government of Canada is not committed to that investment.

It seems to me that the honourable senator is asking for some precision on predictability of the viability of the automobile market, especially in North America and even more especially in Canada. If he wants to try to work that out beyond 1985 himself, perhaps he will realize that in asking for a firm, hard projection in terms of what condition the industry will be in at that time, he is being a little unfair. Well, he can ask for it anyway, but I just don't think anybody can give him an answer to that, except to say that it will be excellent, if the automobile industry has been revived and this is a part of it; on the other hand, if the industry drops off and the market becomes less than viable, then I suppose we will have to live with what we have.

Senator Doody: I have just one final supplementary, because obviously we are not going to get all that far with this. Would the honourable minister agree with me that we could say, in summation, that we will have our commitment of $150 million, perhaps $200 million, on the line up until 1985 and beyond, but the company's obligations will be contingent on the marketplace?

Senator Olson: Honourable senators, apart from the question of contingency, before that undertaking is made that investment has to take place, or at least it must be concurrent with it. So my honourable friend must accept that those are the terms and conditions. We are not underwriting or making any payment unless and until those investments that are very clearly laid out in the agreement are in fact made.

If he wants to go the next step and ask us to say, if I may repeat myself, what the automobile market may be like in 1986, 1988 or 1990, all I can say is that all those things that are foreseeable now are being done in ways that would have the Chrysler component of that total automobile-producing industry in good condition to meet and cope with the competition.

If that is not so, my honourable friend knows what the results will be.

Hon. G. I. Smith: Honourable senators, I followed with great interest the exchange between the Minister of State for Economic Development and Senator Doody. I may have come to the wrong conclusion from that exchange, but what the minister seems to be saying is that, if Chrysler is successful, the government investment will be recovered in terms of employment and general economic benefit to the country; if, however, Chrysler is not successful, the government will have lost its $150 million or $200 million, whatever the amount may be. I don't know that that is what he has said, but that is what it sounded like to me. Perhaps he could enlighten me.

Senator Olson: No, honourable senators, that is not what I said.

Senator Smith: Then perhaps you will enlighten me on what you did say.

Senator Olson: I can, if you want me to repeat again what I have already said.

Senator Smith: You don't need to repeat anything.

Senator Olson: I can do that, if you want, but it seems to me that anyone in this chamber ought to know that it is not exactly a precise science to predict the marketability of products four, five or six years down the road. My honourable friend who just asked the question ought to know about that.

Senator Smith: I know a great deal about that. That is why I find myself entirely confused by the exchange. I don't want to be too vigorous about this, although, having some experience in this matter, I could advise my honourable friend what he might expect to find. All I am asking now is whether the government is betting, to put it in the vernacular, its $200 million, or $150 million, upon the success of Chrysler, and will win, if Chrysler wins, but will lose, if Chrysler loses. That is all I am asking. I am not asking for any predictions. I am just asking what the conditions are.

Senator Olson: My honourable friend should realize that there are conditions attached to whether the guarantees will become operative at all. If they do become operative and Chrysler fails eight or ten years from now, I suppose problems will arise, although we may have some of those guarantees back before that happens. When there is a massive failure of a company as large as Chrysler—and there are many others of that magnitude in the country—it creates problems for our economy.

Senator Smith: The honourable gentleman is obviously reluctant to admit what now seems clear to me to be the truth, that they had, indeed, bet upon the success of Chrysler, and that, if Chrysler wins, the government wins and the public wins, but if Chrysler loses, the government loses the money it put up.

Senator Asselin: Say yes or no.

Senator Smith: There is nothing wrong with that. I am not quarrelling with it. I just want to know whether that is the situation. By failing to be frank in his answer about it, the Minister of State for Economic Development has simply made himself appear to wish to avoid giving the facts.

Senator Olson: Honourable senators, I do not think what I have said is at all unclear. It is perfectly clear to me.

Senator Smith: There are many things that seem to be clear to you which are not clear to anybody else.

Senator Olson: Well, that is their problem.

Senator Perrault: The heavy water plant is not clear to us.

Senator Smith: If you want to talk about that, I will tell you about it!

Senator Olson: I also have an obligation, however, to assist those who find things are not quite as clear to them as they ought to be.

You see, the honourable senator is trying to induce me to make a simple answer without adding any qualifications, but there are many qualifications contained in the agreement and in the press release, and so on. If the honourable senator wants to simplify the matter and leave out all of those qualifications, then, I am sorry, but a simple yes or no is not an accurate answer.

Senator Smith: I will not pursue this any longer except to say that the honourable gentleman, if he will not give a simple answer, must expect to find himself criticized in many ways, not only for that but for agreeing to a deal of this kind.

As for the honourable gentleman who mentioned the heavy water plant, I would dearly love to debate with him on that matter, but I don't suppose the house wants to listen to me explain why the federal government is responsible for losing a great deal of the money of the people of Canada and of Nova Scotia on that matter.

Senator Olson: In conclusion, I want to say that I think it is unfortunate that the honourable senator is trying now to have an oversimplification in the answer.

● (2050)

If there is anything I like it is directness and simplicity, but if that kind of reply does not in fact include the qualifications which make it an accurate answer, then, of course, I have an obligation to hold accuracy even higher than simplicity. I am sorry if my honourable friend does not like it, but that is the way it is.

Senator Smith: It is not a matter of what I like or do not like; it is a matter of whether it is a fair and proper way of dealing with the public of Canada and their tax money.

Hon. R. James Balfour: May I address a question to the Minister of State for Economic Development? In his delayed answer to my question with regard to the Chrysler loan, the minister said that it is not the intent of the government to penalize the company during its current difficulties. In the interest of simplicity, will the minister indicate the amount of the so-called penalty which the government agreed to defer and the precise terms of the government's commitment in this regard?

Senator Olson: I will take the question as notice. I will also fill in some of the other areas to which conditions are also attached and which are very important to the complete and accurate answer required by the question.

ENERGY

CONSTRUCTION OF VANCOUVER ISLAND PIPELINE—GOVERNMENT ASSISTANCE

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. The National Energy Program released last fall indicated that the government was setting aside up to $0.5 billion to support the construction of pipelines to the east coast and Vancouver Island. In response to various forms of questions on a couple of

occasions, the Leader of the Government in the Senate has affirmed the existence and the purpose of that fund. My understanding is that the Minister of Energy has now said that federal assistance for the construction of the Vancouver Island pipeline may not be forthcoming. Would the Leader of the Government in the Senate indicate whether this government intends to honour its commitment made just last October?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government has a long-standing reputation for keeping its promises.

Senator Asselin: In the election campaign only.

Senator Frith: Hang on, there is Senator Flynn.

Senator Perrault: I welcome the Leader of the Opposition this evening.

Honourable senators, there is no question that the government will not renege on its pledge to assist in natural gas pipeline construction. Of course, plans and proposals must be studied in order to determine the feasibility of any proposed pipeline, its route, whether it is in the public interest and whether it efficiently serves as many citizens as possible.

Senator Nurgitz: I have a supplementary question. The Minister of Energy, Mines and Resources today in the other place said that included in the negotiations to take place with the British Columbia government would be the matter of why they chose the option to have B.C. Hydro, rather than some other concern, build the pipeline. That very question might be behind why the funds were given or why they were not given. Would the Leader of the Government in the Senate confirm for us that this is one of the criteria for giving those funds?

Senator Perrault: Honourable senators, that consideration was encompassed in my previous response with regard to whether or not the proposed pipeline route and construction proposals are clearly in the public interest. I understand there are at least two entities interested in building that pipeline in British Columbia. One is Westcoast Transmission, which is owned in part by Petro-Canada and by B.C. Resources Investment Corporation. The other entity is B.C. Hydro. The proposal is under study.

Senator Nurgitz: I have one final supplementary question. Is the granting of the funds for the construction of the Vancouver Island pipeline conditional upon Westcoast Transmission obtaining that job? Is that the criteria by which they will or will not grant the funds?

Senator Perrault: Honourable senators, the question is under study. That portion of the senator's question will be taken as notice and further details will be provided.

FOREIGN AFFAIRS

SPAIN—ATTEMPTED COUP D'ÉTAT

Hon. Heath Macquarrie: Honourable senators, my question is appropriately directed to the Leader of the Government. Considering the very grave trials through which the Cortes of Spain passed yesterday and considering our satisfaction, which, I am sure, all of us must feel, that they have passed through this serious challenge, following the proper attitude and actions of the constitutional authorities there, will the Honourable Leader of the Government in the Senate find some way through consultations with the Department of External Affairs, possibly with the other house and with parliamentary associations, to convey to our parliamentary brothers in the Cortes our satisfaction that their parliamentary life has been properly resumed, and that they may do the kind of things that we are doing in this chamber and in other chambers in Canada from day to day.

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator's suggestions will certainly be conveyed to the Secretary of State for External Affairs. His proposal may have real merit.

INTERNATIONAL TRADE

BRITISH COLUMBIA COAL—GOVERNMENT POLICY

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. On February 11 the minister made a statement to this house with respect to the new deal on the sale of coal to Japan. After he had exhausted his burst of hyperbole in praise of the results of that deal, I asked him a very simple question, which is reported at page 1636 of *Hansard*, as to whether benefits which are expected to flow to the extractive industries as a result of the sale of this unprocessed resource would also flow to the manufacturing industry. The minister's reply was to the effect that not only would they sell coal, possibly through Ridley, but they would also sell potash and sulphur. He did not in any way indicate at that time that any of the manufactured products of the country would be made available.

Yesterday the Minister of Finance made a speech—and I hope the minister will listen very carefully because I am about to quote from it exactly—in which he said:

> —maximizing the resource-based growth opportunities available to Canadians does not simply mean more digging up, catching, cutting down or pumping out of our resources for export in unprocessed or initially processed form.

Having read that statement, and having considered the answer given to my question by the honourable minister, my question tonight is: Will the government be taking another look at the B.C. coal deal in the context of this newly articulated industrial strategy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the coal will be delivered in the form in which it will be used by the buyers. That is at a level of upgrading which can be reached within this country. My honourable friend should also realize that a great deal of industrial activity will be generated as a result of an investment of approximately $2.5 billion in the mines and the delivery system which will be used. This investment is important to our economy. I presume that my honourable friend will

agree with me that much of that equipment will be purchased throughout the country.

• (2100)

NEWFOUNDLAND

SEAL HUNT PROTEST ACTIVITIES

Hon. Jack Marshall: Honourable senators, I should like to ask a question of the Leader of the Government regarding the annual seal hunt which will take place within the next two or three weeks.

According to a newspaper report today, certain supposed conservationists are threatening to spray blue dye on thousands of seal pups to ruin their commercial value. In their hypocrisy, they are obviously not aware of the adverse effects which would come about as a result of that spraying.

Would the Leader of the Government advise what action the government is taking to stop this ridiculous intended action? If he does not have an answer now, would he investigate and report back to the Senate as soon as possible?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I appreciate the courtesy of the honourable senator in providing prior notice. Unfortunately, I do not as yet have a reply. Therefore, the question will be taken as notice.

Senator Marshall: As a supplementary to emphasize the seriousness of the situation, last year, when I posed a similar question, a report from the Department of Fisheries and Oceans indicated that certain types of spraying could be especially serious to the seal pup and, further, that certain dyes interfere with the mother seal's ability to identify her own young. It further advised that, depending on the extent of spraying, this could seriously compromise the seal's chances of survival.

Would the Leader of the Government request the Minister of Fisheries and Oceans to warn the three reported, hypocritical conservationists or, indeed, to apprehend them until the seal hunt is over? Alternatively, would he request that they be denied a permit to visit the seal hunt this year?

Senator Perrault: Inquiries will proceed with respect to the concern for seal pups expressed by the honourable senator.

ENERGY

VANCOUVER ISLAND PIPELINE—REFUSAL OF GOVERNMENT OF BRITISH COLUMBIA TO PERMIT INQUIRY

Hon. Jack Austin: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate concerning the announcement made a few days ago by the Government of the Province of British Columbia. This announcement relates to the extension of a natural gas pipeline from the mainland of British Columbia to Vancouver Island.

The Government of Canada has given some form of commitment to give assistance to a natural gas pipeline extension from the mainland of British Columbia to Vancouver Island.

Would the Leader of the Government tell us whether there is any undertaking presently extant to assist the gas pipeline to be constructed by B.C. Hydro, and whether the government is at all concerned by the decision of the Government of the Province of British Columbia not to permit an inquiry before the Public Utilities Commission of the Province of British Columbia, and not to allow Westcoast Transmission, one of the applicants, its opportunity to present the merits of its application?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the matter was referred to, in part, in an earlier question.

The government is interested in the decision of the Government of the Province of British Columbia. The proposal to have B.C. Hydro build the line is presently under study.

The question will be taken as notice and a fuller statement brought to the Senate.

GRAIN

ADJUSTMENT OF INITIAL PRICES—ANNOUNCEMENT BY MINISTER OF STATE FOR THE CANADIAN WHEAT BOARD

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board regarding grain prices and grain payments to farmers.

About four weeks ago the minister indicated the new initial adjusted prices and also that there would be an adjustment payment mailed to farmers. It is my understanding that none of the cheques has been mailed or, at least, received.

Would the minister indicate the reason for the delay and whether and when the farmers can expect to receive the payments?

Senator Smith: Not all of four pages.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, you cannot check here if you do not have an answer, and, if you have an answer, honourable senators are not satisfied. I have an answer and, I believe, it is an adequate answer.

Honourable senators, the question was raised in the other place and I believe both houses should have the information. If the other house does not have it, then we may as well have it here.

On January 9, 1981 it was announced that the final payment for the 1979-80 crop year, totalling over $730 million, would be made to prairie grain producers. This required a total of over one-third of a million cheques—some 336,000—to be mailed. Mailing of these cheques began on January 19 and was completed on February 6.

Senator Smith: Where is the Post Office?

Senator Argue: On January 28, 1981 an announcement was made that, effective February 2, 1981, an adjustment to the intitial price would be made and that an adjustment payment on Wheat Board delivery, made from August 1 to February 1 to the 1980-81 crop year totalling some $450 million, would be

made and the Canadian Wheat Board would begin mailing these cheques within the next few weeks. The Canadian Wheat Board has advised that these cheques will begin to be mailed in just over two weeks, on March 16.

When considering the length of time of approximately 30 working days required by the Canadian Wheat Board to make these adjustment payments, several factors must be considered. The grain companies, who are agents on behalf of the Canadian Wheat Board, were still buying grain from producers at the original initial price up to and including January 31, 1981. The grain companies then had a period of about two weeks—that is, until February 13, 1981—to report all purchases, adjustments and corrections to the Canadian Wheat Board. The Canadian Wheat Board continued to process the purchases, adjustments and corrections up to and including February 18, 1981.

The Canadian Wheat Board then requires a period of approximately three weeks for their auditing procedures. These procedures are usually completed after the normal daily routines have been completed and are done, basically, beyond normal working hours. At the end of this period the actual cheques will be printed and will be finished by March 10.

The cheques will be available from March 11 to 13 for any physical extractions. For instance, any cheques which have an out-of-country address are extracted and then arrangements are made for these cheques to be deposited to a banking institution, as authorized by the recipient.

The mailing of the cheques, to commence on March 16, 1981 at the rate of approximately 24,000 per day, will be completed by March 30, 1981.

The total cheques are in excess of one quarter of a million—some 262,000. The majority, almost 164,000 are for wheat; 59,000 are for feed barley; 34,000 are for Durum, and 5,000 are for designated barley (selected).

Given the magnitude of the task, the Canadian Wheat Board has processed this complete transaction in some 30 working days. I am informed that that is one working day less this year than the similar process took the previous year.

In the meantime, while the cheques are going into the mails, producers should realize that all of their monies in the hands of the Canadian Wheat Board are earning interest at the rate of some 17 per cent per annum.

CONSUMER AND CORPORATE AFFAIRS

ROYAL COMMISSION ON NEWSPAPERS

Hon. Robert Muir: I am sure all honourable senators are very interested in that comprehensive reply, since this subject is very important to the people involved. It was very good of the minister to relay that information, and I think it was a very good answer.

Along the same lines, could the minister advise this chamber, here and now, how much money has been spent by the Kent Commission up to 8.45 this evening? Could he also advise how many sittings that commission has had and where they were held? I know the minister has this up-to-date information in the back of his mind.

[Senator Argue.]

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): I shall take the question as notice and attempt to provide the honourable senator with as comprehensive a reply as I have given to the previous question. However, I do not understand why the question is directed to me, but I will do what I can.

Senator Muir: I would make the comment that I directed the question to the honourable minister because he has very kindly offered to reply. Unlike his seatmate, he does not become irritable; he does not become cantankerous; he does not bluster through his beard so that we cannot understand him; and he does not mumble into the microphone so that only *Hansard* reporters can understand what is being said and senators must wait to read *Hansard* to understand what was said and do not have a chance to respond immediately. The honourable minister who has just resumed his seat is to be commended for giving good replies.

• (2110)

ENERGY

NATIONAL ENERGY PROGRAM—CARRIED INTEREST EXEMPTION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked by Senator Roblin on January 28 regarding carried interest exemption and the National Energy Program.

The honourable senator had asked whether the government had any intentions of exempting certain areas in Canada Lands from the 25 per cent carried interest. The 25 per cent will not apply to fields which were in production prior to January 1, 1976, as is stated explicitly in Bill C-48, the Canada Oil and Gas Act. Hence, for example, it would not apply to the field at Norman Wells.

FEDERAL-PROVINCIAL RELATIONS

FISCAL ARRANGEMENTS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked by Senator Doody on December 9, 1980, concerning fiscal arrangements.

I am informed that the major components of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, are the Fiscal Equalization Program, the Tax Collection Agreements, and the Established Programs Financing Arrangements. These programs, in addition to the Canada Assistance Plan, will be reviewed by a recently established Parliamentary Task Force.

The current five-year fiscal arrangements period comes to an end on March 31, 1982. The existing arrangements will be reviewed with the provinces prior to that date.

UNEMPLOYMENT

COMPILATION OF STATISTICS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on December 9, 1980, in response to a question from Senator Smith, I undertook to bring a supplementary statement to the Senate concerning the measurement of unemployment and the continuing efforts which are made to ensure the accuracy of the statistics.

I have been advised that Canada's official estimates of employment and unemployment are derived from the Labour Force Survey conducted monthly by Statistics Canada. Since its inception in 1945, this survey has been subject to continuous evaluation and improvement. In fact, the measures of employment and unemployment currently in use are the product of an in-depth review which culminated in 1975 with the introduction of a substantially revised survey which was created expressly to service the stated requirements of federal, provincial and other data users. The fact that the equivalent survey in the United States is about to adopt a number of techniques developed for the Canadian Labour Force Survey testifies to the excellence of what has been achieved. The design of the survey was also commended in the assessment of Statistics Canada's methodologies completed last year by an international team of experts headed by Sir Claus Moser.

The Labour Force Survey's definition of unemployment is based primarily on the presence of active job search, and it should be noted that job search is very broadly measured. For example, anyone without a job who has looked at job advertisements in the newspaper at any time during the previous four weeks would usually be counted as unemployed. The current definition of unemployment has been shown to be conceptually and operationally sound, and it is consistent with standards prescribed by international agencies such as the United Nations. It is also comparable to practices in most western industrialized countries.

No single definition however, can provide a complete picture of employment and unemployment, and in order to enable a better understanding of Canada's labour markets, Statistics Canada publishes a wide range of information underlying the summary data. The agency also conducts a number of supplementary surveys focusing on movements into and out of the labour force. As a result, the statistics available to assess labour market conditions in Canada are extremely comprehensive and informative.

In summary, while no survey can yield measures of employment and unemployment with absolute precision, we can take satisfaction from the knowledge that Statistics Canada is a recognized world leader in designing and carrying out such surveys, and that the agency strives continuously to ensure the accuracy and relevance of its labour force statistics.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a response to some questions asked by Honourable Senators Molgat and Roblin on February 12, 1981, and other occasions recently, concerning the Garrison diversion project.

In response to the questions raised by the honourable senators, I wish to report that the Secretary of State for External Affairs did take the opportunity of his meeting with the U.S. Secretary of State, General Haig, to raise the subject of the Garrison diversion project. Dr. MacGuigan noted the previous commitment of the U.S. government to honour its obligations under the Boundary Waters Treaty and remarked on the past co-operation of U.S. administrations. The subject was raised in order to express the serious nature of Canadian concern; however, there was no detailed discussion, and no new assurances were either sought or given. As the Prime Minister stated in the House of Commons on January 21, and again on February 18, he will be discussing the Garrison project with President Reagan during his visit to Canada.

As the Honourable Senator Roblin pointed out, on January 21 to 23 Canadian scientific and technical experts visited the U.S. Water and Power Resources Services Engineering and Research Center in Denver, Colorado, to receive a briefing on the most recent U.S. technical design modifications to the Garrison project. It is not planned to issue reports as a result of this meeting. Its purpose was to ensure that upcoming bilateral consultations are based on a firm understanding of the technical issues involved. The information gained will form one component of an overall presentation of the Canadian position at these consultations.

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on February 12 concerning the East Coast Fisheries and Maritime Boundary Treaties.

The East Coast Fisheries and Maritime Boundary Treaties were signed March 29, 1979, in Washington by Secretary of State Vance and Canadian Ambassador Towe.

Secretary of State Haig assured the Secretary of State for External Affairs on January 30, 1981, in Washington that the new administration stood by the treaties and would continue to seek Senate consent to their ratification.

THE CONSTITUTION

AMENDMENTS PROPOSED BY WOMEN'S CONFERENCE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Asselin on February 17 concerning constitutional amendments proposed by the Women's Conference.

The Right Honourable the Prime Minister stated in the other place that the amendments proposed "are probably very sensitive and worthwhile additions", and that if they are moved in the house the government will "see if they are an improvement to the resolution or not" and will make its judgment in consequence.

There are two further points that may be of interest to the honourable senator. The first is a quotation from Doris Anderson regarding the amendments made to section 15:

> I think the government's come a very long way toward meeting the concerns of Canadians, especially women.

Hon. Martial Asselin: You should have quoted her when she spoke about a statement by the Minister of Justice.

Senator Perrault: The second point is that the Progressive Conservative Party, which professes such interest in women's issues, voted against all but two of the amendments proposed by the Women's Conference when they were advanced before the Constitution Committee.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Guay on February 18 last concerning the Garrison Dam project.

Canadian scientific and technical experts met with their American counterparts at the Water and Power Resources Service Engineering and Research Center in Colorado from January 21 to 23.

The meeting was of a technical nature in order to provide us with data for upcoming meetings with the Americans. The Americans showed us some technical innovations, but these did not fully meet our concerns. We thus remain with our previous position that we want an ironclad guarantee that there will be no interbasin transfer of biota.

As for the second part of the honourable senator's question, the Right Honourable the Prime Minister has stated he intends to raise the matter with President Reagan when he visits Canada in March.

REGIONAL ECONOMIC EXPANSION

ATLANTIC PROVINCES—PRODUCTION OF IRISH MOSS

Question No. 12 on the Order Paper—**By Hon. Heath Macquarrie:**

> 1. What was (a) the total volume, and (b) the total value of Irish moss landings in each of the Atlantic provinces for the last ten fiscal years?
>
> 2. What assistance has the Government of Canada rendered towards the establishment of a carageen extraction plant in Prince Edward Island?
>
> 3. In what countries from 1969 to 1979 has Irish moss from Atlantic Canada been processed?
>
> 4. What was the value of such product?
>
> 5. What groups or individuals have requested Canadian government assistance in the construction of a carageen extraction plant in the Atlantic provinces?

Reply by the President of the Privy Council:

[Senator Perrault.]

I am informed by the Department of Regional Economic Expansion and Statistics Canada as follows:

> 1. This information is confidential, since it identifies individual respondents.
>
> 2. On June 23, 1980, DREE announced that Island Resources Ltd. of Tignish, Prince Edward Island had accepted an RDIA offer of $195,333 towards the construction of a carageen plant on P.E.I.
>
> 3. This information is not available, since data on country of processing is not collected.
>
> 4. This information is confidential, since it identifies individual respondents.
>
> 5. Applications for incentives under the Regional Development Incentives Program, and related documentation, contain commercially confidential information related to business investment decisions. It is for this reason that the Department does not make public the fact that an application has been received, or the details of that application until an offer of incentive assistance has been accepted.
>
> See reply to part 2 regarding accepted offer.

BUSINESS OF THE SENATE

THE CONSTITUTION—MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—PROPOSAL THAT RESUMPTION OF DEBATE BE FIRST ORDER OF THE DAY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before we proceed with Orders of the Day I should like to say that we on this side have had discussions with the Leader of the Opposition regarding the method by which we should deal with the Address on the Constitution resolution. One of the matters we discussed is the possibility of this being the first item on the Orders of the Day each day. Senator Roblin has told me that he feels it is a government matter and, therefore, that it can take whatever position the government wishes it to take on the Orders of the Day.

• (2120)

Rule 21 sets out the sequence for there is a set Orders of the Day, and requires third readings of bills to come first. I suggest we make it an order of the Senate that the debate on the Address respecting the Constitution be the first item on the Orders of the Day each day until the matter is disposed of. We can then deal with this important matter subject to that priority. I showed Senator Roblin a wording that would so provide and, therefore, I move:

> That it be ordered that notwithstanding rule 21 the Order of the Day to resume the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith, that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada, be the first Order of the Day until the motion is finally disposed of.

I should say that there may be occasions, of course, when we will want to change that for special reasons, but it seems that we have agreed that the resumption of the debate on the Address respecting the Constitution be the first Order of the Day until it is disposed of.

Hon. Henry D. Hicks: Honourable senators, I am a little unhappy about the motion, because this debate will go on at great length, whereas the third reading of a bill is normally a quick and speedy matter. Personally, I happen to be interested in Bill S-17, the Income Tax Conventions bill. There are interests in Canada that are concerned in getting that bill passed and I would hope that it would not have to wait day after day for a long debate on the constitutional issue. I cannot see why the third readings of bills might not be first. They rarely involve debate for more than a few minutes.

Senator Frith: Honourable senators, as I have said, there could always be an exception. I am suggesting that we proceed in the manner I have suggested with regard to this resolution, and if there is an occasion when someone wishes the third reading of a bill to come first, I am sure that, with leave, we can agree that that be so.

Hon. G. I. Smith: Honourable senators, I do not wish to make any objection, but I note that the first Order of the Day for this date is a third reading that stands in my name, and I would be happy, with the consent of the house, to postpone it for this day. That might give all concerned an opportunity to think about the general proposition, and expedite the debate tonight.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like an opportunity to consider this matter overnight. The honourable senator has correctly quoted the substance of what I said to him. It is my opinion that the government controls Orders of the Day, once government orders have been reached, and can call them in the order they prefer. I hope that opinion is correct, but I would like an opportunity to verify it before proceeding further.

PRIVATE BILL

ROYAL CANADIAN LEGION—THIRD READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator McIlraith, P.C., for the third reading of the Bill S-15, intituled: "An Act respecting The Royal Canadian Legion".—(*Honourable Senator Smith*).

Hon. G. I. Smith: Honourable senators, in line with what I said a moment ago, I am quite prepared, indeed, I desire, to postpone this order until after the adjournment of today's debate on the Constitution. If it is not too late, I will then ask permission to speak on third reading of Bill S-15.

Order stands.

• (2130)

[*Translation*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from Thursday, February 19, the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Arthur Tremblay: Honourable senators, do we all have enough courage to tackle this question so late this evening? I hope that the vitality which was obvious in the exchanges since the opening of the sitting will be of great assistance and help you listen to the statement I am about to make and which may be rather lengthy. In any event if everyone agrees I might simply stop around ten o'clock or 10.15 and continue tomorrow. In any case I imagine you will not hold it against me if I spare you a rhetorical introduction to the comments I intend to make. Let us get directly to the point.

My comments on the proposed resolution before us will focus on four themes. The first theme, the work of the committee which improved the resolution, but in fact it has remained essentially as it was in October. The second theme, the arguments of the government and the opposing views. Third, I will dwell on the growing opposition since October 2 and the emergence of new deadlocks. Finally, to break those deadlocks, I will recall the alternative proposals made to the committee by the Progressive Conservative Party. I will conclude by describing the choice we have to make between two concepts of the federation and its future.

As regards the first theme, during and after the work of the joint committee what happened to the resolution of October 2 which we referred to it for study last fall?

To what extent has it been changed more or less by the amendments made to it?

According to its report the committee finally adopted 67 amendments altogether: 58 of the 58 proposed by the government, 7 of the 22 moved by the Progressive Conservative Party, and 2 of the 42 from the New Democratic Party.

On which part of the resolution did most of the amendments bear?

Setting aside 10-odd strictly technical amendments, the remaining 57 basic amendments are divided as follows among the various parts of the resolution: the Charter of Rights, 35 amendments: equalization and natural resources, respectively 1 and 2 amendments; the constitutional conference, 2; the amendment procedures, 14; the general provisions, the last part of the resolution, only one amendment; and the schedule to the Constitution Act, 1981, 2 amendments.

I think these statistics are revealing, showing as they do that most of the amendments had to do with the Charter of Rights and the amendment procedures. I think that such concentration does not reflect only what I would call openness or accommodation on the part of the government with regard to

the various amendments possible. At the same time they reveal, perhaps by coincidence, what was expressed in committee. They reveal the interest shown by the witnesses who appeared before the committee.

There is no need to say that these basic amendments did not have equal significance. There is no need to say either that different value judgments can be made on their more or less substantial character.

In that respect I have no intention of analyzing the amendments related to the Charter of Rights, or other fundamental constitutional changes.

In all fairness, it should be noted in passing that the Charter of Rights came out of committee much better than it was when it went in. Also, the inclusion in the Constitution of the equalization principle and of provisions on natural resources are important and valid constitutional amendments.

Since we proposed in committee that such changes be part of the normal post-patriation constitutional amendment process, we should not at this stage discuss the basic quality of the proposals contained in the government's package.

Rather, I will consider the changes made to the amending procedures.

Are we in fact dealing with substantive amendments?

The following changes to parts four and five dealing with procedures seem to me to be of some significance.

Under section 38, for example, which became section 42, seven instead of eight provinces can get together to submit their own proposal in view of a referendum to decide between the federal and the provincial formulae. However, the combined population of these provinces must still make up at least eighty per cent of the total population.

As for the federal formula, the Victoria formula presumably, the two maritime provinces which could veto a proposed amendment, do not have to represent 50 per cent of the total population of the area, however this requirement remains in effect for the western provinces.

As for the referendum, both in the interim period and for the permanent procedure, a Referendum Rules Commission was proposed in amendment. The provinces will be represented collectively on that Commission by one person out of three appointed on the recommendation of the governments of the majority of the provinces. The suggestions made by the Commission on the rules applicable to the holding of a referendum are not final however. The final decision will rest with Parliament which will continue to legislate on the holding of a referendum.

A period of reflection of one year, a cooling-off period as it is called, is provided for referendums used as deadlock-breaking mechanisms, between the time Parliament passes a resolution authorizing an amendment to the Constitution of Canada and the time the Governor in Council authorizes by proclamation that a referendum be held.

[Senator Tremblay.]

A new amending formula was added to the one provided for in the proposal to allow a province, with the consent of Parliament, to apply all or part of the official languages provisions. Incidentally this is a proposal we made but which the government adapted to its own views. Our proposal required only the decision of the province, whereas the amendment also requires Parliament's consent before a province is free to "opt-in". The way in which the amendment was formulated has changed what we considered a pure and simple freedom for the provinces to join in into a sort of controlled and limited freedom.

Curiously enough, and perhaps with a bit of procedural humour, if such a thing is possible, it is because of the previous amendment that the Senate was spared, since it is to section 44 of the initial proposal that the previous amendment was moved by the Minister of Justice. After the new section 44 was passed, it only remained to say, and the minister did so with a smile, that the previous section 44 concerning the Senate had been deleted automatically. There was therefore no positive gesture of salvation of the Senate, but rather a saving omission.

In my opinion, these are the only significant changes made to the proposal. For my part, I do not consider that they change its substance.

All things considered, the February 13 version of the government proposal is essentially similar to the October 2 version.

The substance of the government proposal remains the same. The proposal is unchanged in several respects. It is still exclusively a proposal of the Canadian Parliament. It still includes radical substantive changes to the Constitution, from the Charter of Rights to the amendment to the British North America Act of 1867 relating to natural resources; the rule of unanimity as a temporary amendment formula is also there, and so is the Victoria formula as a permanent amending formula prepared by the government to amend the Constitution. The proposal still provides for a referendum to break any deadlock on the selection of a permanent amending formula. Finally, the referendum has been retained as a permanent mechanism to amend the Constitution in the future. All in all, the government proposal remains essentially the same in its more questionable aspects.

Since the government proposal has remained the same for all practical purposes, no one should be surprised that the arguments invoked in support of it have not changed so much, no more, I must admit, than the arguments against it. In this regard, both proponents and opponents of the resolution are in the same boat as we have had to repeat ourselves more often than not these last few months, and I think that my contribution this evening does not escape this common fate. In any event, I have tried to bring down to seven the major arguments for and against the government proposal. However, I do not claim to have done justice to all of them. In fact, I have mentioned them only as a reminder, since the rest of the debate will probably provide us with the opportunity to look

fully into them and put them in their proper perspective. In fact, in view of the late hour, I am not certain that I shall review them all.

However, I want to say a few words about the first one.

The first argument would read something like this: We now have a constitutional amending procedure which does not require the unanimous consent of the provinces, but only the vote of a simple majority of the members of both houses of the Canadian Parliament. The Canadian Parliament should not retain this unlimited power to amend by itself the Constitution of Canada.

I quite agree that the Canadian Parliament should not retain the unlimited authority to amend the Constitution of Canada on its own, if however such an authority does exist—

It may be that in strictly legal terms Parliament is invested with such an authority. There is some uncertainty, however, as indicated in the judgment of the Manitoba Appeal Court.

The situation is far from clear when one analyses its legal aspects as was done last fall by Senator Flynn, well before the Kershaw report endorsed his theory. According to him, since 1931 and 1949, the British Parliament is the guardian in trust of the Canadian federative system.

But let us leave it to the courts to finally settle the matter, which is strictly legal.

Let us keep in mind, however, that for the past 50 years, the federal Parliament has always ensured that a constitutional amendment relating to jurisdictional matters be previously subject to provincial assent before going through the required formal and legal procedure with the Parliament in Westminster.

A second argument deals with the half-century of attempts to agree on an amending formula. One half-century of useless attempts. It is time to act and to break the deadlock. That is called the "deadlock-breaking mechanism" concept.

Senator Flynn: That hang-up!

Senator Tremblay: This, I suggest, is an obvious case of rebuilding the past from one's perception of the present. A very conventional approach indeed with which a great historian, Professor Marrow, deals at length in his book entitled "*On Historical Knowledge.*"

It is indeed an historical make-up from a reading of the past designed to illustrate one theory, that of the multiple deadlocks, to justify the action one has decided to take, and which is mainly based on a new concept of federal relations in Canada, the "deadlock-breaking mechanism" concept, to use the author's own words.

Canadians are well aware that the constitutional history of Canada is not limited to such a simplistic and biased reading.

Third point: The deadlock is ascribed to the provinces which have no sense of the national interests but solely of their own interests. The national Parliament alone and not a community of communities as a league of provinces can look after, examine, negotiate and secure Canadian interests.

My answer to that point is simple: This is an anti-federal and fundamentally centralist argument. In short, in a federation the national interests are defined on a power-sharing basis. I will only quote two examples: education, for instance, is assigned to the provinces under our Constitution. Is education not a matter of national interest? This is not the reason why it was left with the provinces. The assignment of education was consistent with the Canadian reality which required that the provinces themselves be responsible for such a nationwide problem. Moreover, throughout the years they have made sure that the required co-ordination exists at the national level to solve the national aspects of the educational problem. The provinces eventually came up with the Board of the Ministers of Education which has now been operating for almost 20 years.

The question of civil rights is another example. And this is the example used for the so-called checkerboard, a pattern of Common Law and Civil Code which originally were clearly seen as coming under the jurisdiction of the provinces, more specifically to coincide with the reality of the Canadian fabric.

In short, the sharing of jurisdictions means that national interests are best served by assigning legislative authority to the provinces in certain matters. They are also best served in other matters when that jurisdiction belongs to the central Parliament.

Consequently, it would seem wrong, to say the least, were the national Parliament to be the only authority to be involved in the national interests of the Canadian people within a federal system. The two levels of government are responsible for those nationwide interests.

A fourth argument deals with the Charter of Rights and freedoms. Canadians as a whole want a Charter of Rights and freedoms. The only way to get it is to include it in the patriation package. Otherwise, we will never get it, because the provinces do not want it.

Let us forget how odious the provinces must find such an argument, where federal officials state bluntly that it is indeed justified to call on Westminster, in order to overcome the provinces' opposition to such an important document which will affect them very deeply.

But, on top of everything, I suggest that we should not speak as though there were no Bill of Rights now in Canada. As a matter of fact, each level of government has one. On the federal level, we have the Diefenbaker Bill of Rights, and on the provincial level, we have in each and every province a more or less elaborate one. These charters however, are ordinary laws enacted by legislature.

The idea here is to move up from parliamentary charters to a "Constitutional Charter".

We agree in principle on the need for such a movement. But the Constitutional Charter should not repeal the others. On the contrary, it should harmonize them. What will happen to the existing charters, both federal and provincial once the proposed charter is finally adopted by the British Parliament in London? Will the preamble, for instance, aid the enjoyment of property which can be found in Mr. Diefenbaker's Bill of Rights and which has been rejected by the Committee, disappear from the federal statutes? Will the federal and provincial

governments take the necessary steps to adjust their respective charters in line with the charter imported from London? It is quite clear that the federal and provincial governments will find it appropriate to wait until the courts have passed judgment on specific cases to decide what they are to retain or eliminate from their respective charters, taking into account the existence of a constitutional charter.

All things considered, however, it seems to me that the most critical question we have to ask ourselves is this: setting aside all demagogy, is it preferable in the very interest of those whose rights and freedoms we would guarantee and protect in the fields of jurisdiction of both the federal government and its provincial counterparts; is it preferable to impose now, unilaterally, a constitutional Charter of Rights and Freedoms without prior approval between the two levels of government; is it preferable to impose now and unilaterally the Charter of Rights and Freedoms drawn up in committee under the working conditions we know? I am not underestimating the quality of the efforts our committee made to improve the proposed charter in the light of the testimony it heard.

But, if life and experience have taught us anything, I am sure it is that maturity and growth cannot be forced upon either men or any living things. One does not make a tree grow faster by tugging at its branches. The principle of its growth is found in its roots.

● (2140)

The same can be said about real and effective protection of rights and freedoms. It has its roots in living communities. Of course, it must blossom out in a constitutional charter. However, if we pull at it too quickly and too hard through the Constitution, we take the risks of uprooting it. In view of these major risks, I do not for my part see anything tragic in reestablishing in the normal growth process of our federation the development and application of a constitutional Charter of Rights and Freedoms based on the roots it already has at both levels of governments, in the 11 existing parliamentary charters.

A fifth argument which has been repeated very often, I believe, is that the important thing is not the process itself, but the substance of the proposal.

This argument is more than specious. In a federative system defined by a sharing of jurisdiction and powers by both levels of government and by the relationships between these two levels, the process is the substance of the system itself.

In fact, this is always true in a democratic system if not in other systems. Is the democratic choice of those who exercise power on behalf of the people and for the people anything else than a process? Yet, the substance is not to be found in the democratic election of political leaders, but rather in the contents of parliamentary legislation. Should we then say that elections are not important in a democratic system because the substance is the legislation? In certain areas, substance and process become one.

A sixth argument is that the present proposal does not provide for any change in the distribution of powers. This is so obvious that I shall forego any detailed explanation, even a brief one. However, I do not want to skip a seventh argument.

This is only a beginning, a good beginning! Afterwards, we shall undertake a true renewal of the Constitution. No one would have wished Parliament to act unilaterally. Circumstances have brought this about. It is only a bad time to go through, and afterwards everything will return to normal in order and harmony.

Obviously, this appeasing argument has been inspired by the increasing opposition to the government proposal in the last few months. The government was a bit more confident in early October when it believed that the opposition of the provinces would melt away! In fact, this argument reminds me of the divorce and remarriage argument which was served under various forms to oppose sovereignty association during the referendum campaign. I suggest to Mr. Chrétien and the other Quebec members of Parliament that they should read their own statements on this theme. They are as valid *mutatis mutandis* in the present situation. The divorce between the federal government and the provinces could not be more obvious. Remarriage in happy harmony after implementation of the government proposal will not be any easier than remarriage of the association would have been after the divorce of the Quebec sovereignty.

On reflection, I wonder if most of the arguments that we gave Quebecers to oppose sovereignty association and support federalism during the referendum campaign cannot be transported nearly theme for theme to support federalism and oppose the present government proposal.

Such are, roughly summarized, the main arguments in support of the government proposals and the replies, also roughly summarized, I admit, that we can give to these arguments.

In any case, all these arguments for and against the proposal must not make us forget a very important phenomenon which has occurred since the fall and which, I hope, is certainly not irrelevant to the argumentation itself, but which has transcended the committee and the parliamentary circle to involve the outside world. I referred to this phenomenon earlier when I spoke about increasing opposition and the emergence of new deadlocks.

It is now past 10 o'clock, and I maintain my previous offer, honourable senators, unless you have the necessary stamina. I am just about half way through. I warn you, honourable senators, that you will have to be patient.

Let us look at the opposition which has built up since October and the emergence of new deadlocks. I do not intend to try to determine whether or not there was any true deadlock at the September conference.

We have two official versions in that respect—one by the Prime Minister of Canada, the other by the chairman of the provincial premiers conference. What is of significance for the subsequent events is that the Prime Minister concluded that there was indeed a deadlock and decided to act the way he did. The interesting point is that his decision and the ensuing

proposal then became the starting point of a series of reactions, the scope and consistency of which the Prime Minister himself may not have envisaged.

Having dramatized, in order to create a deadlock, the difficulties normally encountered in a conference such as the one held in September, considering the circumstances, having dramatized the September deadlock to make it the consequence of all previous failures, each confirming the others, he chose to proceed in such a way that he himself created and produced new deadlocks: first, a deadlock as between the national government and the Canadian community, reflecting rising opposition to the proposal from October 2nd onwards. And second, a deadlock, still latent but quite possible between the Canadian Parliament and Westminster.

The rising opposition is so obvious that I need not dwell on it. Let me say a few words however on the possible deadlock between the Canadian and British Parliaments. Maybe in this case "dilemma" would be a better term than "deadlock". The question is not whether the British Parliament should or should not rubber-stamp a request from the Canadian Parliament to amend the Constitution. The fact is that the Canadian Parliament has not done that over these last 50 years without first securing provincial agreement, where the relevant amendment implied a sharing of jurisdiction.

What is unheard of in the government proposal is that they want to ask Westminster to rubberstamp the proposal despite the substantial changes it would introduce into the Canadian federal system.

It is such an unusual scheme that the British Parliament has some reservations about it. For the moment, they are only pondering. Let us hope that the Canadian government will not change their reluctance into true dilemma or deadlock.

Fourth and last, how can we break out of those deadlocks we have created over the last few months? One way out has been to propose amendments in committee. We have tried to suggest a legitimate and positive alternative to the government's proposal which would retain the basic objectives, but discard unacceptable elements involving both the process and the substance. The project embodies three basic objectives. First, to patriate the Canadian Constitution. Second, to allow the Canadian federation to amend its Constitution. Third, to entrench a Charter of Rights and Freedoms, and various major changes into the Constitution.

As far as those objectives are concerned, at no time have we questioned their real value. We have recognized them as valuable and necessary. But right from the beginning, we have objected to the procedure the government intends to follow to reach its goal, as most Canadian provinces representing a majority of the Canadian people and a great number of Canadians have expressed their disapproval.

As I said earlier, they cannot say that the process is not an important matter in this case. To the contrary, the approach and process are important when they substantially alter and affect the basis and very nature of our federal system.

A few days ago, Mr. Chrétien said that nobody, including himself I suppose, understood our proposal, but it all seems to me very simple.

• (2150)

Our proposal asks London to do what it should do. But nothing more. We are not asking London to make on our behalf substantive changes to our Constitution which should be made in Canada through the amending formula agreed to between the two levels of government.

We are asking London to do only three things. First, to repeal section 7(1) of the Statute of Westminster. That is decolonization, the removal of the last colonial link binding Canada to Great Britain, the patriation of the Constitution.

Second, to entrench as a temporary amending formula the rule under which amendments to the Constitution affecting power sharing and especially the jurisdictions, the rights and privileges of the provinces could only be made with the consent of Parliament and all provincial legislatures: it is the rule of unanimity.

Third, to define and legalize the process through which the Canadian federation will give itself, after patriation, an amending formula in keeping with the federative character of our country.

That is the gist of our proposal. On the first two points, there is no difference between the government's proposal and ours: they both repeal section 7(1) of the Statute of Westminster, and they both maintain on a temporary basis the rule of unanimity as the amending formula.

It is in connection with the third point that they show major differences, while nevertheless showing some similarities.

What are those differences, and what are those similarities?

Such are the questions on which the Minister of Justice has been requesting further information, for he claims he is unable to understand our approach.

Let us ignore the amending formulas provided for under sections 47, 51, 52, 54 which do not cause any difficulties.

What is there that remains in the government's project concerning the search for and the development of permanent amending formulas which would finally replace the rule of unanimity?

First, there is the fact, and it is essential, that the proposed resolution provides not only for one but two permanent amending formulas. The first is the one contained in section 46. According to this formula, in case of a deadlock between the federal government and the provinces over a proposed amendment, Parliament will be in a position to get its own proposal approved by way of a unilateral referendum even against the wishes of the provinces. With regard to this formula we have expressed our unequivocal disagreement. Section 46 and all that goes with it should simply be deleted from the proposed resolution. We categorically reject this type of amending formula for the reasons that we have often stated.

This being said, let us now deal with the process through which it is proposed to come to an allegedly more normal and

less exceptional formula. The government proposal is quite complex in that respect. It places us at least before the following possibilities. Firstly, there could be some kind of formula the content of which could be quite unusual provided it has been unanimously agreed to over the two year period following the enactment of the Constitution Act, 1981.

Secondly, it could be the formula contained in section 45, namely the Victoria formula such as it stands or amended if the provinces do not come up with a substitute formula during that two year period. In passing, let us underline that the Victoria formula of October 2 has been amended in committee. It could again be amended as was clearly indicated by the minister.

We are not therefore dealing with a finished product. In that regard the Victoria formula rates on the same basis as the Vancouver formula.

Thirdly, if the provinces do offer a substitute formula in the two following years, that is to say at the latest some four years after the enactment of the legislation, a referendum would be used to choose between the federally sponsored or provincially sponsored formula. Six months later the Governor General would proclaim the formula chosen by the people.

That is how, honourable senators, and within which time frame, the Canadian federation will finally give itself a permanent and normal amending formula according to the proposal of the government. Shall we all agree to it? Is the procedure simple, clear, specific? All things considered, supposing the government proposal runs its course and the British Parliament sends us our Constitution sometime during 1981, this year, we would finally have an amending formula in the year of grace 1986 or thereabout! Until then, we would live under the unanimity system.

In relation to the government proposal, how did ours compare, which was submitted to the committee where it was turned down without real discussion or dialogue because of the constraints in time and procedure within which the committee found itself constantly bound?

● (2200)

Let us remember that we first proposed that the charter be rerouted through the standard Canadian federal procedures, that it might be adopted jointly by both levels of government through the use of the amending formula agreed upon by those same levels of government. That motion was defeated in committee.

. We also proposed to substitute the Vancouver formula for the Victoria formula. The motion was defeated.

We finally proposed to delete section 42 from the initial proposal, which became section 46 in this proposal. The motion was defeated.

According to the established procedure, all the conclusions had been drawn as far as the Constitution Act, 1981 was concerned. Within the committee, the substance of that fundamental legislation could no longer be changed, and it would come out of the committee without any other change.

[Senator Tremblay.]

How could we have all our proposals reinserted so that the essential of our approach be respected, even on the assumption that the whole government resolution would end up at Westminster?

Only one way remained open: to split the process itself into two stages and carry out the operation from the British legislation itself: on the one hand by distinguishing between the coming into force of the British act and the coming into force of the Constitution Act, 1981, something which the government resolution does in some way; on the other hand, by including in the British act, and therefore making them the law in Canada, the conditions under which the provisions of the Constitution Act, 1981, will come into force.

In so doing, our amendment to the British act had those exact results:

First, it deferred all substantial changes to the Constitution that remained in the Constitution Act, 1981, until an amending formula was agreed to.

Second, it provided that such changes would be brought about through that amending formula.

Third, the search for an amending formula had a one year time limit after which the matter would have to be settled.

Fourth, it stated that the consensus to be reached on an amending formula should always be approved by the federal government, but that a decreasing number of provinces, could be involved, from all of them to a majority of seven representing a majority of the Canadian population, which amounts to the majority required in the Vancouver formula.

Fifth, supposing that at the end of the year, the first ministers conference would fail, either because of the federal position or because of the provincial stand, to agree on an amending formula, with respect to the minimum consensus required, then our proposal would come to this conclusion: the state of the country, the state of intergovernmental relationships and reflections have not reached the level of maturity required to have a viable and acceptable formula. Therefore, the proposal provided for a return to the unanimity rule, rather than for having a referendum.

That is the overall alternative which we submitted to the committee, and which was rejected by a majority vote. Is it that difficult to understand?

For the minister to tell us that he does not agree with that approach, I can understand that. But for him to state that it is not understood by anyone, including himself, I can hardly understand it. I am convinced, on the contrary, that he did understand it very well. He understood very well that it went to the heart of the matter, that it was a true alternative to the government proposal, and that it would pass all Canadian stages and would go before the Parliament of Westminster.

Surely Mr. Chrétien has understood that our amendment to the British bill brings back to Canada all the effective and real decision-making processes related to the fundamental changes to the Canadian Constitution.

Surely he has understood that the amending formula we need for the future ought to be the object of consensus in Canada between the two levels of government without any recourse to the referendum.

Surely he has understood that between recourse to the referendum in case of a deadlock and a return to unanimity we would much rather have unanimity because it is a lesser evil than a referendum where the people would have to decide between two levels of government, a referendum which would force Canadians to choose between two equally legitimate allegiances in a context where, by definition, they would be pitted one against the other.

Fifth, surely he has understood that the stages provided for in our proposals—first try to secure unanimity, then accept a majority of eight provinces representing 80 per cent of the population, and finally go with a majority of seven provinces including 50 per cent of the population—would gradually do away with the veto of the most densely populated provinces.

Sixth, surely he has understood that the impending possibility of a progressive disappearance of the veto of certain provinces would improve the chances of achieving the required majority among the provinces under the Vancouver formula.

Finally, surely he has understood that in a way our formula was forcing the federal government to be the only one to object to the Vancouver formula and that if we were forced to seek unanimity it would be because of the federal veto, not that of the provinces.

In short, Mr. Chrétien has understood everything. He has understood very well that our proposal amounts to a genuine and authentic alternative to the government's resolution.

In the first place our proposal gives the central government itself the possibility of breaking out of the deadlocks in which its unilateral action and its own marginal transactions have trapped it.

Secondly, our proposal enables the provincial governments to break the deadlock where they also ended up by negotiating patriation with substantive changes to the Canadian Constitution.

Thirdly, our proposal enables the Canadian people to reconcile their legitimate allegiances to both orders of government without having to resort to the phoney and hazardous arbitration of a referendum.

Finally, our proposal saves everyone in Canada the humiliation of making a foreign government the arbitrator of our proceedings and internal conflicts.

The other day, Senator Austin pointed out that we had experienced a historic moment. I readily agree that the proposal before is of historic importance in the evolution of the Canadian federation and that it will change the course of that evolution if it is ever implemented.

I am concerned, however, about the direction in which he will guide it if it is finally adopted by the Canadian Parliament and if it comes back from London without any major amendments.

It is not enough to change the course of history. One has yet to know in which direction the change will be brought about before rejoicing and hoisting the flags.

In this case, what is proposed to us is certainly nothing to make a song and dance about. On the contrary, the project before us would rather call for a black milestone to mark the turn the Canadian federation would take with this government project.

The Minister of Justice stated repeatedly that after the projected operation, things would not be the same again.

Of course, they will not be the same. We will no longer be in a federal system with two levels of government being equal. Originally, 114 years ago, equality might not have existed in strict legal terms, but an equality was set up in fact, in the light of laboriously acquired experience, with the economic, social and cultural changes which have taken place in the Canadian context. On the contrary, ours will be a system in which one level of government will clearly dominate the other, a system in which the Canadian Parliament will dominate the provincial legislatures, a system which will be established and hallowed once and for all in all respects, notwithstanding the sharing of jurisdictions and sovereignty equal on both sides, according to these jurisdictions, which are the essential characteristics of a true federal system.

• (2210)

That is the heart of the problem, the option the Canadian federation always has had to face from the beginning, and which the government project forces us to face more crucially than ever before. Either the federal will dominate the provinces; or the provinces will dominate the federal government; or there will be a balance between the two levels of government.

Some people are all for the absolute dominance of the federal government over the provinces; others intend more or less consciously, more or less openly, to establish the supremacy of the provinces over the federal. As far as I am concerned, I advocate a balance between the two levels of government.

"The total is greater than the sum of its parts," we are told, and that is what is used to justify the preponderence of the federal government over the provinces.

We hear this fallacy repeated so often that a brief word about it is in order to show how false it actually is.

I am almost through. Please be patient.

Senator Frith: We are listening, not only patiently but with great interest.

Senator Tremblay: Thank you for such courtesy, my dear colleague.

Of course the total is greater than the sum of its parts. That is a truism.

But that has nothing to do with the kind of totality involved in a federation.

Where is the "total" in a federation, and where are the "parts"?

The "federative total" is found neither in the central government or institutions nor in the decentralized legislatures or institutions. The "federative total" is found in the federation

itself of which the centralized as well as the decentralized institutions are parts.

Therefore if we opposed the centralized and the decentralized authorities, as I intended to do last week, we are opposing the parts as distinct from the "total" of the federation in which they are combined and of which they form an integral part.

Consequently if more importance is given to the federal than to the provinces, this is not to say that more importance is given to the "federative total" but rather to one part over another.

This truism is self-evident if one considers the formula of the "total greater than the sum of its parts" in a federative context.

It is also a truism to define the federative problem as being one of opposition between a strong central government and weak provinces or of a weak central government and strong provinces.

It is not the provinces that should be stronger than the federal government or vice versa, but rather the federation itself which should be stronger than either one. The antidote to separatism is to be found in the overwhelming force, lying not with the federal government nor with the provinces but with the federation, in the reconciliation of the jurisdictions, the federal and the provincial.

The force of the "federated whole" lies not in the forces of the jurisdictions pitted one against the other, but in the will of all, both federal and provincial, to recognize themselves as components of the whole and to act accordingly.

The proposal now before us institutes the absolute preponderance of the federal jurisdiction over the provincial jurisdictions. This is where it is fundamentally unacceptable because it destroys the concept of the "federated whole".

Such is the background before which this debate is set and which reveals its true significance.

We have to choose between two concepts of the Canadian federation and its future, two concepts advocated by two Canadian Prime Ministers—the Prime Minister now in office, the Right Honourable Pierre Elliott Trudeau, and the Prime Minister who preceded and will succeed him, the Right Honourable Joe Clark. And between two styles of federal-provincial relationship, two ways of defining the federal role within the Canadian whole.

We have to decide whether we shall preserve the Canadian federation's authentically federative character or whether we shall set it on the course of an increasingly abusive centralization.

We have to decide whether chronic confrontation instead of consultation between the two levels of government will become the rule in their relations.

Finally, we have to decide whether the federal government will continue to play the part of guardian of provinces regarded as minor governments, of manager of their dependency, or whether it will try to build a federation out of the new maturities which developed throughout the country, to bring them into line rather than constrain them.

Honourable senators, those are the questions we shall have to decide. God help us make such a serious decision.

• (2220)

[*English*]

Hon. Eric Cook: Honourable senators, I will be speaking for approximately 20 to 25 minutes. Do you wish me to proceed now or take the adjournment?

Some Hon. Senators: Continue.

Senator Cook: Honourable senators, it is, of course, my intention to consider carefully all the views of senators who take part in this debate, but I doubt that I will be persuaded to vote in favour of the resolution.

I am opposed to the resolution because I am opposed to the federal government's unilateral action notwithstanding the disapproval of the majority of the provinces and the majority of Canadians.

I quote from a recent editorial in the *Financial Post* of Toronto which describes the legal situation in few but very clear words:

> The changes to the constitutional bill proposed by Justice Minister Jean Chrétien leave unaltered the basic flaw in the federal government's constitutional policy—the determination to act in defiance of Ottawa's sovereign federal partners, the provinces.

However, I am also very much opposed to the contents of the resolution. In this connection it is not correct to say that the Trudeau government has a mandate from the Canadian electors to enact a measure which requires Parliament to abdicate many of its powers and responsibilities, and to pass these powers and responsibilities over to the courts.

I quote from Professor Peter Browne, a distinguished member of the Department of History of Carleton University:

> Most of the witnesses before the Special Joint Committee on the Constitution concentrated their criticism on the provisions of the proposed Charter of Rights. As a result, some of the ambiguities, contradictions, restrictions and omissions have been identified, and may be remedied. What has still not been adequately discussed, however, is the underlying question of whether the ultimate responsibility for defining our basic social values should be transferred from the federal and provincial parliaments to the Supreme Court.

There are, indeed, many good and sincere people who seem to feel that if we have a Charter of Rights, and pass over to the courts the duty and responsibility of enforcing and interpreting it, this will prove to be a panacea, a universal remedy or cure for all our ills. Furthermore, they feel that the Charter of Rights must be placed beyond the power of Parliament, a legislature or the elected representatives of the people to repeal or amend. Those who subscribe to this theory argue that the court can and will do all that is necessary to protect and safeguard all our rights. Will this indeed be the result?

The last time there was a case before the Supreme Court of Canada dealing with human rights under the Constitution was in the year 1928. At that time the Supreme Court of Canada was asked to decide the meaning of the word "persons" in Section 24 of the British North America Act, and whether "persons" includes women. The court ruled unanimously, with not one dissenting voice, that "women are not 'qualified persons' " within the meaning of Section 24 of the B.N.A. Act, 1867, and, therefore, were not eligible for appointment by the Governor General to the Senate of Canada.

Did the court endeavour to reflect public opinion in 1928, and did it look to the future in order to decide this question, or did the judges look to the past to find some legal precedent on which they could hang their hats? Did they look at the state of public opinion in 1928, and did they endeavour to decide what should be the best decision for the future? A reading of the judgment indicates that they searched the past, and Chief Justice Anglin quoted with approval the words of Lord Esher of England, spoken in 1889.

Lord Esher had quoted with approval the words of Mr. Justice Willes, which Mr. Justice Willes had written in 1868, as follows:

> I take the first proposition to be that laid down by Willes J., in the case of *Chorlton v. Lings*. I take it that by neither the common law nor the constitution of this country from the beginning of the common law until now can a woman be entitled to exercise any public functions. Willes J. stated so in that case, and a more learned judge never lived.

In view of this record, why should we think that the courts will be pioneers in safeguarding human rights?

Fifty-four years ago I became a law student, and one thing I have learned for certain during that long period is that judges are often traditionalists but are not often reformers.

This is, of course, only one important reason why I think it is very unwise to legislate a Charter of Rights and put the provisions of the charter outside and beyond the powers of Parliament. It will be all too easy for cases to occur, concerning the human rights of our citizens, to have learned judges disputing among themselves as to the true meaning and effect of the Charter of Rights, and unfortunately the judges will look to the past for guidance and not to the future for inspiration; and if we follow the suggested course of enshrining the Charter of Rights, neither the federal Parliament nor any provincial legislature will have any right or power to pass corrective and amending legislation.

● (2230)

Fortunately, the women's rights case had a happier outcome. The judgment was appealed to the Privy Council in London and the court held:

> The provisions of the British North America Act, 1867, enacting a constitution for Canada should not be given a narrow and technical construction, but a large and liberal interpretation, so that the Dominion to a great extent, but within certain fixed limits, may be mistress in her own house, as the Provinces to a great extent, but within certain fixed limits, are mistresses in theirs.

Honourable senators will note the words "so that the Dominion to a great extent, but within certain fixed limits, may be mistress in her own house, as the provinces to a great extent, but within certain fixed limits, are mistresses in theirs."

That has been the clear, undisputed constitutional law for over 50 years, and is the law of Canada today; and no matter how the constitutional lawyers of the federal government argue the issues, the temporary occupant of the federal house cannot break and enter the houses of the provinces, nor has the mistress of the federal house the power to take over the control and command of any provincial house.

Many thoughtful Canadians are opposed to Parliament abdicating its powers and privileges to the courts through the enactment of an entrenched Charter of Rights. On the other hand, many thoughtful Canadians strongly favour the introduction of a Charter of Rights. Therefore, we must ask ourselves, is there a middle course which will satisfy both groups of sincere thoughtful Canadians? I think there is. I again quote from Professor Browne as follows:

> To consider the matter from another standpoint, the critical choice we have to make is not, as the federal government imply, between a Charter of Rights that is merely an "ordinary" statute and one that is "entrenched," but between different ways of entrenching (or better, "enshrining") a Charter. In fact, there is another way—a way that would not produce a regime of judicial supremacy, that is quite compatible with parliamentary government, and that seems much better suited to the institutions, practices, traditions, experiences, attitudes, needs and aspirations of Canadians.
>
> This way would accord the Charter of Rights a "priority status" (that is, a "paramountcy" or "overriding authority" in relation to "ordinary" statutes). Such a status could be ensured by various devices, one of which would be to give the Supreme Court a new responsibility: instead of only having to decide, as it now does, whether an impugned law fell within federal or provincial jurisdiction, it would also have to declare, as it has been reluctant to do, whether that law infringed the Charter of Rights. However—and this would be the crucial difference between our system and the American—even if the Supreme Court were to declare a law contrary to the Charter, that law could still be passed, providing certain requirements were met.
>
> As a way of both effectively curbing our parliaments and preserving their ultimate supremacy, a Charter of Rights with "priority status" might serve to reconcile the judicial and parliamentary supremacists, and so lead to the consensus that is indispensable for major constitutional reforms.

Professor Browne goes on to say:

> It will doubtless be objected that a Charter of Rights with "priority status" does not afford a sufficient guaran-

> tee of fundamental, and especially language, rights. So long as there is any possibility of a parliament "opting out" of the Charter, certain groups will not feel themselves adequately protected, whatever their actual situation might be in law or practice. Those who argue this way should take a hard look at the federal government's alternative. Are they really willing to allow our basic moral values to be ultimately defined, not by our elected and accountable representatives, but by nine appointed judges—who are largely chosen by the federal government, if not the Prime Minister, and who are not, like their American counterparts, subject to the scrutiny and approval of an elected body representing both the people and the provinces? Are they also prepared to chance the possible consequences of such an extreme transfer of legislative responsibility—a further politicizing of the Supreme Court, an increasing doubt as to the impartiality of our judges, a diminution of confidence in our legal system, a decreased respect for the Rule of Law, a reduced role for our elected representatives, an inferior status for our parliaments, a dwindling participation in the policial process, and the effects of all these changes on our sense of community, not to speak of national unity?

That concludes my quotation from the work of Professor Browne. I am sure I speak for all senators when I say "thank you" to him for his thoughtful analysis of the effect of entrenching the proposed Charter of Rights.

Some Hon. Senators: Hear, hear.

Senator Cook: Honourable senators, the constitutional debate that is taking place in Canada can prove to be a very valuable and worthwhile national asset. It is late, but not too late for the government to adjourn the parliamentary debate while a first minister's conference is reconvened.

Some Hon. Senators: Hear, hear.

Senator Cook: All Canada's first ministers should once again gather round, not the bargaining table but the conference table, and certainly at first debate *in camera,* seeking an honourable and reasonable compromise.

In view of the great debate that has already taken place, and the work of the joint parliamentary committee, there does now exist a real probability that a consensus, or, if not a full consensus, a much greater measure of agreement, can be reached on an amending formula and a Charter of Rights which can be accorded "priority status". Who has the right now to say in advance that a further meeting of first ministers must surely fail? Who has the arrogance to predict the future in such a negative way?

In closing, I will say a few words about the increasing tendency in Canada to tell the British what they must do and how they must behave. Our Secretary of State for External Affairs warns that grave consequences will follow if the Parliament at Westminster does not do what he tells them to do.

Senator Flynn: They must be trembling.

Senator Cook: I don't know if this frightens the British, but it sure does frighten me. "Grave consequences" can be a two-way street. If Canada has the power to punish the United Kingdom in one way or the other, the reverse also applies. Before our Secretary of State for External Affairs warns Great Britain of grave consequences, I trust he is fully satisfied that Canada will not suffer from any course of action he decides to follow. So I say to the Secretary of State for External Affairs: Please, please be more moderate and do not threaten so harshly.

Also, I have to point out to Prime Minister Trudeau that there are many Canadians who still have a deep affection and regard for the British, and we do not appreciate Mr. Trudeau's quite uncalled for rudeness. This conduct might ensure that Mr. Trudeau will get attention in the media, but he does not speak for many Canadians when he seems to try to be rude and to browbeat Westminster.

So I say to the Prime Minister: Please, please, speak more kindly, out of respect for our feelings, if not for the feelings of the British.

• (2240)

Many other parliamentarians in Canada are offering very positive and very arrogant instructions, if not issuing commands, to the Parliament at Westminster. It is all very well to speak of parliaments, but in the final analysis parliaments are made up of men and women, and in my opinion it is not reasonable to demand that honourable men and women have no option but to vote blindly for any measure, without even considering either the results or the rights and wrongs of the matter.

If Mr. Trudeau requires the Parliament at Westminster to take legislative action to give these constitutional amendments the cloak of legality, it is indeed arrogant to forbid these members of Parliament the elementary right to debate, examine, and, if deemed right and proper, to reject the measure.

Apparently, if the heretofore friendly Parliament at Westminster claims its normal rights and privileges, which are to examine any measure laid before it, then it will now do so under a new threat; that is, the threat of the unilateral declaration of independence of Canada. Of all the nonsense that has come out of the constitutional debate, this is the greatest nonsense of all.

The Imperial Conference of 1926 formally agreed that the self-governing dominions—that is, Australia, Canada, the Irish Free State, Newfoundland, New Zealand and the Union of South Africa— were "autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs . . ." In 1931 this agreement was enshrined in the Statute of Westminster.

In view of the provisions of the Statute of Westminster, from whom do we declare independence? From Australia? From New Zealand? From the Irish Free State?

Despite all protestations to the contrary, this is not a request to the United Kingdom to send the Constitution to Canada. It

is a request to make substantial amendments to the Canadian Constitution in the United Kingdom, notwithstanding serious objections to the proposed amendments by and from "Ottawa's sovereign federal partners, the provinces" and from the population of Canada. There is no precedent which can be invoked or stretched to support this unwarranted request.

I feel confident that all this bluster, all these threats arise from weakness. They arise from Mr. Trudeau's perception that his resolution lacks sufficient merit to pass on its own. There would be no need for it if we were sending over to the United Kingdom a straightforward resolution, requesting—as, of course, is acknowledged by all, both in the United Kingdom and Canada, to be our constitutional right—an amendment sending the Constitution to Canada. Nor could any reasonable objection be made to Canada's requesting the United Kingdom to make one amendment to the British North America Act in the form of a reasonable amending formula which had the blessing of a reasonable consensus in Canada. For us to adopt the attitude, however, that the Parliament of the United Kingdom has to pass blindly any "dog's breakfast" we send over is neither reasonable nor rational.

I would agree that the U.K. Parliament should not endeavour to amend or improve any measure we send over, but I most firmly believe that any independent or self-respecting parliament can certainly reject it. To put the case clearly, suppose our Charter of Rights contained provisions repugnant to human rights. Must the United Kingdom pass that? Of course not. The answer would be, "Pass it yourselves, if that is what you want; but we will not." However, if it may be rejected because it lacks merit, it may also be rejected because it lacks a reasonable degree of support, because it is being imposed by a minority of sovereign partners on a majority of sovereign partners, and by a minority of the population on a majority of the population.

How can anyone criticize the British if they say, "If you don't speak with one voice to us, then in heaven's name take the B.N.A. Act and amend it yourselves. We want no part of it!"

Speaking for myself, in my view no one has the power or the right to tell me how to vote, particularly on such an important and far-reaching matter. Furthermore, I am not so arrogant that I claim for myself a right I would deny to the honourable ladies and gentlemen who are members of the British House of Commons or to the lords and ladies who are members of the British House of Lords.

I frankly expect that all these absurd comments will be counterproductive, and I anticipate with complete confidence that if the resolution does reach London, unaltered and still lacking the support of a reasonable consensus, then the Parliament at Westminster will act honourably and wisely.

Senator Flynn: Have you no defenders? Have you nothing to say on your side?

Senator Frith: In due course.

On motion of Senator Macdonald, for Senator Fournier, debate adjourned.

PRIVATE BILL

ROYAL CANADIAN LEGION—THIRD READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Godfrey, seconded by the Honourable Senator McIlraith, P.C., for the third reading of the Bill S-15, intituled: "An Act respecting The Royal Canadian Legion".—(*Honourable Senator Smith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, may I ask, pursuant to what I understand to be the agreement, that the first order, standing in the name of Senator Smith, be called now?

Hon. G. I. Smith: Honourable senators, I appreciate the kindness and courtesy of the Deputy Leader of the Government, but it seems to me that at this time, after having listened to two extraordinarily able and eloquent speeches, that the convenience and comfort of the house would be better served were we to deal with this matter on some other occasion. I therefore request that the debate on the first order of business be allowed to stand.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 25, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Letter addressed by the Minister of Energy, Mines and Resources to the Minister of Energy and Natural Resources for the Province of Alberta, dated February 23, 1981, with regard to the curtailments of production and trade in Alberta oil.

QUESTION PERIOD

[*English*]

ENERGY

SASKATCHEWAN—CURTAILMENT OF OIL PRODUCTION

Hon. Guy Charbonneau: Honourable senators, I wish to address a question to the Minister of State for Economic Development. Nova Corporation has announced that unless an energy agreement is reached soon it will have to curtail its Saskatchewan oil production of 50,000 barrels per day on which it is losing $1 per barrel.

Would the minister indicate whether the government has satisfied itself that replacement for these 50,000 barrels a day will be available offshore if necessary, and, if so, at what price per barrel? What would such an importation add to the oil import compensation program deficit for 1981?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I could take the question as notice and work out the calculations with respect to the costs and arrive at the deficit. The honourable senator realizes, I am sure, that several members of the government, including myself, have, on a number of occasions, expressed the view that in the absence of an agreement the amount of increased production from Canadian sources is very regrettable.

CANADA-UNITED STATES RELATIONS

FOREIGN INVESTMENT—REVIEW OF GOVERNMENT POLICY

Hon. Martial Asselin: My question is also addressed to the Minister of State for Economic Development. Canada's foreign investment review policy has been under review by the government for some time. In light of remarks made again yesterday by the Special Trade Commissioner of the United States, Bill Brock—comments which Mr. Brock has been provoked to make twice within the last week—would the minister indicate when we can expect an announcement on the outcome of the review of foreign investment policy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give a precise date as to when the results will be made known. What I can say is that the Secretary of State for External Affairs has been looking at the comments made by some officials of the United States. These comments have not come from such United States leaders as the Secretary of State or the Secretary of Energy. It would be useful to know the position which these leaders take with respect to this matter.

Senator Asselin: Honourable senators, the minister should know that Mr. Brock is considered to be at the level of a minister of the cabinet in the United States. Mr. Brock suggested that if Canada wants continued access to United States markets, it will have to provide the United States with access to our markets, including our investment market. If the minister cannot tell us when we can expect the report on the policy review to be tabled in the Senate, would he tell us now whether the government is considering implementing controls on investment?

Senator Olson: I do not believe the government is considering eliminating the controls under the Foreign Investment Review Act. Perhaps I should go no further than that at the moment, since we are now commencing a number of meetings with the new administration, including, as the honourable senator has reminded me several times, a meeting between the Prime Minister of Canada and the President of the United States which will take place in a few days.

I would hope that this clarifies some of the positions taken by both sides with respect not only to the FIRA arrangements but also to a number of other matters that good neighbours should solve in a spirit of co-operation.

Senator Asselin: Would the minister assure the Senate that when the President of the United States is here in March this very important question will be raised and a statement from the minister will be made in the Senate?

Senator Olson: I can assure the honourable senator that I will draw that to the attention of the Prime Minister.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION AND MASSEY-FERGUSON LIMITED

Hon. Louis-J. Robichaud: I should like to address my question to the Minister of State for Economic Development. I have the impression, as have many other Canadians, that the Government of Canada, through the Department of Industry, Trade and Commerce, has given taxpayers' money to Chrysler Corporation and to Massey-Ferguson Limited. Would the minister thoroughly explain the situation and tell us whether, in the long run, individual Canadian taxpayers will be spending money?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators a commitment has been made by the Government of Canada to underwrite or to guarantee a certain number of loans, thus enabling both of these companies to refinance their activities within Canada.

There has been, and there probably will be for a long time in the future—in fact, for several years—no call on the Canadian Treasury to put up any money for these undertakings. Indeed, if both companies are successful there will probably never be a call on the undertakings.

However, we have given an undertaking to underwrite or guarantee loans for the purchase of equity in these companies in order that they may reorganize their financing. We have done so with a reasonably high level of confidence that both of these companies will be successful as a result of this refinancing.

Senator Robichaud: Honourable senators, as a supplementary I should like to ask a very clear question: Is this going to cost the taxpayers of Canada any money? Would the minister answer yes or no?

Senator Olson: We hope that the answer will be no, but any time you take on a contingent liability such as this there is some possibility that the guarantee or the underwriting may be called. If that happens it will cost the amount due when it is called.

INTERNATIONAL TRADE

SALE OF BRITISH COLUMBIA COAL TO JAPAN—USE OF INFRASTRUCTURE

Hon. Richard A. Donahoe: Honourable senators, my question is for the Minister of State for Economic Development. I have already asked several questions with respect to the Japanese coal deal, and today I should like to ask the minister if he can tell us if it is the expectation that the deal signed with Japan will be the forerunner of future deals. If so, will they involve other companies using the infrastructure which must be provided to make this deal possible?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, we expect that by the time the new superport on Ridley Island near Prince Rupert and the strengthened railway bed leading up to that port are completed in 1984, several other coal companies will be using those facilities in connection with their export sales.

● (1410)

Senator Donahoe: I have a supplementary question. The executive vice-president of the Teck Corporation, which is one of the companies involved in the British Columbia coal deal with Japan, suggested that the project could collapse. The reason he advances is that the rates to be charged to his corporation and to Denison are fixed at a level which will require them, in effect, to pay the total capital costs of the installation, and are beyond the capacity of those companies to pay. They were given to understand that in the future companies using those facilities would be bearing, and should bear, a share of the costs, thereby placing a less heavy burden upon the two companies originally involved.

Senator Olson: Honourable senators, the rail rate that is being offered to these companies and, indeed, the loading charge at the port will be the same for all companies over the same distance. Part of the undertaking that we have given is to guarantee that these two companies—Teck Corporation and Denison—have a maximum charge of $3 for loading the coal at Ridley, plus 80 per cent escalation. No company will have a more favourable rate than that, and, indeed, it will escalate through the years. At the end of 1989, if there is any shortfall in that rate related to costs, then there will be an additional charge to recover that shortfall. That, of course, would apply to all companies using the port.

At the moment the indicated level of the two contracts is about 6.1 million tonnes annually, with a high prospect of an additional one million tonnes, bringing it up to 7.1 million tonnes for these two companies.

I have had inquiries from several other companies which also want to reserve space, if that is the correct word, or that at least indicate to us that we should build the facilities large enough to accommodate at least another five or six million tonnes annually going through that port. We take this very seriously because the international market, particularly for thermal coal, is extremely viable at this time. There are a number of other companies, and perhaps one day when these inquiries become firmer in the form of an application for space, I will be able to give that detailed information to the Senate. I am confident that by the time the rail facilities and the port are ready for use, hopefully in late 1983 or 1984, we will have lined up tonnage far in excess of what is being contracted by these two companies now.

Senator Donahoe: I thank the minister for his answer, and I would like to ask a further supplementary. The gentleman about whom I spoke, the executive vice-president of Teck Corporation, also made the statement that the agreement was based on what his company thought was a firm undertaking from Ottawa that other companies, likely to sign later contracts, would bear part of the burden.

In the explanation just given, the minister has indicated the future use that he expects will be made of these facilities by other organizations and other companies, but he did not

indicate to us whether that future use was taken into account in the fixing of the original rates, or whether Teck Corporation was, in fact, correct in believing that the rates were fixed at a level sufficient to impose the entire cost upon them and Denison.

My question is: Is it the minister's view that this position taken by Mr. Keevil was indeed the nature of the federal government's undertaking?

Senator Olson: Honourable senators, what appears to be the position is highly speculative. I say that because we do not yet have the returns from the National Energy Board's advertisement for proposals—that is, for the loading cost that would obviously be tendered to some private corporation. The National Harbours Board is committed to preparing the site, but we intend to call for tenders for a private corporation to put in the loading machinery and to operate it. At this point in time we do not have those proposals, and indeed we expect that it will be several months before we receive firm offers.

In the meantime, those two companies requested that we give them a firm undertaking as to what the maximum charge would be for the initial coal shipments, I believe for six years, from 1983 to 1989, and we did. The figure was $3 plus 80 per cent of escalation. At the moment there is obviously a high risk—or a low risk, or however you wish to interpret it—because if the bid comes in at something less or something greater than $3 per tonne, we have made that commitment that we would not recover that money until after 1989.

It seems to me that if you want to turn that argument around and say that those who are in there first will be guaranteed the lower rate or $3 plus 80 per cent of escalation, anyone, including those two companies, and anyone else who comes in after 1989, will be paying a level that will not only recover the costs of doing the loading after 1989 but, indeed, recover the cost of the shortfall between 1983 and 1989.

ENERGY

SASKATCHEWAN—CURTAILMENT OF OIL PRODUCTION

Hon. Guy Charbonneau: Honourable senators, I have a question for the Minister of State for Economic Development. Further to my earlier question with respect to Nova's probable curtailment of production, the minister's answer with respect to any possible action by the government seems to be one of regret. Does that mean that the government does not intend to take any further action in this situation and will just leave the situation as it is?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators. Had Senator Charbonneau listened a few moments ago, he would have noted that the Leader of the Government tabled a letter written by the Minister of Energy, Mines and Resources to the Minister of Energy and Natural Resources in Alberta asking for negotiations to recommence, if that is the right word, and, indeed, to hold back the so-called restriction of supply while further negotiations take place to resolve the outstanding differences.

[Senator Donahoe.]

There is another aspect of the question that perhaps I should try to answer, although it was not specifically asked. It seems to me that the honourable senator was referring to oil production coming out of Saskatchewan. If that is so, I believe it puts the matter in a slightly different light; but, in any event, we sincerely regret that negotiations are not going on leading to an agreement between all of the producing provinces—in this case both Alberta and Saskatchewan, because the Lloydminster field transcends that provincial boundary.

Senator Charbonneau: Is the minister telling us that negotiations are continuing?

Senator Olson: Honourable senators, I could repeat constantly the same thing. There are discussions to try to reconcile the figures, as to the revenue and its distribution between the producing provinces and the federal government. I recall a few days ago that the Premier of Alberta indicated it would probably be into March before they would have completed the reconciliation of the figures. We had hoped—and I expressed that hope several weeks ago—that it would not take that long, but obviously it is taking that length of time. We are ready to recommence negotiations whenever it is possible for the producing provinces to come to the negotiating table.

PRESIDENT OF THE UNITED STATES

VISIT TO CANADA—PROPOSED AGENDA

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Is he in a position to inform the Senate as to what items are on the agenda for discussion between the Prime Minister and President Reagan on the occasion of the President's visit to Ottawa early next month?

● (1420)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the agenda is being prepared at the present time, and its details are being worked out with the White House. It is, therefore, not possible to be specific at this stage about all of the subjects to be covered, but I can say that it is anticipated that there will be discussions regarding the important international issues of the day, such as East-West relations, the Middle East, North-South relations, and so on. No doubt there will be a review of the preparations for the Ottawa summit, which is going to take place this summer.

On bilateral affairs it is expected that we, for our part, will wish to discuss the important environmental issues, the northern gas pipeline, the problems facing the North American automotive industry, the east coast fisheries issue and possibly certain other fishery matters, and a good number of others. The agenda will be a very full one.

The Prime Minister will be discussing with the President a range of bilateral and multilateral issues, given the critical problems currently facing both developing and developed countries. North-South relations will undoubtedly be one of the areas which will be considered by the two leaders. The Prime Minister has stated as follows:

As you know, when the Honourable the Secretary of State for External Affairs met with Secretary Haig recently, he expressed our concern at the prospect of any major reductions in the United States foreign aid program.

President Reagan's announcement of some reduction, therefore, causes us concern; it would, however, be premature at this stage to comment further as there remain some uncertainties as to how cuts are to be effected.

The Prime Minister has advised me further as follows:

As you know, Mr. MacGuigan has already expressed to Secretary Haig Canada's hope that President Reagan will attend the North/South Summit. I intend to inform President Reagan of Canada's continued support for the initiative and to indicate to him our view that countries such as the U.S.A. will have a valuable role to play in such an exercise.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I rise on a question of privilege. I raised the same matter last week. I asked the Minister of State for Economic Development whether he could tell me the subjects on the agenda for discussion with the President of the United States. The minister replied that it was not customary to reveal in advance the questions on the agenda when the President of the United States or the leader of any other country visited Canada.

Yet, the Leader of the Government has just given us this agenda. I must therefore conclude that there is a different treatment for those who sit in the opposition and those who sit on the side of the government.

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, on that question of privilege, which is something of a phoney one, I would like to point out that the honourable senator obviously did not read my reply properly. I said that the customary tradition would be followed, meaning that when an agenda is worked out, and is ready for publication, I would see that it was brought in.

Furthermore, if the honourable senator had listened carefully to what the Leader of the Government said a few minutes ago he would have realized that he said, "No doubt these subjects will be discussed," because it is obvious that those kinds of subject would be discussed at such a meeting. The Leader of the Government was not describing a formal agenda.

Senator Asselin: Then why did he not say that?

Senator Olson: He said, "No doubt". I could mention a number of other such examples. I am thinking, for example, of the Garrison diversion in Manitoba, which is very important to many members of both this house and the other place. But the formal agenda that my honourable friend asked for is not ready, and I adhere exactly to what I said before. When the agenda is ready we will bring it in, and I will personally present it to the Honourable Senator Asselin.

Senator Asselin: You should try to agree with your boss sometimes.

[*Translation*]

Honourable senators, I have a supplementary for the Leader of the Government. Have the agenda and the questions which he said would be discussed at the meeting been accepted by the Prime Minister, the Cabinet and the President of the United States?

[*English*]

Senator Perrault: Honourable senators, as I stated, the agenda is now under negotiation—

Senator Asselin: Speculation, that is all.

Senator Perrault: —with the White House. There are a number of items to which my distinguished and able colleague and I have made reference. Obviously, some of these are destined to be discussed between the two countries. There will be a further meeting of cabinet on Thursday, and I presume the agenda may be discussed at that time. However, hopefully further information can be brought here soon. I will do what I can to make available to honourable senators further agenda information.

Hon. Lowell Murray: By way of a supplementary question, will the leader ascertain for us how long the President will be in Canada, whether his visit will be confined to Ottawa, and how much time in that program will be devoted to actual business sessions as distinct from social and ceremonial events?

Senator Perrault: Honourable senators, the question will be taken as notice. The precise allocation of time has not yet been finalized. If it can be made available, I will do so.

REGIONAL ECONOMIC EXPANSION

ATLANTIC PROVINCES—PRODUCTION OF IRISH MOSS—QUESTION OF PRIVILEGE

Hon. Heath Macquarrie: Honourable senators, I rise on a question of privilege in reference to order paper questions. Last night I received an answer to a question submitted on May 16, 1980, concerning Irish moss, whereunder I asked:

1. What was (a) the total volume, and (b) the total value of Irish moss landings in each of the Atlantic provinces for the last ten fiscal years?

I would like honourable senators to listen, with what I am sure will be incredulity, to the kind of answer I have received. I asked for the volume and the value of Irish moss landings in the four Atlantic provinces, and the answer is:

This information is confidential, since it identifies individual respondents.

I suppose if I want to know how many potatoes were grown in Atlantic Canada, I would be told that number is confidential.

I then asked:

3. In what countries from 1969 to 1979 has Irish moss from Atlantic Canada been processed?

The answer:

> This information is not available, since data on country of processing is not collected.

The fourth part of my question was:

> 4. What was the value of such product?

Listen to this, honourable senators—after what I have just read to you, get this. There is no answer, you see, to the third part of my question, and the fourth part is answered in this way:

> This information is confidential, since it identifies individual respondents.

They could not find the answer to the third part, so in answer to the fourth part they say the information is confidential because it concerns individuals.

In the words of one of the immortal constitutional documents, I think someone is trying to do a snow job on me. I do not like snow jobs at this time of year; indeed, I do not like them done on me at any time of the year.

Senator Donahoe: You gathered no moss at all.

Senator Flynn: What about freedom of information?

Senator Macquarrie: I think that as a member of the national legislature of the Dominion of Canada I deserve something more than this bureaucratic effrontery. I do not thank any bureaucrat for preparing this for me, and I thank less any minister, whether it be the President of the Privy Council or not, who presumes to pass it on to me.

I raise one further question of privilege, honourable senators. I think it is very important in this national legislature that members of this house be treated with the same respect as members of the other house.

Hon. Senators: Hear, hear.

Senator Macquarrie: When I asked a similar question in 1978 with regard to Irish moss—which is very important; it may be a joke to some people, but it is not a joke to fishermen in Prince Edward Island—I was given the value; I was given the tonnage. Now, why can a member of the House of Commons receive that information and not a member of the Senate? Who is making that kind of invidious distinction? We are not elected but we are representatives. Our privileges should not be abridged. The only abridgement I can think of is that we can never, in this chamber, take part in a confidence vote—sometimes regrettably—and we have also lost half of our expense account—which I miss a great deal, I might add. But in other aspects we stand equal with them, and I do not like this flim-flam, this snow job, this disdain for a decently appointed and properly accredited member of the upper house of our national legislature.

● (1430)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I must be candid and—

Senator Flynn: Plead guilty!

Senator Perrault: —and admit freely that the reply appears to lack the usual precision and detail which the opposition has grown accustomed to receiving from this side. Certainly, the response may not quite be in accord with the spirit of open government that we strive to maintain.

Honourable senators, the reply does seem to be less than complete and informative. I can provide no reason why anyone should consider as a state secret the amount of Irish moss gathered in a given time period. Perhaps the information is simply not available. I can only assure him that I will go back to the source and convey to that source—

Senator Flynn: A secret weapon!

Senator Perrault: —and convey to that source the eloquent words of the honourable senator.

Hon. John M. Godfrey: May I suggest to the Leader of the Government in the Senate that, while he is conveying that message, he also draw to the attention of the bureaucrat who prepared that answer from the Prime Minister, which told bureaucrats that, until the Access to Information Bill became law, they should act as if it were the law.

Senator Flynn: They had better practise in advance.

Senator Godfrey: Right.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask the Minister of State for Economic Development to take a look at the Senate *Hansard* for February 11, page 1638, in which reference is made to a consulting firm's advice to Petro-Canada with respect to its purchase of Petrofina?

I asked for the production of those papers. In his reply the minister said he would try to get more information "tomorrow". Well, "tomorrow" has gone by, but I repeat the request in the hope that I will receive an answer tomorrow.

Hon. H. A. Olson (Minister of State for Economic Development): I will try to make sure that the honourable senator does, but, frankly, I do not have at the tip of my tongue the reason for not bringing in the answer sooner.

HOUSE OF COMMONS

ACCOMMODATION IN SENATE GALLERY

The Hon. the Speaker: Before proceeding with items on the order paper, I should like to bring the Senate up to date on a matter of concern to all honourable senators.

I have received letters from many senators complaining that the Senate gallery in the House of Commons has been reduced in size. I conferred with my honourable friend, my predecessor, the Honourable Allister Grosart, concerning the history of the case, and we communicated with the appropriate people in the other place. I can now tell you that the gallery will be restored to its former limits.

I also received complaints from senators concerning the presence in that gallery of people other than senators and their guests, but leaving that aside for the moment I think I can safely say that the full Senate gallery in the other place will be available to senators.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I take this opportunity to express our thanks to His Honour the Speaker, and to the former Speaker, the Honourable Senator Grosart, for the successful efforts they have undertaken on our behalf.

BUSINESS OF THE SENATE

THE CONSTITUTION—MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—PROPOSAL THAT RESUMPTION OF DEBATE BE FIRST ORDER OF THE DAY

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, yesterday we discussed the question of the order in which we should deal with Orders of the Day in view of the important constitutional debate now taking place. At that time I moved a motion to the effect that the Constitution debate would be the first order each day. Apparently that motion was not placed on the order paper as a motion, although I introduced it as such. That may be because I did not pass it to the Chair. In any event, Senator Roblin asked for an opportunity to consider my proposal. Since then he and I have conferred on the matter, and I have decided to withdraw my motion.

Since the matter was adjourned in his name, perhaps Senator Roblin has some comment to make.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, the gist of the conversation was that it would be advisable to drop the motion and proceed on the informal understanding that, other things being equal, we would deal with this Constitution debate as the first item on the Orders of the Day. Having consulted with my leader and other senators on this side, I can say that we are agreeable to that proposition.

Senator Frith: Honourable senators, that is quite satisfactory. My motion would have required an order of the Senate as an exception to rule 21, which might easily have included more exceptions than the rule anyway. Therefore, I propose that we follow the sound suggestion of the Deputy Leader of the Opposition.

Could we start this day off with a further exception? I think we should try to dispose of the first two Orders of the Day, since they are third readings. We could then plan to have royal assent for those two bills tomorrow.

Senator Flynn: I am quite sure you would rather have that exception as a standard rule.

Senator Frith: It is developing that way.

INCOME TAX CONVENTIONS BILL

THIRD READING

Hon. Henry D. Hicks moved the third reading of Bill S-17, to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT

BILL TO AMEND—THIRD READING

Hon. George J. McIlraith moved the third reading of Bill C-54, to amend the statute law relating to income tax.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if the sponsor of this bill does not intend to speak on third reading, I should like to do so briefly.

First of all, I wish to say that yesterday I raised a question in connection with the report of the committee, and I am pleased to say that the Honourable Senator Barrow made sure I received a copy of it in time for me to read it before the sitting today. For that courtesy I thank him.

The report has many good things in it. I much regret, however, that its treatment of the small business development bond proposition did not advance the issue a whit beyond what was in the original measure, and that the suggestions made by some, including myself, that the measure ought to be broadened to be more useful to small businesses in the country did not generate much interest in the committee.

My thought was that the scope of the assistance with respect to high interest rates to small businesses was entirely too limited, and that at least we should extend the scope of the bill from businesses in financial trouble and businesses wanting money for capital investment purposes to businesses which need working capital. However, that idea fell on barren ground.

I also advanced the proposition that it would be useful to consider whether the definition of "small business" could be extended. At the present time it includes incorporated small businesses only, but about two-thirds of the small businesses in the country are unincorporated. So this bill leaves them out in the cold.

• (1440)

I recognize that there are problems with both those issues in developing a system which would not be too wide in its compass as to be unreasonable, but it seems to me that at the present time the compass is too narrow to be reasonable. While I appreciate the fact that the chairman was kind enough to give me a copy of this report—and I have had a chance to read it—I must say that it has not altered my opinion on the merits of the measure.

Motion agreed to and bill read third time and passed.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—
DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Edgar Fournier: Honourable senators, once again I feel it my duty at least to attempt to make a modest contribution to this long and complicated debate on patriation of the Constitution. This will likely be my last effort in the Senate, but it should not be thought of as my farewell notice.

Although I did not participate in the struggle and confusion of the study itself, I nevertheless followed the events through *Hansard*, the news media and the public in general. Without hesitation, I would admit to some ignorance on the matter. However, I have great respect for all the members of the Special Joint Committee on the Constitution who worked so hard, day and night, with conviction and determination, in an attempt to bring about a greater Canada. But I wonder what they accomplished. What is Canada today, and what will Canada be tomorrow? What will patriation change, if anything?

During my absence from the chamber over the past few months, whenever my health and the weather permitted I travelled through my province to feel out the attitude of the people there towards the Constitution. At this point I must endorse the remark of my friend, Senator Denis, when he said, "Personally, I feel that Canadians have had enough of Constitution talk." I would add the word "referendum". In the eyes of the public, these two words have resulted in confusion, grievance and sometimes hatred. Today the people of New Brunswick are confused, frustrated and very nervous. Few understand just what is going on in Ottawa and why there is all this fuss when there is so much else to be done.

[*Translation*]

As I was saying, the people of New Brunswick are frustrated, confused and even disgusted with what is going on in Ottawa, when there is so much to be done, and so many projects are being neglected or suspended.

Their main concern is the additional expenditures Canadians will have to pay for in order to satisfy the ambitions of certain politicians and the ensuing abuses. For the vast majority, the Constitution is really of secondary importance. Actually, the Constitution itself is no great problem. The real problems are unemployment, the cost of living, the cost of gas and heating oil, the cost of food and domestic products, and, to top it off, the rise in interest rates and its disastrous effects.

Add to that repeated strikes in the public services in which too often the citizens are held hostage; and the progress of technology and automation which substitutes machines for men and women.

In a word, inflation in all respects: that is what the people of New Brunswick are concerned about today. And I sincerely believe that their feelings are shared generally right across Canada.

[Senator Roblin.]

[*English*]

I have classified the findings of my interviews into five groups. First, there are the retired people whose dream of a happy retirement is constantly being destroyed by inflation; then the professionals who are in agreement that our Constitution should be in Canada; and, third, the blue-collar workers with steady employment who are in agreement that the Constitution should be in Canada, but very few of whom could say why or even know why.

The fourth category is the man on the street, our labour force, the backbone of our society. The majority of these people could not care less where the Constitution is kept. Their main concern is the future of their children. They are frustrated by high interest rates, the increasing cost of heating fuel, gasoline, food, clothing, and inflation as a whole, including the devaluation of our dollar. Many of these people have had to seek out secondary employment in order to make both ends meet, but there is still the virus of income tax which takes the better part of their revenue.

The fifth and final category deals with the people on welfare, who are quite happy with the situation as it exists. I found that the majority of these people were very confused over such words as constitution, patriation, unilateral, bilateral, referendum and others.

The people of New Brunswick are worried about the extra cost, which will run into the millions, and the time which will be wasted, and they cannot understand why there is such a rush when there are so many other things to be done. I have been told by some people that it is time for Canada to stop spending money to uphold the monarchy in England; that Canada should have its freedom. Others are complaining about the lack of freedom and of being slaves to the Commonwealth. I might inform my friends from New Brunswick that at no time has the monarchy ever interfered with Canadian laws or administration, either federally or provincially. In my opinion, Canadians have too much freedom, and this is why everything seems to be out of control.

Another group is of the opinion that patriation will cure all the weaknesses of our society. I have news for them. As for Canada today and Canada tomorrow, patriation of the Constitution, in my personal opinion, will not change anything. The cost of living will continue to rise at a frightening rate, and it will not produce a bit of energy. The cost of heating oil and gasoline will continue to rise. Patriation will not prevent the price of food and domestic products increasing. It will not reduce the interest rates which are strangling our society. Patriation will not restore the value of the Canadian dollar, create a single job or influence mortgage interest rates or inflation. It will not put an end to the strikes in our society where, in so many instances, people are taken as hostages.

The Canada of tomorrow will be the same as the Canada of today. The ony addition will be the millions of dollars which Canadians will have to pay to satisfy the ambitions of some leaders of our society. Perhaps, if it is not already too late, the Canadian people should take the time to explore the word

"dictatorship" and the consequences thereof. Certainly, Canada should be the master of its Constitution. After all, what is a Constitution? A Constitution is simply the rule book of democracy.

● (1450)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I rise to make a brief contribution to this historic debate, proud of being part of bringing Canada to full maturity as a nation.

We have reached a turning point in our constitutional history. If the proposed Joint Address under discussion is passed, we, like all sovereign nations, will have a Constitution that is thoroughly Canadian and one that can be amended and improved within our own country to keep pace with the changing reality of our dynamic country.

We all realize the importance of the question before us. Political partisanship, in my view, has no role in this discussion. We ought to present the arguments in the spirit of true Canadians, bound by the same interest and seeking a common end. I do, therefore, commend Prime Minister Trudeau for his personal sacrifices in endeavouring to bring our Constitution home.

Senator Flynn: That proves your point.

Senator Olson: Some complain that the federal government is acting unilaterally and proceeding with this matter before a thorough discussion has taken place. The allegations are, of course, untrue. There is no more important matter than that which all other law must be based upon. There is also no matter that has been examined and debated more thoroughly. It has been under actual consideration for at least 10 years—indeed, under intense examination for the past 10 months, in addition to the many unsuccessful attempts going back at least 50 years.

After the First Ministers' Meeting in September, a debate in the Senate and in the House of Commons, and three months of hearings before a joint committee of the House of Commons and the Senate, the matter is now placed in our hands. Politicians have cautiously and, I suggest, thoroughly examined the proposed Joint Address to the Queen. Representations from hundreds of groups across the country have been received; amendments have been proposed, and some amendments have been accepted.

There are three aspects to the proposed Joint Address before us: first, there is patriation of the Constitution; second, the provision for an amending formula; and third, a Charter of Rights. I would like honourable senators to examine each of these in turn, albeit very briefly.

The majority of Canadians demand the patriation of their Constitution. For over 50 years, Canadians have sought ways to bring their Constitution home, and since the passage of the British North America Act in 1867 we have made considerable progress. We have always been able to amend the unwritten part of our Constitution, such as our system of cabinet government within Canada. By bringing our Constitution home with an amending formula, we will have created a mechanism to permit a change when necessary. No longer will we go abroad to amend our own Constitution.

Honourable senators, I am convinced that there can be no patriation without an amending formula which provides for something less than unanimous agreement among the ten provinces and the federal government. Throughout our history we have found it extremely difficult to reach unanimous agreement on constitutional change among all eleven governments. Simple patriation would place Canadians in a constitutional straitjacket. For 54 years we have sought an amending formula. The attempts of 1927, 1931, 1935-36, 1961, 1964, 1971, 1975-76 and 1978-79 failed. This impasse cannot continue. For this reason, the government has proposed the amending formula agreed to by all eleven governments at Victoria in 1971.

Finally, in this Joint Address there is a provision for a Charter of Rights. As a Canadian from western Canada, I have always upheld and respected the rights of individuals in the state. Consequently, I strongly support the insertion of a Charter of Rights in this proposal. It is with some pride that I come from western Canada which has always promoted such a notion. The first Bill of Rights in Canada was passed by the Saskatchewan legislature in 1947. The first act of the present Premier of Alberta when he came to office was to pass a similar bill in that province. Such actions should be applauded.

However, if rights and freedoms are dependent upon governments of individual provinces, there will be no rights and freedoms common to all Canadians. I believe that Canadians, wherever they may live in Canada, should have common rights and freedoms.

The charter brings fundamental freedoms such as freedom of speech and religion. Most important, it establishes one Canadian citizenship by guaranteeing the freedom to live and to seek employment anywhere in this country.

The charter also includes language rights and recognizes the multicultural nature of our society. We, in western Canada, are proud of the long history of English- and French-speaking Canadians working together to build that part of our country. From 1670, when the British Crown granted a charter to the Hudson's Bay Company over Rupert's Land, English-speaking Canadians have joined their French-speaking compatriots in helping to explore and develop the region. Indeed, the very idea of a bilingual country is not foreign to the west. From 1877 to 1892, the Northwest Territories, which then included the present provinces of Saskatchewan and Alberta, were bilingual.

The Honourable Leader of the Opposition sits and laughs and makes funny noises, although he promised a few days ago that he would not. I take this debate very seriously.

Some Hon. Senators: Hear, hear.

Senator Olson: What I am saying is not particularly new because it has been said before but, to set this matter in perspective, I will review some of the events that have happened in the past when we have had matters of great importance before the Parliament of Canada.

Over the past 114 years Canada has been enriched by the arrival of many immigrants of various ethnic origins. The multicultural heritage of Canada is such an essential part of the fabric of our nationhood that it must be reflected in our Constitution and it is. Finally, this proposal recognizes, for the first time, the aboriginal rights of the Indian, the Inuit and the Metis peoples of Canada. Together, we will build a great nation.

In examining the Charter of Rights, I think of the speech made by Sir Wilfrid Laurier in Edmonton, the capital of my native province, on September 1, 1905. The very day Alberta entered Confederation as a province, the then Prime Minister said:

> Let me say to one and all, above all to those newly our fellow-countrymen, that the Dominion of Canada is in one respect like the Kingdom of Heaven, those who come at the eleventh hour will receive the same treatment as those who have been in the field for a long time.
>
> We want to share with them our lands, our laws, our civilization. Let them be [Canadians], let them take their share in the life of this country, whether it be municipal, provincial or national. Let them be electors as well as citizens. We do not want nor wish that any individual should forget the land of his origin. Let them look to the land of their ancestors, but let them look also to the land of their children. Let them become Canadians . . . and give their heart, their soul, their energy and all their power to Canada—

Honourable senators, I am proud to stand on the side of history. Today, we are witnessing the same type of debate as has gone on several times in our past. Every time there is an occasion to build and strengthen Canada's nationhood, there are those who resist. Two great issues come to mind immediately in this respect: the debate over the establishment of a distinctive Canadian flag, and the debate over Canadian citizenship.

● (1500)

The question of the flag goes back to 1925. It was the year I was born. At that time, again in 1945-46, and finally in 1964, essentially the same arguments were made. Those opposed never find the timing right. There are always more pressing matters that should be discussed. For example, on June 17, 1925, the *Mail and Empire* printed the following letter:

> Sir,—With regard to the proposal of changing the Canadian flag, we of the rising generation who expect to control the destiny of our country in some not far distant day, wish to enter a protest—a most emphatic protest. Surely the Government in such times as these, with strikes and unemployment threatened on all sides, could turn their hands to something of greater national importance.

Although timing is often an excuse, the real reasons for opposition always surface. In 1925, Mackenzie King's attempt to give Canada a distinctive flag was opposed by those favouring the Union Jack—the flag of another country.

Charles D. Stebbing wrote a letter on June 18, 1925, to the *Mail and Empire*, in which he sounded a typical note:

> THE UNION JACK FOREVER. The Union Jack was, still is, and always will be our flag. It was the flag that many brave fellows died for, and is the flag that all veterans in Canada are living for. It is not certain at this moment whether Mr. King is under the influence of the United States in his desire for a change of flag.

Such opposition caused Mackenzie King to drop his idea of giving Canada its own flag until 1945. At that time, former Prime Minister John Diefenbaker led an attack against the idea. He said:

> There is no subject on which one could speak that gives greater opportunities for exalted expression of sentiments than the flag . . . One hundred and fifty years ago on my father's side my ancestors came to this country in order to seek freedom under the Union Jack. My maternal ancestors came to the Red River as Selkirk settlers. They came to this country which had as its emblem the Union Jack.

After a joint committee of Parliament sat from November 27 until December 4, 1945, and from March 29 to July 12, 1946, after 14 public sessions, after 2,695 designs were considered and after 42,168 written submissions were received, Mackenzie King had enough of flags and let the matter drop.

Senator Grosart: High time, too.

Senator Olson: In 1964, former Prime Minister Lester B. Pearson took up the matter again. This time Mr. Diefenbaker led the opposition again. He said:

> If the government had calculated a means whereby division could succeed in this nation, they could not have gone about it in a more effective manner.

There were other equally ill-considered comments by Canadians throughout the country, and I refer in particular to one dated May 20, 1964, from Montreal, and I quote:

> As citizen and churchman I earnestly deplore the design of the projected new flag as pagan and a flat rejection of Canada's Christian heritage.

Senator Flynn: Try to be relevant.

Senator Olson:

> The glory of the Union Jack is the union of three Christian Crosses. How unworthy, how unfeeling to replace so inspiring a symbol with one reminiscent of a hockey team or an Indian tribe.
>
> How can the Canadian government expect priests and clergy to bless a national flag which utterly ignores our holy heritage?

Senator Flynn: What has that to do with the debate?

Senator Olson: The same lamentable story that occurred during the flag debate took place in April, 1946, during discussion of the Canadian Citizenship Bill. Senator Croll has drawn that to our attention a number of times. At that time, Mr. Kidd, M.P. for Kingston City, claimed there was no urgency in the matter. He said that the whole question of Canadian citizenship should be postponed, as it had been in 1931.

Senator Flynn: Bring back conscription! Come on!

Senator Olson: Mr. Church, M.P. for Broadview, went further. He claimed that the Citizenship Bill:

> —invaded the jurisdiction of the provinces. I suggest there should be a reference to the Supreme Court of Canada under the Supreme Court Act to find out whether Parliament has power to enact a measure of this kind of citizenship. I believe that it has not, and that it is *ultra vires* of the dominion.

Furthermore, he added, that it was:

> —one of the most unfortunate measures ever brought before the House of Commons and will create more disunity in Canada than we have seen since Confederation.

Honourable senators, he continued:

> I believe that this bill is going to lead to a lot of disunity in this country. It is based on the statute of Westminster, which changed the status, autonomy and sovereignty of this dominion. This bill is based on that empire-wrecking statute.

Senator Flynn: Oh, come on!

Senator Olson: In exasperation, he asked:

> Who is asking for this bill? We do not know. If the government put the bill through they will live to regret it. It may satisfy some people in the country, but I would point out that we all owe allegiance to one sovereign and one empire. British citizenship is the greatest thing in the world.

Senator Flynn: Do you contest that?

Senator Olson: Honourable senators, there is something else that I hold higher than that, and that is Canadian citizenship.

Some Hon. Senators: Hear, hear.

Senator Flynn: Try to be relevant. You are entirely irrelevant.

Senator Olson: Although these cries of woe were uttered as recently as 1946, they sound strange in our ears and in the ears of all Canadians who are proud that they can call themselves Canadians, and who are able to do so legally. That is important to me.

Senator Flynn: What has that to do with the present debate?

Senator Olson: By virtue of the law I am now able to call myself a Canadian—

Senator Flynn: Nobody disputes that.

Senator Olson: By virtue of the law that Mr. Kidd and Mr. Church so vehemently denounced in 1946. It is the old Tory line, and I do not want to get into this partisanship—

Senator Flynn: Obviously.

Senator Olson: —but he is asking me to do it.

Honourable senators, that is—

Senator Flynn: Cheap and dirty!

Senator Olson: —that is some of the history of—I hope you realize—

Senator Flynn: Cheap and dirty!

Senator Olson: I hope you realize that is being recorded.

Senator Flynn: If that is the kind of speech you want to make, you will have to put up with my protests. If you want to lower the debate to that level, we're willing to accommodate you.

Senator Olson: You are not keeping your promise. You said you were not going to interrupt.

Senator Flynn: You are worse than you have ever been. Totally irrelevant.

Senator Olson: No. If the honourable senator wants to make my speeches for me, he may as well read them, too.

Senator Flynn: Nobody would make that kind of speech except you.

Senator Frith: I would.

Senator Flynn: I don't doubt that for one moment. I had forgotten about you.

Senator Frith: And some others.

Senator Olson: What I have repeated to you today is some of the history of important debates that have taken place in this Parliament.

Honourable senators, what shall history say about the debate on the proposed Canada Act of 1980? Are we to rise to the occasion and make our children proud of us? This measure is advantageous to all Canadians.

Senator Flynn: Ask Mr. Ryan.

Senator Olson: As George Brown—

Senator Flynn: Ask Mr. Ryan about that.

Senator Olson: As George Brown, a Father of Confederation, while arguing for the British North America Act itself, noted:

> Let us approach this measure as a sharp critic deals with abstract questions, striving to point out blemishes . . . but let us approach it as men having but one consideration before us—the establishment of the future peace and prosperity of our country.

Some Hon. Senators: Hear, hear.

Senator Flynn: Ask any political party in Quebec about that. Surely you don't think that the senators from Quebec reflect truly the feelings of our people when they show unqualified support for this resolution.

Senator Olson: Honourable senators, I leave the subject to your judgment in the belief that the decision you render will be worthy of the Parliament of Canada.

I want to conclude my remarks by expressing my appreciation to Senator Hays, the co-chairman of the committee, and,

indeed, to all other senators for the valuable contribution they made to this important resolution.

Hon. Senators: Hear, hear.

Senator Flynn: That is the most despicable speech I have ever heard in this place. Absolutely shameful!

Hon. Richard J. Stanbury: Honourable senators, to calm things down a little, I will begin by congratulating Senator Hays and the other members of the committee who really worked very hard and did a very comprehensive and conscientious job. I know that all of us extend to them our congratulations. Congratulations are also in order for Senator Austin for his lucid explanation of the resolution and the process through which it passed in the committee.

• (1510)

Senator Tremblay displayed the erudition to which we have become accustomed. In many cases, my only response, in the time available, can be that I disagree with him. I must say that I disagree also with Senator Cook on his basic point concerning the Charter of Human Rights. I am more saddened by his scolding of the Prime Minister. I was in England two weeks ago and found no such interpretation being put upon the comments of our Prime Minister or of our Secretary of State for External Affairs on matters which are obviously seen as being of sincere concern to all Canadians.

I heard the speeches of Senator Fournier and Senator Olson as sincere expressions by two distinguished Canadians.

Some Hon. Senators: Hear, hear.

Senator Flynn: Sincere? So far as Senator Olson is concerned, I disagree.

Senator Stanbury: I accept as being completely sincere the remarks of Senator Fournier, and I would expect similar courtesy for the frankly expressed opinions of people on the other side of the house.

Honourable senators, I was honoured to chair the Special Senate Committee on the Constitution during the Thirtieth and Thirty-first Parliaments. During this Parliament I chaired the Subcommittee on Senate Reform, which was a part of Senator Lamontagne's Subcommittee of the Standing Committee on Legal and Constitutional Affairs. In the Special Senate Committee on the Constitution we studied and made recommendations concerning the subject matter of Bill C-60, and that was one of the parliamentary processes which helped to evolve the principles contained in the present resolution.

Senator Lamontagne's committee continued that process of evolution, and its work on a Charter of Human Rights has been reflected in several ways in the present resolution. That process has now been going on through the Thirtieth, Thirty-first and now the Thirty-second Parliament; it has been going on for several years, and for anyone to suggest that it has been hurried is little short of ludicrous.

There are many aspects of the work of those committees which have not yet come to fruition. The present resolution is extremely limited in scope. It deals only with the patriation of the Constitution, the adoption of an amending formula, and

[Senator Olson.]

the enactment of a Charter of Human Rights. Those are important elements in giving the Canadian people an opportunity to deal with their constitutional problems, but they are not the problems themselves and mark only the bare beginnings of the work which has yet to be done.

By now we all agree that we have serious problems in our interprovincial, federal-provincial and inter-regional relationships in Canada. The product of those problems is regional alienation. The national policy of Sir John A. Macdonald, reflected in the B.N.A. Act of 1867, is long since obsolete. That realization has become more and more pronounced over the last 50 years. From time to time during that period we have made many efforts of varying seriousness to restructure our system in a way that will meet the needs of a modern Canada.

It has also become obvious that cosmetic surgery is not enough, that we need structural change. We need a reform of Parliament, of both houses, to better represent the competing vested interests and regional needs of the country.

There have been many suggestions for abolition or reform of the Senate, as if that by itself would be enough to repair the lopsided parliamentary representation of people and interests on Parliament Hill. I believe most people now realize that the future demands that the House of Commons be differently constituted as well as a new look being taken at the makeup and powers of the Senate.

How is significant parliamentary reform to be accomplished except by changes in the Constitution, and how, in the present circumstances, can those changes be accomplished?

Although we naturally begin by differing on what we are looking for in a realignment of the division of powers between federal and provincial governments, there seems to be very little disagreement with the suggestion that there does need to be a re-examination of the powers exercised by each level of government, a redefinition and a rationalization of those powers. I dream of our governments coming to the table in a reasoned way to settle those questions in the manner best able to serve the interests of the Canadian people.

I confess that sometimes those dreams, based on observation of past experience, turn into nightmares; but how else are we going to be able to resolve those problems except by constitutional change, and how, under the present circumstances, can those changes be accomplished?

If the restructuring of Parliament and the redefinition of governmental powers are troublesome areas, which must be addressed to alleviate our national agony, then surely the experience of settling fiscal arrangements will be horrendous. All we have to do is to recite some of the statistics. Federal transfers to the provinces, for which the provinces make no accounting whatever, now constitute 25 per cent of the federal budget. Only 33 per cent of the tax dollar is now spent by the federal government. Sixty-six per cent is spent by the provinces. The per capita income from all resources in Prince Edward Island in 1978-79 was $3; the per capita income from resources in Alberta was $1,874.

There are fantastic differences in financial resources available to provincial governments in Canada's 10 provinces, and a growing resistance among the "have" provinces to the concept of a sharing community. Before we reach agreement in that difficult area there will be many financial and emotional crises, but they will only be laid to rest when at least the principles of sharing can be written into the Constitution. How can that be done under the present circumstances?

I have just identified three of the problems which must be tackled by way of amendment to the Constitution. It may not be possible to accomplish the necessary changes, no matter what we do, but at least we know that they cannot be accomplished unless the Constitution is here, in our own hands, and unless it comes here in a manner which allows it to be amended by a process which is reasonably within the reach of our governments.

The first two elements of the resolution are aimed directly at accomplishing those two objectives. All national political parties agree on those objectives. The only difference is that the Conservative Party wants an amending formula which would give each province the right to opt out. It is such an impractical proposal that it is hardly worthy of attack. There would not then be any commonality and therefore no real community in their vaunted community of communities. But even here the government has left room for compromise if a more acceptable formula can be found during the next two years.

Now the question is, should we just do that much? Should we do nothing about the entrenchment of a Charter of Human Rights in our Constitution until it is in Canada with an amending formula, with or without the right of the provinces to opt out? To me the answer is very clear. We are going to be entering into a period of great strain—the restructuring of Parliament, the redivision of governmental powers, changes in fiscal arrangements—which will require real changes in our Constitution. All of this can be argued at length by the experts and the politicians, without great danger to the daily lives of individual citizens, provided that the individual Canadian is protected by a basic system of entrenched rights which are the same for him as they are for his fellow citizen in each of the other provinces; otherwise the play of emotions, the struggles for power, and the tug-of-war over vast sums of money, may well bring about an encroachment on those rights.

The protection of an entrenched Charter of Human Rights is the absolute minimum which can be accepted by the ordinary citizen before he lets loose the hopefully constructive, but potentially destructive, forces of the constitutional equivalent of civil war. Anything less can only exacerbate the regional alienation which the whole process was intended to cure. We simply cannot for long have a country in which its citizens have different basic human rights, depending upon where they live in that country, and the individual rights of the citizen must never be held hostage to the street-fighting among governments over which of them will wield what powers and dispense what resources.

Some Hon. Senators: Hear, hear.

• (1520)

Senator Stanbury: The New Democratic Party and the Liberal Party, most of their parliamentary supporters, and some parliamentary supporters and provincial premiers of the Conservative Party, are in agreement that these three elements of the resolution before us are an essential prelude to the difficult process of constitutional reform which lies ahead of us.

How, then, should it be accomplished? Ideally, it should be done by negotiation. There is a terrible libel abroad, mouthed by many politicians and slavishly repeated by many in the media, to the effect that the federal government has been inflexible, that the provincial governments have been pliable—

Some Hon. Senators: Oh, oh.

Senator Smith: Don't be silly.

Senator Stanbury: —and that if only the federal government and Mr. Trudeau would go away everything would be resolved happily in a trice and we would live on forever in good humour and good health. We know that that is simply not true. Mr. Trudeau has met with the provincial premiers more often than any Prime Minister in Canadian history. He has proposed areas of discussion in which it seemed most likely that the governments could come to agreement. He has clearly stated the kind of concessions the federal government felt it could make. Neither the federal government and the provincial governments nor the provincial governments by themselves have been able to come to agreement, not because of Mr. Trudeau's intransigence but because in each case one or two premiers have had special deals that they wanted to impose as a condition of their acceptance.

Senator Flynn: Like Premier Davis!

Senator Stanbury: Another libel abroad is that making a start on constitutional reform is a particular obsession of Mr. Trudeau's.

Senator Smith: Of course it is!

Senator Stanbury: Certainly, he has identified it as one of the most urgent problems that Canada has. I can hardly imagine that there are responsible and knowledgeable Canadians who do not now agree with him entirely. I am grateful for his foresight and leadership, but also for his painstaking efforts at negotiating, even if negotiation has failed.

If negotiation is unproductive and the need is becoming more urgent, then how should a responsible government react? It should find a way of using its legitimate powers to patriate the Constitution. I appreciate that there are those who argue that these are not legitimate actions of the federal government, but I am satisfied to have that decision made by the Supreme Court of Canada.

Senator Donahoe: Trudeau is not.

Senator Stanbury: So I believe that any responsible government should patriate the Constitution if it legally can. It should ask for patriation on the basis of the only amending

formula which has at some point found acceptance among the parties involved, and it should ensure, through the entrenchment of a Charter of Human Rights, that a Canadian is a Canadian is a Canadian wherever he or she may live in Canada. The government is simply proposing to do what is necessary to build a practical foundation for future reform. It is entitled by law, and obliged by the circumstances and its duty, so to do.

Like most honourable senators I find that there are a number of improvements I would like to see in the constitutional package. For example, I regret that the provincial governments rejected the preamble which had been proposed by the federal government last June. It would have put the beginnings of our constitutional reform in a context which most of us feel would dignify it with the sentiments and principles which have long guided this country and by which we have tried to live.

The preamble which the Prime Minister proposed to the provincial premiers, and which unfortunately was rejected by them, reads as follows:

A Statement of Principles For
A New Constitution

We, the people of Canada, proudly proclaim that we are and shall always be, with the help of God, a free and self-governing people.

Born of a meeting of the English and French presence on North American soil which had long been the home of our native peoples, and enriched by the contribution of millions of people from the four corners of the earth, we have chosen to create a life together which transcends the differences of blood relationships, language and religion, and willingly accept the experience of sharing our wealth and cultures, while respecting our diversity.

We have chosen to live together in one sovereign country, a true federation, conceived as a constitutional monarchy and founded on democratic principles.

Faithful to our history, and united by a common desire to give new life and strength to our federation, we are resolved to create together a new Constitution which:

shall be conceived and adopted in Canada,

shall reaffirm the official status of the French and English languages in Canada, and the diversity of cultures within Canadian society,

shall enshrine our fundamental freedoms, our basic civil, human and language rights, including the right to be educated in one's own language, French or English, where numbers warrant, and the rights of our native peoples, and

shall define the authority of Parliament and of the Legislative Assemblies of our several Provinces.

We further declare that our Parliament and provincial legislatures, our various governments and their agencies shall have no other purpose than to strive for the happiness and fulfillment of each and all of us.

If that preamble had been included—and perhaps we should still include it by way of amendment—it would be clear that—

Senator Flynn: Could I put a question? You say this preamble is not in the resolution because of the opposition of the provinces?

Senator Perrault: The Conservative premiers, yes.

Senator Flynn: Why didn't you put it in just the same? You did not have the approval of the provinces for other aspects of the resolution.

Senator Stanbury: I am simply indicating my own desire to have such a preamble in the resolution.

Senator Flynn: Why do you say we have not got it because of the provinces?

Senator Stanbury: Because the provinces rejected it.

Senator Flynn: Yes, but you did not care how the provinces felt about other matters. Why this one?

Senator Stanbury: If that preamble had been included—and perhaps we should still include it by way of amendment—it would be clear that we celebrate the status of a constitutional monarchy under the fatherhood of God, according to our native peoples their aboriginal rights, and declaring ourselves to be committed to the linguistic rights of our two founding peoples and to the preservation of the cultural heritage of our citizens from a multitude of ethnic origins.

I would like to see more explicit women's rights. I would like to see more reference to economic rights. I would like to see a number of other things. But I am satisfied that the joint committee did the best they could to accommodate the various representations which were made to them. I am also satisfied that because the process of constitutional change will always be difficult in Canada, and because the priorities of constitutional reform will now have to shift to the reform of Parliament, the division of powers and the fiscal arrangements, it will be many, many years before there will be another opportunity to get an entrenched Charter of Human Rights in Canada.

If we fail to grasp this opportunity, I believe that another generation will pass before the occasion again arises. As a matter of fact, if this effort at patriation and adoption of an amending formula fails, I wonder which prime minister, of which party, will have the personal and political fortitude to try again.

It is time to move on. This resolution is the basis and the necessary foundation for our other constitutional reforms.

The pallid alternative offered by the Conservatives lets the provinces opt out of constitutional change, provides no entrenched codified common rights for Canadians, now or ever, and ensures that there will be no common standards in many matters of national concern. We are at a constitutional impasse. I believe that the government has found perhaps the only available means of breaching that impasse and giving

Canadians the opportunity to prove to themselves and to the world that they are capable of fashioning their own society to their own liking.

Senator Smith: The world is watching!

Senator Stanbury: The task cannot begin until the impasse has been broken.

Honourable senators, by joining our colleagues in the other place in passing this resolution, we remove the road block and demonstrate our faith in the wisdom and judgment of our fellow Canadians.

Hon. Robert Muir: Honourable senators, I wonder if my honourable colleague, Senator Stanbury, would permit a question. It is a very sincere question, with no partisanship about it at all. I know Senator Stanbury's background, and the work he has done with regard to the church, the Deity, and so on. He quoted from the preamble that was previously presented. In the course of that preamble reference is made to the Deity. Would the honourable senator kindly advise me why, in the recent Constitution hearings, the Liberal members of that committee, along with the New Democratic Party, said, "Away with the Deity, and away with references to the Deity. We will have nothing to do with the Deity"? I just wonder if he would explain that to me—and I say this sincerely—in the light of his important background in church work, and things of that nature.

● (1530)

Senator Stanbury: I am sure that individuals in every party have their own points of view. What I was giving you was the proposal of a preamble given by the Government of Canada to the provincial premiers. Perhaps I should correct something which may have been misleading because of lack of information. My understanding of what happened was that the premiers said, "We do not want to talk about the preamble until we have the whole Constitution put together." I was wrong in saying it was a rejection, but it was not accepted at that time as the preamble for the Constitution. If it had been, it would have referred to these matters which I regard as important.

Senator Flynn: Well, of course, the correction Senator Stanbury is now making was suggested to him by Senator Frith—that is obvious—and I know the discipline on the other side. However, my question is: Why don't you impose that on the provinces? Seven provinces opposed, for instance, the insertion of a Charter of Rights at this time, yet you imposed it on them. Senator Perrault has said that the Conservative government did not want it.

Senator Perrault: At that time.

Senator Flynn: The Prime Minister played politics with Ontario and with New Brunswick—

Senator Roblin: And with Saskatchewan.

Senator Flynn: —and with Saskatchewan, but without success. My question is: Why do you impose certain things on certain provinces and not on others?

Senator Roblin: There is no answer.

On motion of Senator Macdonald, for Senator Macquarrie, debate adjourned.

PRIVATE BILL

ROYAL CANADIAN LEGION—THIRD READING—DEBATE CONTINUED

The Senate resumed from Thursday, February 12 the debate on the motion of Senator Godfrey for the third reading of Bill S-15, respecting The Royal Canadian Legion.

Hon. G. I. Smith: Honourable senators, I would like to begin by assuring you that I shall not attempt to impose myself on too much of your time, and that I will try to be even briefer than my customary brevity.

I would like to begin by saying, for the record, that I am a member in good standing of The Royal Canadian Legion and have been since my discharge from the active list of the army of Canada in February, 1946. Therefore, whatever I say will certainly not be from any anti-Legion point of view, though I disagree with the bill and some of the things which have been said.

I have just noticed that Senator Godfrey is not present. I may have led him to believe that I would not engage in this debate unless he, as the sponsor of the bill, were present. I am not sure whether he was here earlier. Perhaps one of his colleagues could let him know that I recall what I said to him in that regard; however, since the order has been called, I do not know that I want to stand it.

Senator Steuart: I think he expected to be involved.

Senator Smith: Yes, he and I had a conversation last evening in which I told him that I expected to engage in the debate if the order was called today. He and I had not an extensive communication, but at least one that would lead him to believe two things: one, that I intended to speak today; and two, that I would not like to speak if he were not present. Perhaps we could let the order stand until a little later in today's proceedings.

Senator Flynn: There will be nothing else today, I am afraid.

Senator Smith: Is there nothing else? I could easily go on—

Senator Frith: We will see if we can locate Senator Godfrey.

Senator Steuart: Perhaps go on for an hour or so.

Senator Smith: Well, that might tax even my long-winded ability.

In any event, I wish to begin by referring to a comment made by Senator Godfrey. At the moment it escapes me whether he made it in this chamber or whether he made it in the committee hearings, but it was to the general effect that, after all, the Legion did not have to bother with legislation from the Parliament of Canada or elsewhere to effect its incorporation; it could very well have been incorporated under the ordinary procedures available to societies or organizations

of that kind. Of course, I agree with him that that is so. However, the Legion did choose the route of legislation; it chose to ask Parliament to legislate it into existence and to give it a set of rules by which its existence might be continued. I think that, once having enjoined the aid of Parliament, the Legion must live by the rules of Parliament. It cannot really expect parliamentarians to say, "Well, whatever you want you may have." It must justify what it asks us to do on the grounds of what is in the best interests of the organization, which I acknowledge is an extraordinarily important one which has done perhaps more good in this country than any other secular organization I can think of. I have the greatest regard and respect for what it has done, for what it is doing and for what I believe it will do. That does not necessarily, however, bring me to the point of agreeing with whatever its leadership decides is the best thing for that organization and its contribution to the country.

I would like to draw your attention to clause 1 of the bill, which is really the only clause on which I want to make any comments. Clause 1 of the bill would repeal paragraph 4(a) of chapter 84 of the Statutes of Canada, 1948, which is what one may call "the qualification for membership" clause of that statute as it exists today. Paragraph 4(a) reads as follows:

> to constitute an association of
>
> (i) those persons who have served or are serving in Her Majesty's navy, army or air force or any auxiliary force thereof,
>
> (ii) those persons who have served or are serving in the Royal Canadian Mounted Police, and
>
> (iii) the sons and daughters of any of those persons referred to in subparagraphs (i) and (ii),
>
> which association shall be democratic and non-sectarian; and shall not be affiliated to or connected directly or indirectly with any political party or organization;

Let me contrast that with what is proposed to be substituted for it, which is found in clause 1 of the bill we are considering. It reads:

> to constitute an association of those persons who have served or are serving in Her Majesty's armed forces or any auxiliary force thereof, and of other persons who support the purposes and objects of the Legion, which association shall be democratic and non-sectarian and not affiliated to or connected directly nor indirectly with any political party or organization;

• (1540)

Senator Frith: I am sorry to interrupt you, Senator Smith, but I have been informed that we are unable to reach Senator Godfrey. May I suggest that you continue in his absence? Or, if you prefer, it would be quite in order for you to move the adjournment of the debate in your own name in order to continue the debate tomorrow, when Senator Godfrey might be present. We will support whichever option you choose.

Senator Smith: I certainly thank the Deputy Leader of the Government in the Senate for his courtesy in informing me of the situation and suggesting that he would support either option. I feel it would be more in accordance with the sort of tacit understanding that I thought Senator Godfrey and I had, if I were to move the adjournment of the debate so that he could be present for the rest of it, having read the words of wisdom of which I have already delivered myself. Accordingly, I move that this debate be now adjourned.

On motion of Senator Smith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 26, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

February 26, 1981

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 26th day of February, at 5.45 p.m., for the purpose of giving Royal Assent to a bill.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

THE ROYAL FAMILY

BETROTHAL OF H.R.H. THE PRINCE OF WALES TO LADY DIANA SPENCER—ADDRESS TO HER MAJESTY THE QUEEN—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

ORDERED: That a Message be sent to the Senate informing Their Honours that this House doth unite with the Senate in the Address to His Excellency the Governor General respectfully requesting that His Excellency may be pleased to transmit to Her Majesty the Address of both Houses of Parliament expressing our great happiness to Her Majesty and His Royal Highness the Prince Philip on the announcement of the engagement and forthcoming marriage of His Royal Highness the Prince of Wales and Lady Diana Spencer, and have inserted in the blank spaces therein the words "and House of Commons".

ATTEST:

C. B. Koester
The Clerk of the House of Commons.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Capital Budget of the Northern Transportation Company Limited for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-363, dated February 12, 1981, approving same.

Capital Budgets of the Atlantic Pilotage Authority, the Great Lakes Pilotage Authority, Ltd., the Laurentian Pilotage Authority and the Pacific Pilotage Authority for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with respective Orders in Council P.C. 1981-360, 1981-361, 1981-362 and 1981-364, dated February 12, 1981, approving same.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*), that when the Senate adjourns today it do stand adjourned until Monday, March 2, 1981, at 8 o'clock in the evening.

Honourable senators, it is proposed that we sit on Monday evening next week, so that we will have an extra day for the debate on the Constitution and other matters. However, I want to assure the house that the question of settling a schedule for dealing with this debate, and other Senate business, is still under discussion between the Leader of the Opposition and the Leader of the Government in the Senate.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO RECEIVE PRESENTATION FROM NATIONAL FARMERS' UNION

Hon. G. I. Smith, with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Transport and Communications, in response to a request from the National Farmers' Union, be authorized to receive a presentation from representatives of that Union with respect to certain issues relating to the Crowsnest Pass and, if the committee considers it necessary, to report thereon.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Smith: I ask the indulgence of honourable senators in order to make a comment or two in explanation.

I have been informed by representatives of the National Farmers' Union that they are sending a delegation to Ottawa on Monday and Tuesday of next week to meet with various ministers and others. They have particularly requested that they be allowed to appear before the committee to make some representations. This request came to my notice only late yesterday afternoon. I have communicated with all three of the members of the steering committee of the Standing Senate Committee on Transport and Communications, who seemed to be in agreement that it is reasonable to accede to that request. Consequently, I place the motion before the Senate.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ESTIMATES

INCREASE IN GOVERNMENT EXPENDITURES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address some questions to the Leader of the Government with respect to the estimates that were referred to in the House of Commons yesterday. I am not sure whether they have been tabled yet, but certainly the information in them has already reached us, by courtesy of the media. Therefore, I suppose it is in order to ask a question on the topic, which I direct to the Leader of the Government.

Can the leader explain to us why it is that the increase of approximately 13 per cent in total budgetary expenditures for the year is considerably above the increase in the growth of the economy as estimated by the government. I would ask him to compare that fact with the undertakings given in Toronto by the Prime Minister on February 12, 1980, during the last election campaign, when he said, "We will hold the line on government expenditure growth under the rate of the gross national product." Obviously this has not been done; the promise has not been fulfilled. I would ask my honourable friend, the Leader of the Government, to tell us why.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I say that the estimates have not been tabled in the other place, and there is an embargo on detailed information with respect to them. As I have said, the President of the Treasury Board has not tabled those estimates in the other place. It is true that there appears to have been a lack of observance of the embargo by certain members of the media, but that does not authorize me or any other minister to comment on the reports which have been quoted by the Deputy Leader of the Opposition, and I shall not do so at this time.

By way of information, may I suggest to honourable senators that the reports circulated by the opposition, that the government has in some fashion not observed its previous practice with respect to the tabling of estimates, are most incorrect. For approximately 11 years there has been what is described as a lock-up where, at 11 o'clock on the morning it is proposed that certain estimates be tabled, members of the media are invited to gather in an assigned room where security is imposed. They must sign an agreement that they will not release any information with respect to the estimates, and they will not divulge the contents of any of the material provided for them, until that material has been tabled in the other place. This is an agreement which has been observed by the media during the course of several governments.

May I say in addition, honourable senators, that in order to make sure that the members of the loyal opposition can at least deliver on behalf of the opposition knowledgeable comments with respect to the estimates this practice was adopted four years ago by a Liberal government—that is, to have delegated members of the opposition meet with the President of the Treasury Board for an information luncheon on the day of the proposed tabling, a process designed to enable members of the opposition to discuss some of the contents of the estimates, and to ask questions. This was done yesterday to help members of the opposition to understand the estimates better and to provide them with certain documents. That practice was followed this year.

• (1410)

I might say, honourable senators, the practice was not followed when the Conservatives were in government a few months ago.

Every effort has been made by the government to observe the previous practice, a practice observed, generally, by both Liberal and Conservative governments. That is why I find it rather remarkable that the Deputy Leader of the Opposition in the Senate, knowing about the media embargo and with full knowledge of past practices which respect parliamentary traditions, would be on his feet today attempting to discuss details of what he alleges to be the estimates.

Senator Roblin: Honourable senators, just because the government is so incompetent in managing its affairs and has allowed itself to be caught in this unseemly mess, I really do

not feel that I am called upon to make any apology for them, let alone for myself.

I was not honoured with an invitation to lunch with the President of the Treasury Board or whoever provides these titillating little tidbits of advance information to people, but I can read, I can listen to the radio and I can see the television. There is absolutely no way I can disabuse my mind of the facts, even though the Leader of the Government prefers to hide behind a screen rather than deal with them.

I will put out of my mind the fact that I have read it in the newspapers; I will put out of my mind the fact that I have seen it on the television; and I will put it out of my mind the fact that I have heard it on the radio. I will simply say to my honourable friend that I do know what the Prime Minister said on January 12, 1980. He said that we would hold government expenditure growth to under the growth rate of the GNP. My question to the minister is: Is this still the policy of the administration?

Senator Perrault: Honourable senators, the economic objectives delineated by the Right Honourable the Prime Minister remain, of course, the objectives of the government.

Some Hon. Senators: Oh, oh.

Senator Perrault: Again I come back to the immediate question which is before Parliament: In the public interest, shall information with respect to the budget or the estimates be shared with the media in advance, in return for certain guarantees of security until the estimates are tabled?

Senator Flynn: That is not the question.

Senator Perrault: Should this information be shared with the media before the information is tabled in Parliament?

I understand that a motion is under debate in the other place now, and there is a possibility that the entire affair may be referred to the Committee on Privileges and Elections. There have been complaints from parliamentarians. I understand those complaints.

I am sure the honourable senator, when he was Premier of the Province of Manitoba, would have felt very aggrieved had the newspapers and the radio stations publicized the contents of his budget before he had had an opportunity to present that budget on the floor of the legislature in Winnipeg. The situation in which the government and Parliament find themselves now is similar in nature.

Questions are being asked as to whether the Canadian media broke the embargo, or whether it was certain clients of national news-gathering organizations. I think it is important to obtain answers to those questions.

Let me reiterate, however: The government followed all the customary practices of the past. As well, the President of the Treasury Board met for an information luncheon with the person designated by the Conservative Party to be their representative. After this courtesy had been extended, this member of the other place felt that there was a move towards Nazism by the government—if anyone can imagine such a ludicrous overstatement.

Senator Olson: It is a description of their logic.

Senator Perrault: It really is, as Senator Olson has stated, an example of some of the distorted logic being pursued by the opposition.

Senator Flynn: That is the end.

Senator Perrault: Honourable senators, never has a government been more forthcoming with respect to the tabling of estimates than we have attempted to be under these circumstances.

• (1415)

Senator Roblin: I am sure that we are all entertained by this once-around-the-circus. Now the Leader of the Government has honoured us with a second turn-around-the-circus, but he will not deflect me from asking my question, which is obviously the aim of this particular exercise.

Insofar as my previous experience in another capacity is concerned, I must tell the honourable senator quite candidly that we were able to manage our affairs much better, and we never had such a contretemps. Senator Guay does not agree with me. If he has evidence to the contrary, then let him bring it forth. I will share that better system with my honourable friend because, indeed, his colleagues obviously need some sound advice on this matter. The advice is that the meeting be held after the presentation in the house. That was our method. We would have the press in after the meeting of the house. It is a very sensible way of doing things. The honourable senator should follow this method or smarten up with regard to the way in which he is doing things now.

I would like to come back to the question. On February 12, 1980, during the last election, the people were given five economic pledges by the Prime Minister while he was in Toronto. The first of those pledges was: "We will hold the line on government expenditure growth under the rate of the gross national product." I ask my honourable friend a simple question: Is this still the policy of the government?

Senator Perrault: If the honourable senator wishes to initiate a debate on the government's economic policy—

Senator Flynn: No, we just want a reply. Say yes or no.

Senator Perrault: It is so interesting to see a group of writhing Tories because they are so very animated. If the honourable senator wishes to initiate a debate on the government's economic policy, then he should bring forward a motion.

Senator Smith: Answer the question.

Senator Perrault: If the honourable senator were to bring in a resolution then we could have a full debate in which we could present all the facts of the government's economic policy before the Senate and the people of Canada. Yes, and in the process we could discuss the potentially disastrous effects of the insane energy policy proposed by the previous government.

Senator Flynn: What about your policies.

Senator Perrault: If that energy policy had been implemented, it would have boosted the inflation rate to 19 per cent per year. Yet this same opposition group talks in terms of keeping down inflation. So, let us have that debate here in the Senate.

Senator Smith: Answer the question.

Senator Perrault: Let us use the Question Period for the purpose it was intended, namely, to answer legitimate questions about matters of the moment.

Senator Roblin: Honourable senators, I always appreciate the advice tendered to me by the Leader of the Government, although he never seems to take that advice himself. The honourable senator seems to have forgotten that just last week we debated the government's economic policy in connection will Bill C-54. In the course of that debate, I had the opportunity to outline the five promises made by the Prime Minister in connection with his financial policy, and we are talking about the first of those promises today. After making my contribution to that debate, and much to my surprise, nobody—I repeat, nobody—on the other side rose to defend the Prime Minister or to defend the economic policy of the government.

Senator Olson: Because your interpretation was wrong.

Senator Roblin: Gentlemen opposite may be able to add, but they cannot figure. They cannot figure out the facts from the promises, or the promises from the policies. That is what I am trying to find out. I have asked my honourable friend twice whether it is the policy of the government to honour the promises given to the Canadian people on February 12, 1980, by the Prime Minister.

Senator Perrault: Honourable senators, let us say that if the honourable senator wishes to have a formal debate on the state of the economy, we will welcome it. However, I will not participate in a misuse or an abuse of the Question Period by delivering a long speech on the subject of economic policy.

Senator Flynn: Senator Olson would do it.

Senator Perrault: The government has an excellent record with regard to keeping its promises. The objectives which have inspired the government's economic policy are well known to senators opposite.

Senator Roblin: Is my honourable friend prepared to answer the question? I would like a "yes", "no" or even a "maybe" answer.

Senator Flynn: Senator Steuart said no. We will take that.

Senator Steuart: Or maybe, or possibly.

OIL IMPORT COMPENSATION PROGRAM

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. Despite the rather strange manner in which this information with regard to the estimates has come to hand, I have learned, and I am sure that the minister is aware, that the government proposes to cut spending on the Oil Import Compensation Program by $2.3 billion next year.

[Senator Flynn.]

● (1420)

My question is: Can the minister indicate to us if, in reference to this particular program, it is a fact that the Canadian taxpayer will indeed enjoy this saving of $2.3 billion on the oil import compensation program?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, what Senator Donahoe is trying to do—and I can guarantee right from the beginning that he will not succeed—is to engage me in a debate on a matter which has already been accurately described by the Leader of the Government. In short, we are not going to comment on the estimates until they are tabled in the other place.

Senator Perrault: Hear, hear.

Senator Olson: That message is simple and straightforward. I see no reason why any senator on the other side of this house should have difficulty in understanding that. The senators on the other side can come at it from any angle they like but the answer will be the same.

It may be that the estimates will be tabled in the other place in the next few minutes, but in the meantime I can assure my honourable friend that he will not engage me in such a debate, despite the fact that the opposition in the other place acted in such a way as to prevent the government's tabling those estimates when they ordinarily should have been tabled, namely, at about 3 o'clock yesterday afternoon or shortly thereafter. They did that by raising questions of privilege. I will not comment on whether or not those were phony.

Senator Perrault: They were delaying as much as possible.

Senator Olson: They were delaying, deliberately delaying, perhaps for the benefit of the gallery, but in this case you are certainly not going to draw me into participating in that kind of exchange.

No matter what your questions are, if they relate to information that was leaked out of the lock-up, I will not be drawn into a debate on that subject matter until the estimates are tabled in the other place.

Senator Flynn: That's a good excuse! Maybe for once you have a good excuse for not answering.

MEDIA BRIEFING—ADMISSION OF OPPOSITION MEMBERS

Hon. Richard A. Donahoe: I have a supplementary question which, in this instance, I should like to direct to the Leader of the Government in the Senate. Is it not a fact that for some time past, on occasions when lock-ups have been prepared, it has always been the practice to admit members of the opposition as well as members of the media, and if members of the opposition chose to attend, naturally, they did so on the same terms and conditions as members of the media?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, surely it is a monumental tragedy that the once great Conservative Party—

Some Hon. Senators: Hah, hah!

Senator Perrault: —so dedicated at one time in its history to the ideals of parliamentary procedure, should have been reduced in this case to petty efforts to delay a proper tabling of the estimates, vital information to every Canadian.

Consider the petty tactics used in the other place—three time-consuming strategies, three petty strategies, employed in order to delay the tabling of those estimates. As soon as the media publicized what were alleged to be the contents of those estimates, as soon as the news wires began to chatter with information about the alleged estimates, the Conservatives in the other place began their theme: "There has been a violation of parliamentary privilege. For goodness sake! This material is on the street". The strategy was calculated and deliberate.

Let me tell you what the Liberal government did in this case. Instead of waiting for representatives of the opposition parties to request permission to attend the so-called lock-up, the President of the Treasury Board invited both opposition parties to an information luncheon with free and open access to raise questions and problems with him personally. The luncheon practice by Treasury Board heads was initiated by a Liberal government in the spirit of open government. Significantly, the same courtesy was not extended to the Liberals a few months ago when the Conservatives formed the government. The Tory minister responsible never thought of providing information on the same scale to opposition members of Parliament.

Some Hon. Senators: Hear, hear!

An Hon. Senator: You tell 'em!

Senator Perrault: I want to tell certain honourable senators in opposition that some of us have become tired of their pontificating about the respect their group holds for the parliamentary system, when on too many occasions members of the opposition or their colleagues in the other place seek to invoke the pettiest parliamentary devices to keep the proper business of the people from being dealt with and debated by Parliament.

Senator Donahoe: I have another supplementary question for the Leader of the Government in the Senate. Is it not a fact that in this instance, when persons of the opposition sought admission to the lock-up, it was refused to them? Is it not true that the privilege of attending the lock-up was willingly granted to members of the media but was refused to members of the opposition? Is it not a fact that what is being debated in the House of Commons now is a question of privilege concerning whether the privileges of the opposition were taken away from them by that action?

Senator Perrault: Honourable senators, as usual, I bothered to check the facts before rising to speak today.

Senator Flynn: Bravo!

An Hon. Senator: How unusual!

Senator Flynn: Bravo!

Some Hon. Senators: Hear, hear.

● (1425)

Some Hon. Senators: Oh, Oh!

Senator Perrault: I checked the facts, and I thank the members of the opposition for their tumultuous applause.

Senator Smith: It is so unusual for you to check the facts.

Senator Perrault: It has never been a practice for any previous government, whether Liberal or Conservative, to have members of Parliament attend a lock-up. It has, however, been a practice, instituted recently by Liberal governments, to provide both the new Democrats and the Conservatives with direct access to the minister—not through agents, not through departmental officials, but directly, face to face, over an information luncheon. On such occasions, prior access to certain documents is provided. Indeed, I can assure honourable senators that once again on this occasion informative documents were provided by the Honourable Donald Johnston, the President of the Treasury Board, together with highlights of the estimates, summary charts, a full press kit, and other key material. This practice of information sharing in advance of tabling was instituted by a Liberal government in the cause of more open government.

The Conservative critic who said, "I was not allowed to go into the press lock-up," was the very person who had lunch with the President of the Treasury Board and was given prior access to estimates information. I ask honourable members of the Senate, and particularly those in opposition, is this conduct by their party representative in the highest parliamentary tradition?

Hon. Jacques Flynn (Leader of the Opposition): May I rise on a point of order?

The Honourable Leader of the Government is getting excited—

Senator Roblin: I would call it "carried away".

Senator Flynn: Yes. He gets carried away, accompanied by a groan from Senator Langlois, as usual. It is so interesting to listen to the senator's comments. You know what he means, but you do not know what he is saying. However, that does not matter.

I am rising on a point of order, which is as follows. The Honourable Leader of the Government is discussing what happened in the other place, with specific reference to comments by members, not by ministers. I think he is therefore entirely out of order. Will he not agree, however, that part of the question of privilege that delayed the tabling of the estimates by the President of the Treasury Board was raised by an allied group, namely, the NDP, in the other place?

Senator Perrault: Honourable senators, my information—

Senator Flynn: You said you checked the facts!

Senator Perrault: —is that the delay was pulled out of the Tory bag of tricks, primarily. These delaying tactics do not add one whit to the reputation or lustre of Parliament.

Hon. Lowell Murray: Will the minister say whether his colleague, the President of the Privy Council, Mr. Pinard, last night, after the other place adjourned, told the Canadian Press that they could then consider the embargo lifted?

Senator Perrault: It is not my practice to comment on fragmentary press reports. If we had a full transcript of the proceedings I would then be able to assess whether the honourable senator's question deserves an answer.

Senator Flynn: You said you checked all the facts. You should know.

Senator Murray: May I ask the minister whether he will ascertain immediately, because it can be done immediately—he has a stable of highly paid and comfortably placed assistants around to do this—

Senator Frith: Would you say that again, so they can hear you?

Senator Murray: —highly paid and comfortably placed assistants who can find out. Would the minister make an effort to find out immediately, as he can do by having an assistant go down to the other place and inquire of Mr. Pinard whether, in fact, Mr. Pinard advised Canadian Press, when the House of Commons adjourned last night, that the embargo was lifted; because if he did that it seems to me that the point raised by the Minister of State for Economic Development is hardly valid, and if the estimates have been made public on the initiative of Mr. Pinard, on behalf of the government, surely we are fully entitled to discuss them and ask questions about them in our Question Period here?

Senator Perrault: Honourable senators, I have two points. First of all, I understand the present debate in the other place relates to possible breaches of privilege. There is a motion to refer this whole matter to the Committee on Privileges and Elections in the other place. Secondly, honourable senators, further information will be sought. There will be the usual avid pursuit of the facts.

Senator Murray: With great respect, I would like to have the minister ascertain right away whether in fact his colleague, the President of the Privy Council, gave that authorization to Canadian Press at 6 o'clock, or thereabouts, yesterday evening, so that we can get on with our discussions here.

Senator Perrault: One thing seems obvious, and that is that the official opposition, in this particular instance, seems to have far more knowledge about what happened in the media than does the government—

Senator Flynn: That is usual.

Senator Roblin: Where are the facts that you checked?

Senator Perrault: —which makes one wonder about the whole scenario.

Senator Murray: The conspiracy theory.

● (1430)

ENERGY

DOMESTIC OIL PRICE—SUGGESTED INCREASE

Hon. Guy Charbonneau: Honourable senators, I should like to address a question to the Minister of State for Economic Development. Mr. Robert Blair, President of Nova Corporation stated yesterday that the best first step in resolving the current energy impasse would be to increase the domestic price of oil by $10 per barrel to meet the needs of 1981-82. Would the minister care to comment on that?

Hon. H. A. Olson (Minister of State for Economic Development): The only comment I make is that it is obviously Mr. Blair's opinion.

Senator Charbonneau: Mr. Blair also mentioned that the National Energy Program contains several proposals which could damage energy development, factually and psychologically, unless they are modified. His views are supported in the report yesterday of Data Resources Canada which stated:

> If the National Energy Program could be modified to encourage the required $200 billion in energy investment during this decade, many of its detrimental effects would be remedied.

Would the minister therefore answer this question: Is there a precise number of experts, representing all sectors of the economy, who must object to the National Energy Program before it is changed substantially; and, if so, how close are we to attaining that number?

Senator Olson: Honourable senators, I know of no such number. What I do know is that there are a number of changes to the National Energy Program that have already been announced, which are in keeping with the government's statement of October 28, and a few days following that, stating that we brought in a National Energy Program in the absence of an agreement with the producing provinces, even though we had tried to come to an agreement with them—which, of course, was the problem faced also by the previous government. After negotiating for several months—I believe about seven months—it brought in a budget also in the absence of an agreement with the producing provinces.

We believe there may be some additional changes required. We acknowledged that even in the speeches made by the Minister of Finance and the Minister of Energy, Mines and Resources following the budget of October 28. What, in our view, is still essential is that there be negotiations and an agreement between the producing provinces and the federal government to determine what changes can be made, one of the principle items being revenue sharing, and all of the peripheral matters that would be part of that overall energy program or energy agreement. Certainly, it is our hope, expressed almost every day, including yesterday, that we can get back to the negotiating table and try to reach an agreement.

NATIONAL ENERGY PROGRAM

Hon. Guy Charbonneau: As a supplementary, it seems to me that since October 28 the government has heard from experts in all sectors of the Canadian economy. It seems to dismiss totally the virtually complete opposition of the energy industry, be it multinational or Canadian, and it disregards the views of the financial community and the manufacturing sector, including those of small business. I might add also the majority of

the provinces and, of course, the official opposition. I am just stating facts. I have to state the facts for the information of the minister, because he does not seem to know them. Would the minister tell the Senate if the cabinet has decided that it is completely wedded to its energy program in the face of all the opposition?

Hon. H. A. Olson (Minister of State for Economic Development): No, honourable senators. The government has stated its view over and over again. I am surprised that it has to be said every day that this government is anxious to negotiate an agreement with the producing provinces.

Senator Charbonneau: On its own terms.

Senator Olson: On whatever terms can be agreed to in those negotiations. In case my honourable friend has forgotten, I have explained the status of that several times from the floor of this chamber, and I am sure that he had access to the news media which honourable senators were talking about a few moments ago. Apparently they listen once in a while, but they must listen selectively, because Premier Lougheed of Alberta has stated several times—in late January and, I believe, again in February—

Senator Frith: And Mr. Leitch said it yesterday.

Senator Olson: It was said yesterday by the Minister of Energy and Natural Resources for Alberta that they are not ready to come back to the negotiations. The reason they give is because there is still required a reconciliation of the factors going into the totals respecting revenue-sharing and a number of other things. Until they have reconciled those figures, they do not believe it would serve any useful purpose to recommence, if that is the right word, the negotiations.

I am surprised that honourable senators opposite have not absorbed that from all the news media and from the statements that have been made here, because certainly it has been said over and over again.

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to ask a supplementary question of the minister. One thing that I have been able to absorb is the promises made to the Canadian public by the Prime Minister of Canada on February 12, 1980. On that famous day he made a pledge about oil prices. He ridiculed the Tories for having failed to make a deal with the producing provinces, and then said, "We will negotiate an increase of less than 14 cents in the price." When is the government going to deliver on that promise?

An Hon. Senator: It's too late.

Hon. H. A. Olson (Minister of State for Economic Development): The government has been delivering on all of the promises it made during the election.

Senator Flynn: He won the election. That was the only objective.

Senator Roblin: Would the minister admit that it was just a piece of fancy election baggage?

Senator Olson: No, I will not admit that, because it does not happen to be true.

Senator Roblin: What I quoted about the Prime Minister's statement is true, but as for his having fulfilled the promise implicit in the statement, that is not true.

Senator Olson: The honourable senator has every right to give his interpretations of things. They are usually wrong, but that is his business. If he wants to continue to make interpretations that are obviously different from many other intelligent interpretations of those things, that is up to him.

Senator Flynn: Subjective.

Senator Roblin: I am not interested in interpretations, not even the minister's interpretations. What I want are answers, and that is what I don't get.

Senator Olson: The honourable senator always tries to have a premise or to have his question predicated on some interpretation, and usually it completely destroys the content of the question.

Senator Roblin: Does the minister deny that the Prime Minister made that statement on February 12, last year?

Senator Olson: I do not deny that; I deny the interpretation that the honourable senator has put on it. There is one thing: I think that perhaps the honourable senator has the date wrong.

Senator Roblin: In that case, if my honourable friend is able to give me the date, perhaps he can tell me when the promise is going to be fulfilled.

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. It is a rather serious matter, and I am sure the minister will be anxious to comment on it. I understand that his colleague, the only elected minister west of Ontario, stated in Winnipeg yesterday that the Province of Alberta was blackmailing the rest of the country. As the minister responsible for Alberta, would the minister comment on that?

Senator Olson: I am not sure that I understand the question about the blackmailing. If the honourable senator would like to spell that out a little better, I will try to reply.

Senator Doody: I will do so. The minister was telling us a few minutes ago how important it is that negotiations between the Province of Alberta, his native province, and the Government of Canada be recommenced—which is a rather strange word to use, nevertheless, it is the one that he used—and that both sides get together for the benefit of the country.

• (1440)

I would like to know if he agrees with this comment made by his colleague—and I am referring to the province of Alberta—and I quote:

> We are allowing regional chauvinisms and provincial jingoisms to dominate the discussion of how this economic dynamism of the West can be utilized and shaped.

The honourable minister from Manitoba is also quoted as saying:

> This is a form of blackmail being used by one province against the rest of the country. That's very serious.

I think that is a very serious matter indeed, if that is the sort of terminology that is going to be used in order to try to heal the wounds that are now open in this country. If you want to speed up negotiations, I would suggest a more temperate form of language could be used to entice the Albertans to talk sensibly to the present federal government.

I am asking the honourable minister, who is a representative of Alberta, if he would care to disassociate himself from his colleague's remarks.

Senator Olson: I understand what the honourable senator is asking now. The question was: Would I care to comment on it, and the answer is, no, I would not care to comment on it.

Senator Doody: I have a supplementary question. If the honourable minister does not wish to comment on his colleague's ill-tempered and ill-advised insults to his own province, would he care to disassociate himself from his colleague's comments?

Senator Olson: Honourable senators, what Senator Doody is doing again is—

Senator Doody: —asking questions.

Senator Olson: He is asking a question, but he sets it up on a whole lot of preamble and predicated on his interpretation of what he sees here and there. If he would like to send me all these clippings in the context in which the remarks were made, then perhaps I will comment on them. In the meantime, I will wait until I see that background.

Senator Donahoe: Anybody who uses that kind of language is Axworthy!

Senator Doody: Honourable senators, I will try my question once more for the sake of the record. In my experience with governmental affairs in the province of Newfoundland, this is the sort of language that is guaranteed to upset a province, no matter how big or how small that province is. If a minister from the federal government were to accuse the Government of Newfoundland of blackmailing it while I was a member of the Newfoundland cabinet, we would be incensed and upset, because it is not good diplomatic language and is language we hardly ever use in ordinary circles, let alone in intergovernmental discussions.

The minister, Mr. Axworthy, was given a prepared address, I gather, to a hundred federal civil servants. Of all the audiences to pick to make a comment like that to, this is unbelievable. Nevertheless, he tells those civil servants that they are in the front line of defence, and that they are supposed to keep the werewolves of Alberta away from the gates of Ottawa, and that what we have to do is tell these people in Alberta that they are blackmailing the rest of the country. I ask the minister from Alberta if he will disassociate himself from those comments by his colleague.

[Senator Doody.]

Senator Olson: Honourable senators, I have nothing to add to the comments that I made a few minutes ago.

Senator Doody: I'm not surprised.

Senator Olson: I suppose we are going to have to listen to these speeches that are completely out of order as long as the galleries are full of delegates from the Conservative convention.

Hon. Robert Muir: Honourable senators, I have a supplementary. May I ask the honourable gentleman if he agrees or disagrees with the comments of his colleague, Mr. Axworthy, as outlined by Senator Doody? Does he associate himself with them, or does he disassociate himself from them, or does he believe they were said?

Senator Olson: Honourable senators, it is very difficult for my honourable friends opposite to understand. They should have heard the answer I gave a few minutes ago, if they were listening. I want to make sure that the comments were made and, indeed, in that context, before I make any comment. Is that clear enough, or should I say it two or three more times?

Senator Muir: Coming from you, I think you would have to say it half a dozen times to try to make some sense. In any event, it would appear that the honourable gentleman seems to know all the answers but he does not even know the questions.

Senator Flynn: But he never gives the answers.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a supplementary question of the Minister of State for Economic Development? I am not so much concerned, as some members are, about what Mr. Axworthy said, because I know him a little better than most. Therefore, I suppose I can roll with the punches with respect to this.

Senator Frith: He will probably make some comment.

Senator Roblin: No doubt he will, and I will not object if he does.

The point I really want to make has to do with the audience to which he addressed himself. Here it appears to be an audience of civil servants who are being given the pure milk of the gospel from a political leader on a highly sensitive political issue. One has to wonder if this is appropriate. Could my honourable friend find out for me—of course, he cannot answer today—just to whom Mr. Axworthy did speak?

Senator Doody: He will try to say they were Conservatives in the gallery.

Senator Roblin: Why were they called together? What was the purpose of the meeting, and just what did Mr. Axworthy say? When we have those facts that are quite independent of any newspaper report to which my honourable friend takes such violent exception, we will then be able to form some judgment as to whether he is trying to further politicize the civil service.

Senator Olson: I will try to obtain that information.

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, while I am on my feet I would like to advise Senator Roblin as to a question I had taken as notice, having agreed to come back with an answer the next day—that would be February 16. In checking the record, I find that I did in fact answer that question the next day.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask what the answer was, and with respect to what?

Senator Olson: With respect to the purchase of Petrofina.

Senator Roblin: Did my honourable friend deal with the report that was mentioned in my request for information?

Senator Olson: I will read part of the reply:

> Petrofina is a wholly integrated company comprising activities in exploration, development, production, refining and retailing.
>
> Petro-Canada, based on their assessment of the worth of Petrofina, has concluded that $120 per share is an appropriate amount. While the details of this assessment must remain confidential, Petro-Canada's track record in acquiring other companies, for example, Pacific Petroleum and Atlantic Richfield, is a good one, and the corporation has earned the confidence of government and the people of Canada.

I could read the rest of it over again, but the point is that there is an assessment that must remain confidential for the time being, and I am not sure whether or not that can be released some time later when the whole deal is consummated. If it is available then, I will provide it to my honourable friend.

Senator Roblin: I thank my honourable friend for the explanation, but let me tell him that I do not think it is satisfactory, in the circumstances. Were Petro-Canada a private organization, in the usual sense of that expression, then, of course, it would be no business of this Parliament as to what they did or on what advice they relied for what they did. That is not the case.

The president of Petro-Canada made a public statement in which he was dealing with the question of valuation—a question which has been challenged—and he relied in his answer on a report that he had received from independent consultants. Obviously, the issue is closely related to the production of that report. Even if he had said that and it had been a private company or even a government corporation that was raising money in the traditional way to support its activities, there might be some question about it, but that is not the case.

We have been told by the same Mr. Hopper that he is asking government to provide in one way or another $1,460,000,000 in order to finance this deal. Certainly, a large portion of that will directly bear on the taxpayers of Canada or on those who use gasoline in Canada, because it is the government's stated policy to raise the money that way. Here we are being asked to provide a very large sum of money for a public enterprise, and I think that in that case we, in the opposition, have a duty to make sure that the price that is being set for this matter is fair in the circumstances. From that point of view, I suggest to the minister that it is in the public interest, and that we are justified in saying that we are entitled to know about that independent report on which Petro-Canada relied, and on which, in large part, is going to be based a large call on the public purse.

Senator Olson: Honourable senators, whether it had been a large or small amount, I accept the validity of the question that, inasmuch as it is a crown corporation and the related matters Senator Roblin referred to, it is in a different category. I want to check how long it will be before the rest of the information leading up to and including this assessment can be made public.

I say that on the basis that there are some factors or considerations in the total acquisition that are not fully consummated to the point where even the amount of that financing is known. We know what Mr. Hopper's request is. It is for 100 per cent. But whether or not it will be 100 per cent or some smaller percentage is not yet known. Indeed, the amount, or how that money will be raised, is also not finally decided. Certainly that information will be made available in due course.

Senator Roblin: I am sorry that the deal is so incomplete at the moment that the information cannot be produced. I really would be astonished if the government decided to raise $1,460,000,000 through the gasoline tax system. I cannot believe that is going to happen. Something else must surely be done because, if this deal is any good at all, part of it at least can be financed in the ordinary financial way. I am taking from what the minister said that he is giving me an undertaking that at an appropriate date he will produce the document I am asking about.

• (1450)

Senator Olson: I am giving an undertaking that I will look into it.

Senator Roblin: Do you feel the public has no right to know?

Senator Olson: No, I do not; not at all.

Senator Roblin: Well, then, produce it.

Hon. C. William Doody: On a supplementary, if I may, honourable senators. On February 18 I asked the same question of the honourable senator, and at page 1756 of the *Hansard* of that day he committed himself. I asked about the availability of the outside consultant's report, and asked if the document could be made available. The honourable senator said:

> —yes, that becomes part of public information after it is completed.

I assume now that the honourable senator is reaffirming that commitment.

Senator Olson: The answer I gave on February 17 begins as follows:

Honourable senators, I should like to respond to questions raised by Senators Doody, Roblin, Manning and Donahoe on February 11—

So it is all included.

FEDERAL-PROVINCIAL RELATIONS

MEETINGS BETWEEN MINISTER OF STATE FOR ECONOMIC DEVELOPMENT AND PREMIER OF NEWFOUNDLAND

Hon. Jack Marshall: Honourable senators, I have a question for the same minister, and it has to do with the meetings he held in Newfoundland with Premier Peckford. After reading the report, it appears they get along so pleasantly that it is getting dangerous. I am wondering if I could list the few requests made by Premier Peckford having to do with the development of the Lower Churchill; the problem of access of surplus power across Quebec to other provinces and to the U.S.; the upgrading of the TransCanada highway; the trans-Labrador highway; improvement of a secondary road network in Labrador and Newfoundland; the revitalization of the Newfoundland railway, and other small items.

Since these requests have been made repeatedly, I wonder whether the minister would be prepared to make a statement as to the attitude of the government towards these requests. When will the review process of the requests be made? How soon can he make a statement to the Senate as to what the government action on these matters will be?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it was my view that it was a very useful and indeed, as my honourable friend has described, pleasant meeting with Premier Peckford in Newfoundland.

Senator Perrault: Hear, hear.

Senator Olson: I am not surprised that it was so, because the ministers of the other provincial governments I have visited have also been very courteous, and we have had very useful discussions with them.

However, to answer the question about these specific items is, of course, asking me to make announcements for and on behalf of other ministers, and I have tried to make it clear on at least 10 or 12 occasions that I am not going to make announcements for and on behalf of the Minister of Transport on highways, or the minister responsible for DREE, or anyone else. However, I can give my honourable friend this undertaking, that as rapidly as possible I will bring that information to the attention of the Senate, after the ministers directly responsible have made an announcement.

HONOURABLE H. A. OLSON, P.C.

THE CONSTITUTION—PARTICIPATION IN DEBATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development arising out of his speech yesterday, which I qualified at that time, and I am not withdrawing one word.

[Senator Olson.]

Hon. H. A. Olson (Minister of State for Economic Development): You ought to; that was a bad comment at the end of the speech.

Senator Flynn: Yes, but I am not withdrawing anything.

Senator Perrault: Unrepentant.

Senator Flynn: Unrepentant, yes; that's for sure.

Senator Roblin: He has not sinned; he does not need to repent. The sinner is over there.

Senator Flynn: I have two questions. My first is: Since the minister has tied all those who oppose the constitutional package of the government with those who opposed the Canadian flag over the years, going back to 1945, when Mr. Mackenzie King wanted the Red Ensign as the Canadian flag—and Senator Olson did not mention that—I want to know if the honourable minister would tell us how he voted in the flag debate in 1964.

Senator Olson: Honourable senators, I will have to look that up. As I recall, I think I voted in favour of the resolution, but, of course, I was in the opposition then. I must look it up. There may have been some extraneous reasons why I did not vote for the flag that I am very proud of today.

Senator Flynn: You could check. My own checking shows that you voted against, but, of course, you were a member of the Social Credit Party at that time. You have wavered in some respects since then.

Senator Olson: No, no; I have improved.

Senator Flynn: My second question is: You also tied the opponents of the package to those who opposed the Citizenship Act. The word you used yesterday was the "old" Tory line. If you check into the record you will see that that bill was passed unanimously on second and third reading, and that there were only two members who spoke against it—they were marginal members of the House, I would say, of the type that could be found in the Liberal ranks at that time.

Senator Olson: Honourable senators, I was very surprised yesterday when I was making my speech as to how exercised the Leader of the Opposition got, because I was not accusing him—although under provocation he did get me to say something about the "old Tory line." I think perhaps I would even take that back, if that would make him feel better. What I was trying to establish with the historical record was that every time there is a great debate involving very important issues, such as the legal right to call yourself a Canadian citizen, there are those who insist that it is not the right time to do it, that it is divisive. However, the point is that I am glad that the party I now belong to has always been on the right side of those great debates.

Senator Flynn: Well, I am glad that the honourable minister has said that. However, if he would check into the record of the citizenship debate to which he referred yesterday, he might find that Mr. Diefenbaker moved an amendment suggesting that we needed a Bill of Rights, and that the Liberal Party rejected it.

Senator Olson: I would think that the best piece of advice I could give my honourable friend, in response, is that he take Mr. Diefenbaker's view now and support a constitutional amendment which will have a Bill of Rights in it.

Senator Perrault: Hear, hear.

Senator Flynn: On a point of order, I might say I do not know if I voted, because I was Deputy Speaker at that time, but it was Mr. Diefenbaker who moved the introduction and adoption of the Bill of Rights. There is quite a difference between a Bill of Rights and entrenchment, and my honourable friend knows that. It is only a smoke screen for the government to say that we need a Bill of Rights at this time.

Senator Olson: My honourable friend has forgotten some of the debate he must have heard, whether he was Deputy Speaker or not, because certainly Mr. Diefenbaker at that time wanted a Bill of Rights which would be applicable across this country and in both the provincial and federal jurisdictions. There was no question but that he was in favour of having it apply across the country. That is what is going into the entrenchment in the Constitution now. I am surprised that my honourable friend would not enthusiastically support it.

Senator Flynn: I am supporting it, but I am saying that you are misrepresenting the case, because Mr. Diefenbaker would not impose that bill on the provinces.

Senator Olson: No, but he wanted it.

Senator Flynn: Well, so do I favour that. Don't think you are alone. You are not alone.

Senator Smith: We wanted it, but we refrained from breaking the law to get it.

Hon. Robert Muir: A supplementary to the honourable gentleman. On page 1851 of yesterday's *Hansard*, during the controversy between Senator Olson and the Leader of the Opposition, Senator Olson said:

> Honourable senators, there is something else that I hold higher than that, and that is Canadian citizenship.

I think he made a good statement; I see nothing wrong with it. However, I would like to ask him: Does he not realize that there are those of us who sit in this chamber and in other chambers who did not have the privilege of being born in Canada, but selected Canada, are proud of Canada, and are every bit as good a Canadian as he ever might be? He has no right to wrap himself in the robes of purity and sanctity and make out that he is the only great Canadian. There are those of us who are not fortunate enough to have been born here, but we have made Canada our home and we are as proud of Canada as he is.

● (1500)

Senator Olson: I am very pleased to hear that comment.

THE ESTIMATES

EMBARGO ON PUBLICATION OF INFORMATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I was asked to provide a prompt reply to a question asked earlier today as to whether the house leader in the other place had stated that he had considered the embargo to be lifted. I have ascertained that the house leader, the Honourable Yvon Pinard, made no such statement, and I am now rather mystified about the murky sources of information available to the opposition forces in the chamber. Perhaps I am entitled to ask a question: Where did such a distorted question originate?

Hon. H. A. Olson (Minister of State for Economic Development): It is normal for them to have murky sources of information.

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Macquarrie asked questions on January 29 and February 12 regarding continued federal financial support for post-secondary education. On several occasions he has expressed his concern in this regard.

As honourable senators are aware, it is the intention of the government to examine closely programs involving transfers to the provinces, including fiscal arrangements as provided for in the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977. These provisions are subject to amendment beginning in 1982 and to termination with three years' notice. It is perfectly normal, therefore, that the government begin to give consideration to this matter.

As the Prime Minister stated in his press conference of February 12, 1981, the government is not considering any particular course of action at this time such as the elimination of $1.5 billion over a period of three years as it has been rumoured.

It was with the intent to provide members of all parties with a forum for their views on federal-provincial fiscal arrangements that the government established a parliamentary task force to study the matter. There will be opposition representatives on that task force. Honourable senators, programs that this committee will examine include the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977. The federal contribution to post-secondary education is included in this act. The examination will, of course, be carried out in the context of the government's expenditure plan as set out in the October 28, 1980 budget.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, pursuant to what we might call the "Roblin formula", is it agreed that we now proceed to Order No. 4? If Senator Roblin does not want to accept the credit for it, then I will.

Senator Perrault: The "Flynn initiative."

Senator Frith: Is it agreed that we now proceed to Order No. 4?

Hon. Senators: Agreed.

Hon. Heath Macquarrie: Honourable senators, I appreciate this invocation of the "Roblin formula." It may be a hazardous formula, and referred to as such only this once.

As honourable senators may know, or at least one or two may recall, I have spoken at an earlier stage of this constitutional discussion—that is, when we were considering the establishment of the special joint committee on November 3. I will not, of course—because it would be unparliamentary, impolite and rather stupid—repeat anything I said in those days, and because I assume they will all be remembered. The one thing I will not guarantee, however, is how long I will speak.

Senator Perrault: Is that your speech on the desk?

Senator Macquarrie: Yes, those are my rough notes. Since that event of November 3, some new element has entered into this procedure. The other day I read that one of the joint chairmen of the joint committee told the press that the parallel debate is expected to be shorter and more peaceful in the Senate than in the House of Commons. The committee joint chairman, Senator Hays, said, "Our people are pretty well in favour of the package and, seeing that we are a long way from the bathroom facilities, and considering the age of those in the opposition, we will whip them pretty fast."

That causes me to be careful. I look at poor old Senator Nurgitz over there; i look at this decrepit seatmate of mine, Senator Balfour; and then, of course, upon the venerable Senator Murray, and I wonder in what kind of a group I have been placed, considering, as I must, that we must face that beardless youth, Senator Hays, over there! His comment may have been interesting, but it was not particularly elegant and I am not even sure it will go down as dry humour. However, in case there is some organization, some Hays' office which gives credit to members who can sit in the chamber for long periods of time, I should like it to be recorded that I have been here now for 78 minutes waiting while my diligent colleagues sought—in vain, mostly, may I say—to get an intelligent response from the government. I have at least one bar to whatever medal I may receive from Senator Hays.

However, even more important than this situation, which is not always trifling, I wonder if we should not carefully reflect on what has happened, not only since my momentous speech, but since this Constitution debate, in its early phase, began. What has taken place in the intervening weeks? Are there developments upon which we can reflect which might change the attitude, not only of myself but of other Canadians and of senators and members of the other place?

A good deal has happened since November 3, honourable senators. The committee was duly established and it will be recalled—and I do not wish to be chauvinistic or boastful, but we must recall, in fairness, that this side of the house, this small group of gallant senators, did help in the formation of that committee, its composition, and its procedure. This group was effective, and it is to its credit that it was.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: The government reversed itself and allowed TV cameras in to permit the people of Canada to see the proceedings. They did observe in great numbers, and that is to the credit of the Canadian people and perhaps to the surprise of some politicians. I believe the ratings were very good—some were stars.

While waiting for another speaking engagement in Charlottetown a few weeks ago, I turned on the television to see my parliamentary brothers. I saw my good friend, the Honourable Bryce Mackasey, during one of the wrap-up sessions—as Senator Tremblay will remember—speaking about the fact that he had never served on a joint committee before and had never tackled these problems of parliamentary matters with members of the Senate. He said that the people of Canada were very fortunate to have the parliamentarians from this particular body. He said that one aspect of constitutional reform he had abandoned after his experience on the joint committee was the suggestion of a reformed or altered Senate. I was very glad I had that few minutes to watch because I agreed with him 100 per cent.

I must pay tribute to the members of the joint committee. It was a major service that they rendered, and an onerous duty that they performed. Senator Tremblay, magnificently well versed, brilliant in his exposition, combined not only the status of a great parliamentarian but also a magnificent resource person in the one being. Senator Roblin, an outstanding provincial premier, as he is now an outstanding national legislator, served on the committee. Senator Asselin, a friend of mine for many years, very knowledgeable about the country, about the world, in particular his own province, also served on that committee. I am not suggesting that only the three Conservative senators were performing well, but I do have a partiality for them. There were excellent performances by other members and I, as one who was on that committee, although not very often, thought, Calvinist though I was and am, that it was a tremendous burden that these permanent members bore. There were endless, long meetings and, sometimes, I would say, tedious meetings.

• (1510)

Because of the good manners and the good procedures of the committee, the night Honourable Angus MacLean presented a most excellent, reasonable and helpful brief, I had the honour of asking the first question. All the sessions which I was able to watch on TV or in person made me very proud of our people, our Senate and the House of Commons.

These three were supported by those of us who were invited from time to time. I remember one particular day when the Conservative staff were so concerned that our strength be maintained that Senator Yuzyk and I figuratively landed in the same chair. There was no serious incident, but we all agreed that the committee was magnificently manned that day! It had supernumerary strength.

Our leader, Jacques Flynn, was supportive and inspirational throughout. Behind it all, there was someone else from my party who gave strength and direction. He has given it not only since November 3 but since this matter was first brought, in its new form, to the Canadian people by the Prime Minister. I refer to a man who is often underestimated, and examined for trifling things and overlooked for major things. I am speaking of the Right Honourable Joe Clark, the Leader of the Official Opposition.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: Those in this vain profession of politics do not like to confess the slightest portion of fallibility, but I was concerned that the leader of the party, Mr. Clark, was being a bit too strong in the position he took in October. I did not think he was wrong, but I thought perhaps his emphasis was a bit strong. I have been proven wrong and he has been proven right, because what has happened in the intervening months has shown that his perception was sound. We used to read that one of the most important people in all this was not the Prime Minister of Canada or the Minister of Justice, but the Premier of Saskatchewan, that he was uniquely qualified to be a catalyst and an outstandingly perceptive interpreter, and that his support was absolutely the *sine qua non* of a proper solution.

Senator Frith: We used to say the same thing about Judas.

Senator Macquarrie: He troubled himself for months, from Regina to Ottawa to Honolulu. This Hamlet of the prairies took month after month, almost a full gestation period, to come up with something. He came up with the exact view which the Right Honourable Joe Clark arrived at after 90 minutes of consideration in October.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: I will not criticize the Premier of Saskatchewan because I do not know him at all. Therefore, how could I dislike him. Also, he is a maritimer so he cannot be all bad. However, I have noticed that there is a great deal of foolish image-building taking place. I wonder if he might not be an example.

But more important than the conversion of the odd Saul as he traipses along to Honolulu instead of Damascus is what has happened to the people. I am one of those Conservatives who reads the Gallup polls, usually with a great deal of pain and always with a bit of fear. However, I see that now the public opinion polls are also reading the issues as did the Leader of the Opposition. That fact should be entered into the evaluation of who today is significant, who is indispensible and who, in fact, is possessed of the qualities of leadership.

It has been a long process, honourable senators. There has been a multitude of briefs and a variety of suggestions. But I still wonder, and I say this with trepidation in the presence of hardworking committee members such as I see here—Senators Lamontagne, Roblin and Tremblay—whether, in fact, even yet, there was enough examination, enough discussion. I am not a father of the church so I have no right to ask for confession, but if I asked how many senators here read every word of the briefs, would I have an overwhelming crowd saying yes? If there were, I would not be in it because I did miss one or two paragraphs.

Despite the dedication of the committee, their hard work and the changes—and some of them are probably improvements—are we really through? Is the job done? Have we analyzed and scrutinized or reflected sufficiently? I heard my old friend, Senator Denis, speak the other night. I have a great regard for him because he very often hits the nail on the head. I know that he feels that people have had enough and would like to get it over with. That is a human reaction. If I could ever get to the stage where I would never hear the foolish words "the feds" again, I would be very happy. It is a most disgusting expression which now fills the mouths of our pressmen and sometimes our politicians. There is that tendency.

However, if we were to think a little more on the matter, I believe we would conclude we have not, in fact, finished the job. I am not suggesting that the committee did not discharge its mandate; I refer to the job of the country. I thought from the beginning, and I am more convinced than ever, that we should send nothing over to the United Kingdom but the first page or two, and that we should ask for nothing but repatriation, which is the proper word, and an amending formula. I have thought all along that these other inclusions should be left here, and that they require more profound, serious and sustained study.

It has been my view, and I do not know who else has had the same view, that somewhere along the line we should have turned this matter over to a constitutional convention and allowed the government to make an effort to govern. We should have put this matter on the kind of process which we once used in the old days, when it was safe to throw out the expression "royal commission". But a constitutional convention would be much more important, much more carefully structured and much more thorough in its job.

I do not believe that we have finished. Am I the only one who hears murmurings of dissatisfaction? Are the native people satisfied with regard to their interests, their claims, their anxieties and their fears? They are not. How is it viewed in the Province of Quebec? Outside the federal Liberal Party, I cannot find people there who say that this has been well done

or that the essential values of that province have been looked at, guaranteed or indeed properly understood.

Just the other day the St. Thomas Aquinas Society expressed the concern of the Acadian people, and I am sure that my colleague, Senator Fournier, knows that very well. Today, a spokesman for the francophones outside Quebec expressed concern and dissatisfaction. And need I mention what the women said with great clarity and very definitely?

Do we have to confine ourselves to these select groups? The six opposing provinces were joined today by the seventh most senior province of them all, Nova Scotia, which had the first legislative assembly in this country. I cannot exactly describe the position of Saskatchewan, but it is certainly not for this package. The premier of that province is certainly among the premiers who are the nay-sayers. Eight out of 10 provinces certainly strikes me as a fairly formidable negative expression.

So there is reason for pause, for thought and for the people to ask: Despite all the hard work of these very fine people, is the job done? Do we put on a forced draft and closure in certain places and rush that thing over to the United Kingdom so there is some personal satisfaction for some individual?

But more important even than the premiers is the public. As I read and try to understand the samplings of Canadian public opinion, I must conclude that the people of Canada are repelled by the processes which have been put in vogue to bring about a Constitution for this country. It is small wonder that the Prime Minister of us all, the leader of all the Canadas, invokes a highly unappealing suggestion when he says, "Let them hold their noses and take it." Is this a great occasion on which to build a new Canada? Is that an atmosphere through which we pass?

I hear people talking about it being an historic occasion. There have been some fine speeches and some exceptionally fine speeches, but not all the oratory from Demosthenes to today can make of a bad situation a glorious occasion. Why are we here? Why is the public negative? Why are the other jurisdictions distressed? It is simply because a few very basic and early detected things have continued.

● (1520)

None of the reasons for this attitude comes as a surprise. They are very simple. They have been talked about with strength and with vigour and with clarity. There should be nobody in the country surprised. First, of course—more poignant today than when the debate began but clearly there when the debate began—is the usurpation of authority by one level of government in areas which are not its alone. It is as clear as crystal. That is the reason.

Some Hon. Senators: Hear, hear.

Senator Macquarrie: It may be quaint for me to mention the British North America Act, but I do. It did certain things. In 1867 the British North America Act gave the provinces the right to amend their constitutions, saving one thing, and that is the office of the lieutenant governor. The federal authority suffered for a good many years before it had an equal right, and it was not until 1949, B.N.A. Act No. 2, that the federal government received the right to amend its Constitution in those matters which were clearly and exclusively federal.

Young though I was, I can remember vividly Prime Minister St. Laurent talking to the people on radio. He said it was as if there were two families living in two apartments under one roof. He did not say "in a duplex," because that was not a term in vogue then, but he said "living in two apartments under one roof." He said that one had the right to make any redecorations or alterations it liked without any consultation, while the one adjoining had to make consultations and had to check with the landlord. He said, "We have straightened out that anomaly. We have made them equal in that regard."

So as of 1949 the federal authority has the right to what is exclusively federal; since 1867 the provincial authorities have had the right to those things which are exclusively provincial. Clearly and definitely, without having to be an LLD or a bachelor of jurisprudence to perceive it, what is left is shared by the two, and neither the provincial nor the federal can unilaterally move into those which are left. And there are a lot left. Of course, there are a lot left. In a federal society and a dynamic society there are bound to be a lot left, and when you find one level of government moving in on those, naturally, trouble is bound to follow.

It is not only the lawyers who can see where we are today. This failure to recognize, or, perhaps putting it more bluntly, this unwillingness to admit, has caused our anguish; has brought about stalemate. Would any Canadian be happy to see the provinces taking the federal government to court? That would be an invidious situation.

I am not one of those who believe the provinces are supreme. I am not a bleeding-heart provincial-rights man at all. But more important than anyone's preferences is the preservation of the federal state, which requires two jurisdictions recognizing each other's right to hold those jurisdictions.

Hon. Senators: Hear, hear.

Senator Macquarrie: That is the thing. In the face of this tension, this disruption, what, surely, is the role of the leader of a federal government? Is it to make these matters worse or is it to assuage them, to diminish the tensions? Which, now, of these courses would be the more likely, if he wanted to build a strong, united country? To ask the question, immediately dictates the answer.

But our trouble today is that the person with the most authority has exactly the opposite idea. He does not want to go down in history as the great conciliator. He wants to be, and is being, the great exacerbater.

Don't ask for my interpretation. Senator Olson was talking about interpretations, but I would not presume to interpret the Prime Minister of Canada. I go to what he himself said. I read from an article by Iain Hunter, *Citizen* national editor. This article appeared in the *Citizen* on February 20:

> Prime Minister Trudeau admitted Thursday he is dividing Canadians by pushing through his constitutional reforms.

He's not sorry about it, he declared—in some cases he finds it "exhilarating."

Exhilarating!

Trudeau told more than 200 cheering Liberal supporters that if the country breaks apart in five or 50 years because of his unilateral action to patriate the constitution with an entrenched charter of rights and his own amending formula, "then I say it wasn't worthy of living another day."

Trudeau also said he would "relish" an election on the constitutional issue after patriation in one to four years . . .

He boasted he had "managed to split" both Conservatives and New Democrats in the Commons "down the middle" on the issue.

Down the middle! I think in the House of Commons there are 102 Conservative members, and one has voted for the package. Now that is the middle. But is "relish" what we want? "Relish" and "division"?

Honourable senators, let us reflect on that. Is that the role of the Prime Minister? It is, of course, up to the Prime Minister to enjoy what he likes; to have his views. He is a man who has already made his mark in history. There is no doubt about that. History, of course, will make its final appraisal of him, on how at this crucial time he measured up. All I can say is that I am glad that in the formative years of this country John A. Macdonald had a different view from that. His idea was that you diminish these differences rather than exacerbate them. And he was called the great conciliator.

I cannot find in history any great leader of this country, in the Dominion, who found divisiveness exhilarating—or, if he did, he didn't say so. Our leaders believed that in their role as Prime Minister of the whole country they had a special responsibility for holding that country together. In that, these former Prime Ministers were far closer to St. Ignatius, the Bishop of Antioch, who said, "Shun divisions as the beginnings of evils." That is just to show you that a Presbyterian can toss out the odd saint from time to time. I don't want to start a theological argument, but it was the Bishop of Antioch, Senator Roblin. You are correct.

Now I would like honourable senators to know—and it is not for Senator Hays' reasons—that I will not lay about on all the issues I can think of, but the second one of immense importance to me is that in what might appear as a seemingly contradictory thing, that having usurped the authority of the provinces in their legitimate fields, the same government has done quite the opposite in a contradictory turn, having laid upon the British government and Parliament unwanted responsibility, giving them a far greater role than they desire or deserve, or possess in fact.

From the very beginning—and that is the one thing I do repeat from November 3, because the attitude has not changed—from the very beginning I felt humiliated that another Parliament was doing what should be done in the parliamentary institutions of my country. That must hit any thoughtful Canadian as the first and most undesirable aspect of the whole operation. In our free and sovereign country we have a foreign Parliament doing what they wouldn't do in 1868, and being asked to do it by our government.

Shame, I say! Shame! I was humiliated before and now I am burdened by vicarious shame. It is not enough to have my own country torn by strife, region against region, province against province; rancor increasing, disagreement abounding. We have to carry that on to the international scene now, and be seen as fools by the international community.

What an exercise we are going through in this process. Is anyone in Canada proud of all this leaking of documents? The leakage would make Niagara look like a timid stream. If you are leaking all over the place, at least the sprinklers aren't working and probably something else is far worse. Contradiction after contradiction. Somebody laying blame for what some other fellow did not say in a secret document, and then someone exposing what he said to someone else who did not say it. Someone going across the Atlantic this way, and someone going across that way. "We did say it." "We did not say it." "We only talked to her for seven minutes, and made it all clear."

• (1530)

How degrading! How embarrassing! Two great sovereign countries going through a tangled web like this. Confusion upon complexity! Complexity upon a morass of indignity! All this in the name of achieving a certain document by a certain time.

Of all the weird episodes in this affair, I think that the one involving the British High Commissioner, if not the most important—which it may not be—is clearly the most ridiculous. What a furore! I cannot talk about what goes on in the other place, but that is not going to stop me from talking about what I read in the newspapers and see on television. I read and watch the media, and with respect to this matter what an awesome story I saw unfolding.

Two members of a certain political party go to Rideau Hall—usually a harmless place and a fine place—to a skating party, where, we hear, they talk to an Englishman, who later indicates he is, in fact, the British High Commissioner. He talks to them. Then these members report to their leader. They go right to the top on a matter of this seriousness. The said leader goes into action right away and also goes right to the top. He goes to the House of Commons and talks to the Secretary of State for External Affairs. "Take note of this very serious thing. This Englishman, who is actually the High Commissioner, has actually sought to influence these two men."

And what happens? Instead of being laughed at, in good humour, as we would do in this place, an investigation of this serious piece of conversational imperialism is ordered. The fearful apparatus attendant upon a state inquiry goes into its fearful process.

Senator Flynn: The fighting Secretary of State!

Senator Macquarrie: Then the verdict is handed down—not too long after, a bit faster than usual. There is no declaration of war, no severance of diplomatic relations, but what headlines this bit of conversation causes to emerge.

> 'Beyond' normal role: British envoy's knuckles rapped for interference.
>
> External Affairs Minister Mark MacGuigan pronounced British High Commissioner Sir John Ford guilty of interference in Canadian domestic affairs Monday but let him off with a suspended sentence.

There were, you see, honourable senators, extenuating circumstances:

> —because the high commissioner is scheduled to retire in a few months anyway.

What headlines! What foolish degradation! What hyperbolic poppycock the whole thing was!

I am not here to comment upon these men, who felt themselves to be intellectually assailed and their honour exposed at the skating party, which was clearly one of the most dangerous social episodes since Aunt Dinah's quilting party. Anyway, they were all upset.

I am not going to hold myself up as an example, but in my early days here, as a little lad from Prince Edward Island, when all of you were very young, I never really felt endangered on the diplomatic circuit. We know that diplomats are supposed to be diplomatic, but they do not really make much of an impression if they confine themselves to banalities and comments about the weather. I, perhaps wrongly, thought it was something of a compliment if an ambassador or a high commissioner extended to me the courtesy of his candour, to which I thought the response was supposed to be confidentiality, and that in that way you might learn something. Perhaps I was living in a fool's paradise. Perhaps I was being intellectually plundered and did not know it.

Now, I try never to be one-sided in my criticisms. I think, with all due respect, that the British High Commissioner was ill-advised to confuse the issue further by holding a press conference, and I think his own government was either absentminded or a bit stupid to choose that particular moment to announce the name of his successor. That added to all the foolishness that was going on at that time.

It is a bizarre situation. I almost expect from time to time, to see a press conference given by the Duke of Plaza Toro, since this is clearly Gilbert and Sullivan, if not Lewis Carroll's *Alice in Wonderland*. Perhaps some good Canadian, some day, if he writes a dirty enough script, might get a Canada Council grant for it, and will do something with it along those lines. I do not suppose that what who said to whom at that skating party is at all important. As old as I am, when I go to that skating party at Their Excellencies', I tend to skate, and that surprises many there into lack of speech. I do go, though.

But what is significant here, honourable senators, is that a government would take this charade and erect it into the status of international, intergovernmental communication. That is awful.

[Senator Flynn.]

What have we in this country? This country, a charter member of the United Nations, as it was of the League of Nations. Can we imagine our former Prime Minister, Sir Robert Borden, the godfather of the Commonwealth, in the fine sense of the word, and a respected member of the international community, dealing with such tittle-tattle as this sort of thing? *O tempora! O mores!* What have we come to in our restless strivings?

In this affair, of course, the press is no better than it usually is. One remembers what Adlai Stevenson said when he spoke to the National Association of Newspaper Editors. He said, "I know you are important. It is your job to separate the wheat from the chaff and then publish the chaff." There is a lot of chaff being published. They are majoring in minors much of the time. They would never be able to behave that way, of course, if they did not have such assistance from the government.

I even read that someone thought it worthwhile to develop the hysteria about the Canadian High Commissioner in London, Mrs. Wadds—who, I hear from all sides, is an outstanding occupant of that office—and said, "She was saying that you should use the Telex for important communications." This was something new. She was charging the British with snooping. They were spying, she was supposed to have said. We all get the External Affairs telephone directory every two months, and what do we find up here in the corner? "Warning. Classified information shall not be discussed on the telephone." A news item? Nonsense. Nonsense.

To make the whole thing even broader, the Secretary General of the Commonwealth was brought in. Should Britain and Canada, after all their years of association, need an interlocutor to enable them to talk to one another? It is totally unnecessary and very, very deplorable.

This whole affair would have been avoided, honourable senators, had the British had before them, as they should have had before them, nothing but a request for patriation with an amending formula. That is the great error.

There are many things that should cause us to be concerned, honourable senators. I heard Mr. Chrétien's speech. I admire him. I like him. I think that he himself is a very sincere man, trying to do his best. He closed, however, with something that possibly revealed another little area of trouble that we get into these days. He said he wanted a Constitution for tomorrow, and a modern one. Modernity is very much worshipped in our society. Perhaps it is too much worshipped. We think that if we can just get something new—in this case, a new Constitution—everything will be all right. People who have never read the British North America Act and do not know what is in it say that we must get something new. If you ask them why, they say, "We must have something new. We must have something new for today."

I am not one of those hidebound Tories who think that everything that is old is good. I am not dancing in the streets because there is supposed to be a new Conservative push on now. I am not nearly as happy as Frank Sinatra is about the

American election. That is their business, of course. I was in the United States on a speaking tour, which just happened to end on the day of the inauguration. When I am abroad I am fairly polite, but I did have going through my mind the comment of Sir Robert Walpole when the British almost danced in the streets—you cannot expect them to get too excited. They almost danced in the streets when the War of the Spanish Succession opened, and old Walpole said: "They're ringing the bells now; they'll be wringing their hands soon." So I wonder what will happen down south. We will have to leave it to them.

● (1540)

But, honourable senators, we so often get carried away with the importance of that which is new. I would not be in this party if the word "Progressive" was not there and it was not a progressive party. But those things which are progressive, which are modern, are not always better. They are not always right. If we were a society of lemmings, the most progressive guy would be the one over the cliff first. That's who it would be. That is not a good example. So we get lost in some of these things and it sounds not terribly important. But if we combine these ingredients, and if, in an effort which is hailed as a great new chapter of our national experience, we exacerbate and extend those things which divide us; if we turn Canadian against Canadian; if we put excessive strain upon our institutions, then being modern will not be very helpful for the people of tomorrow—not at all helpful.

We must ask ourselves a question, which is: Do we really, in our innermost thoughts, believe that what we propose will make a better Canada? Not new institutions, not new names, not personal satisfaction for any one Canadian, no matter how exalted, but will it make a better Canada; has it the ingredients for improving our nation, making it stronger and more united?

We do not need anyone to encourage disunity. The elements of that have been there from the very beginning, and our great statesmen have troubled over it and tried to hold it back. On this question, I find that today I stand where I stood before: I cannot, in all conscience, in honour, dignity, or love of my country, support that which I know is inherently wrong, and I must oppose it to the end.

Hon. Maurice Lamontagne: Honourable senators, I will certainly not try to be as entertaining as Senator Macquarrie. Even if I tried, I am sure that I would not succeed. I would like to note, however, that in his defence of the provinces he invoked with great admiration the name of Sir John A. Macdonald. I am not too sure, however, if the honourable senator remembers how Sir John A. defined Canadian federalism. I have here a quote that we inserted in our report to the Senate last November. Sir John said that he wanted to join our five peoples into one nation "with the local governments and local legislatures subordinated to the general government and legislatures." I am not sure if Senator Macquarrie would accept the concept and the definition of Canadian federalism enunciated by Sir John A. Macdonald.

[*Translation*]

Honourable senators, after many others, I should like to congratulate Senator Hays and Mr. Serge Joyal, co-chairmen of the joint committee. Some have called them the "odd couple". I, for one, feel that they complemented each other and that they very successfully carried out duties that were both difficult and thankless. I should also like to thank my colleagues Senator Lafond and Senator Rousseau who so often replaced me on the committee.

This debate is indeed important, but we should not unduly dramatize it, especially in this chamber of sober second thought. On February 12, I was very glad to hear Senator Flynn urge this chamber to show reason and moderation. I have seen my country survive too many of these so-called last chances to be impressed now by references to a coup d'état which, according to some, would mean the end of Canadian federalism, and according to others, including Jean Ethier-Blais, the end of the French presence in America. I remember that in 1964, some people were saying that the Canadian flag would become a symbol of division in this country, that it represented the betrayal of Canada and the rejection of our Christian heritage. I hope that during this debate, we shall try, in this place at least, to demonstrate more serenity and moderation.

The centrifugal forces have always been strong in Canada. Almost as soon as Confederation was born, as you know, Nova Scotia favoured secession. When he started his election campaign in 1896, Sir Wilfrid Laurier spent a good part of his speech in Quebec City exposing the separatist movement and what he called then "la Laurentie". In 1935, Henri Bourassa mentioned that the four western provinces could separate and create their own confederation. About the same time, the Honourable Ian Mackenzie, from British Columbia, who was later to become a minister in the King government, stated that the separatist movement was gaining much momentum in his province. I recall these events to show that the tensions that exist today are not new, and that Canada has survived and developed despite the extreme centrifugal forces which have exerted themselves throughout our history.

I do not intend today to get into the specifics of the resolution because, except for some elements that I could probably deal with at a later date, there is a fairly widespread consensus as to the substance of the resolution. Instead, I would like to deal with the process involved, because that is what is at issue.

I shall refer in my analysis to those statements made by politicians and constitutional experts. At my suggestion, some of these were quoted last week in the other place. I do not think it would be redundant to read them into our own record.

My argument is that the resolution does not change the federal-provincial balance in a way which is unfavourable to the provinces. I do recognize however that several sections deal with provincial jurisdictions and that as such, if the resolution were presented as a bill, it would clearly be unconstitutional. But that is not the issue here.

Another question poses itself: does this unilateral action violate the Constitution or some constitutional convention? I do not think there is any constitutional provision to prevent the Canadian Parliament from passing this resolution which, in itself, has no *de jure* validity.

● (1550)

[*English*]

In other words, there is no legal requirement and no binding convention that prevents the Canadian Parliament from adopting, without the consent of the provinces, a joint resolution asking the United Kingdom Parliament to amend the B.N.A. Act, even with respect to matters affecting federal-provincial relationships or provincial powers.

The situation seems to be clear with respect to the lack of a strict legal requirement. Even in 1935, Professor W. P. M. Kennedy, appearing before the Special Committee on the British North America Act, said about the amendment process:

> —I do not think there is the slightest necessity in law for the Parliament of Canada to consult the provinces in the process. It may be very good politics, but politics is not the law. I think the Parliament of Canada can present any address to the Parliament of the United Kingdom.

Professor Norman Rogers, who became a minister in the King government, appearing before the same committee, held a similar view that consulting the provinces was not a matter of legal right, but a question of political expediency.

Professor Gil Rémillard of Laval University, although opposed to the resolution, stated before the special joint committee on the Constitution on January 9, 1981:

> In fact, you have the powers to do whatever you want as members of Parliament, as members of the two houses of Parliament of Canada.

Senator Flynn: And afterwards the Supreme Court said no.

Senator Lamontagne:

> You have the power to declare unilaterally that Canada now has a new Constitution, and I can see no legal argument that could be brought to bear to stop you from doing that.

But is there a convention requiring the consent of the provinces before an Address is adopted by the Canadian Parliament and sent to the United Kingdom? Constitutional authorities differ as to what constitutes a convention.

Professor Peter Hogg has probably expressed the prevailing view when he stated that a convention becomes established as a result of, first, a long standing invariable practice, and, second, a belief by the officials, to whom it applies, that the practice is obligatory.

The first question, therefore, is: Has the consent of the provinces become a long standing practice? Professor Gérard V. La Forest answered this question when he appeared before the special joint committee on January 9, 1981. He said:

> First, the precedents offer only limited support. A good number of amendments have been made without such consent, sometimes without consultation. It is true that there has been a strong tendency not to seek amendments altering the division of power between the two levels of government without such consent, but several amendments that affected the position of the provinces did not receive provincial consent. Even the very delicate question of the boundary between Quebec and Newfoundland was constitutionally defined without Quebec's consent. Moreover, the manner in which the consent of the provinces was expressed denotes a vagueness that even in conventions is not common, and *a fortiori* certainly not common to rules of law. Sometimes the legislatures consent—and sometimes the Premiers—and I get the feeling in a few cases that a Premier may have accepted something, but he was far from agreeing with it.

It is highly doubtful, therefore, that the seeking of the consent of the provinces has become a long standing practice. What about the second condition that there should be a belief by the officials to whom it applies that the practice is obligatory? It is true that, over the years, some officials concerned have believed that provincial consent was obligatory. But this belief was far from being unanimous. I will give a few recent illustrations to justify this statement.

In 1940, when the resolution asking the United Kingdom Parliament to transfer unemployment insurance from provincial to federal jurisdiction was debated in the House of Commons, the following exchange took place:

> MR. THORSON: . . . but I would not wish this debate to conclude with an acceptance, either direct or implied, of the doctrine that it is necessary to obtain the consent of the provinces before an application is made to amend the British North America Act. Fortunately, this is an academic question at this time.

Mr. Lapointe, who was the Minister of Justice at that time, replied:

> May I tell my hon. friend that neither the Prime Minister nor I have said that it is necessary, but it may be desirable.

Reference has often been made to a document entitled *Amendment to the Constitution of Canada*, published in 1964 by the Honourable Guy Favreau, then Minister of Justice for Canada. Such reference has usually been made in an attempt to prove that the consent of the provinces has become a binding convention. This publication, basing itself on past practices, lists four rules or principles that govern the procedure for amending the Constitution. It states:

> The fourth general principle is that the Canadian Parliament will not request an amendment directly affecting federal-provincial relationships without prior consultation and agreement with the provinces. This principle did not emerge as early as others, but since 1907, and particularly since 1930, has gained increasing recognition and acceptance.

It should be noted that the document does not say that the fourth principle has gained recognition but only *increasing*

recognition and acceptance. Those who invoke this document to prove that there is a convention often forget to mention the last sentence of the same paragraph. It reads as follows:

> The nature and the degree of provincial participation in the amending process, however, have not lent themselves to easy definition.

If the nature and degree of provincial participation have not lent themselves to easy definition, how can the consent of the provinces have developed into a binding convention? Finally, the document clearly indicates that this fourth principle, as well as the others, is "not constitutionally binding in any strict sense."

Senator Flynn: You were a member of the government at that time.

Senator Lamontagne: Again, that was a quote from Guy Favreau.

Senator Donahoe: Your colleague.

Senator Lamontagne: Yes, and I agree with him.

Senator Flynn: You would not have said that in those days.

Senator Lamontagne: A similar review of past practice undertaken by the Honourable Ron Basford and the Honourable Marc Lalonde in 1978 states:

> (d) the fourth observation is that, although not constitutionally obliged to do so, the Government of Canada, before asking Parliament to adopt a Joint Address, sought and obtained the consent of all the provinces on the three amendments (1940, 1951 and 1964) that involved the distribution of powers.

This view that there is no constitutional convention obliging the Canadian government to seek the consent of the provinces has been shared over the years by some provincial premiers, more particularly at the Dominion-Provincial Conference held in 1950 in another attempt to seek a Canadian amending formula. That view was then expressed very clearly by Premier McNair of New Brunswick. He said:

> —the provinces, in the final resort, are not assured of any say whatever in amendments of the Constitution, no matter how hard their interests may be affected thereby.

He went on to say:

> With these thoughts in mind, I submit that the provinces, at this stage in our constitutional development, face this situation. First, in the matter of constitutional amendments, the parliament of Canada is in effect the judge—and the sole judge—as to whether provincial rights and privileges will be affected. Second, in consequence the only protection the provinces have today against arbitrary invasion of their rights, powers and jurisdiction is the parliament of Canada itself.

● (1600)

Such statements, and others that I might quote, showing that there is not "a belief by the officials to whom it applies that the practice is obligatory", are undoubtedly the foundation of the conclusion reached by Professor La Forest before the special joint committee, when he said:

> I am skeptical about the existence of a convention . . . I am confident that it has not matured into a rule of law.

This view seems to have been confirmed, at least implicitly, by the Supreme Court of Canada in the Senate reference, when it said:

> The practice, since 1867, has been to seek amendment to the Act by a joint address of both Houses of Parliament. Consultation with one or more of the provinces has occurred in some instances.

This is not, in my view, an observation that leads to the recognition of the existence of full-blown and operative convention. The recent majority decision of the Manitoba Court of Appeal, rendered by three judges, clearly denied the existence of such a convention. A fourth judge refused to give an opinion on the ground that it did not belong to the courts, but to the political arena, to decide such an issue. By implication, therefore, that judge decided that no binding constitutional convention existed. Curiously enough, the fifth judge, the only judge who concluded that a convention existed, stated in his reasons:

> I must say that I am not sure that such precedents as exist in themselves create a constitutional convention which might be recognized by the courts as law . . . I am not wholly persuaded by one of the principal submissions made by the provinces, namely, that a convention has been established as a result of precedents.

That judge decided, in spite of these reasons, that such a convention existed.

The view that no such binding convention exists is shared by the two political parties that form the opposition in the House of Commons. The New Democratic Party supports the proposed resolution, which provides for unilateral action by the Canadian Parliament without the consent of the provinces. The Progressive Conservative Party, although opposed to the resolution, favours unilateral action by the Canadian Parliament with respect to the patriation of the Constitution and a Canadian amending formula. I conclude, therefore, that it is quite proper, in a legal or constitutional sense, for the Canadian Parliament to proceed unilaterally, without the consent of the provinces.

Senator Flynn: That is your understanding?

Senator Lamontagne: Yes, it is.

This conclusion is confirmed by Professor Frank R. Scott, who is undoubtedly one of our most eminent constitutional experts.

Senator Perrault: Hear, hear.

Senator Lamontagne: He wrote in 1950:

> There may be political wisdom in consulting with the provinces, before adopting a joint address requesting an amendment affecting provincial rights, but there is certainly no legal necessity for doing so.

During the current Canadian debate, a second basic question has been raised regarding the position of the U.K. Parliament with respect to amendments to the B.N.A. Act. In a strict legal sense, the act of 1867 is a statute adopted by the U.K. Parliament in the exercise of its sovereignty towards its North American colonies; the British Parliament still remains the sole authority with the power to amend it and to change the modifications made to it prior to 1930. The Statute of Westminster, which granted sovereignty to the British Dominions in 1931, merely reconfirmed Canada's colonial constitutional status. Indeed, section 7(1) states:

> Nothing in this Act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930, or any order, rule or regulation thereunder.

In this respect, Dr. O. D. Skelton said in 1935:

> All that was sought to do in 1931 was to ensure that for the time being the status quo was not altered by the Statute of Westminster, as regards constitutional amendment.

The U.K. Parliament is, therefore, in strict law, the sole authority empowered to amend the B.N.A. Acts passed before 1930 and it could do so, in theory, in the exercise of its own sovereignty, without even prior consultation with Canada.

Senator Flynn: You say since 1949?

Senator Lamontagne: Yes, even since 1949.

Senator Flynn: It could change anything in the future.

Senator Lamontagne: It could not change the constitution of the central Parliament, but it can change all the exceptions which were inserted in section 91(1) in 1949.

Senator Flynn: That is not what you said.

Senator Lamontagne: That is what I say.

Senator Flynn: No, no.

Senator Lamontagne: But then the following question arises: Is there a convention obliging the U.K. Parliament to amend the Constitution of Canada only on request and with the consent of the Canadian Parliament? To determine this issue according to Professor Hogg's two criteria, we must first decide if there is a long-standing practice to this effect.

The practice of amending the Constitution through an Address to the Imperial Parliament existed in the British North American colonies even before Confederation. According to Professor F. R. Scott, the existence of this old practice explains why the Fathers of Confederation did not include an amending formula in the B.N.A. Act in 1867. He says:

> —when the Fathers of Confederation met they were accustomed to the idea that the constitution could be changed and that it required no more than the presentation of an address to the Imperial Parliament . . . So that the Fathers of Confederation, having had that experience in Canada, were accustomed to that method of change.

Senator Flynn: There was no federal Parliament there then.

Senator Lamontagne: The Parliament of the United Kingdom has made 21 amendments to the B.N.A. Act since 1867. On three occasions, in 1893, 1927 and 1950, minor amendments for statute revision purposes were made on the sole initiative of the Parliament of the United Kingdom. In all other cases involving more substantial amendments, a request was made by the Government of Canada, as in 1871 and 1875, or, since then, by the Canadian Parliament. In no case has the U.K. Parliament refused an amendment because the consent of the provinces had not been obtained or accepted an amendment upon a provincial request. Furthermore, on only one occasion, in 1907, has the British Parliament made a significant change to the terms of a resolution adopted by the Canadian Parliament. The measure sought to increase federal subsidies to the provinces "as a final and unalterable settlement" but this condition was deleted in London because it was seen as "being obviously inappropriate in a legislative enactment." British Columbia opposed the Canadian request on the ground that the proposed increase in subsidies was not high enough.

• (1610)

This single incident in nearly 115 years, whatever interpretation is given to it, cannot be invoked to deny the existence of a long-standing practice. But what about the second requirement? Has there been a belief by the officials to whom it applies that the practice is obligatory?

It may well be argued that, while the Statute of Westminster does not apply to amendments to the B.N.A. Act, the U.K. Parliament decided implicitly and unilaterally, when it passed this statute, not to amend the act in the future except by consent of the Dominion of Canada, thereby recognizing that the long-standing practice it had followed up to then had become obligatory. We should remember that section 4 of the statute states—and I recognize that it does not apply in strict law to Canada at the moment:

> No Act of Parliament of the United Kingdom passed after the commencement of this Act shall extend or be deemed to extend, to a Dominion as part of the law of that Dominion, unless it is expressly declared in that Act that that Dominion has requested, and consented to, the enactment thereof.

Since then, successive British officials have considered that the Parliament of the United Kingdom was bound to act at the request of the Canadian Parliament. These quotations have already been referred to elsewhere, but I wish them to be inserted in the *Debates of the Senate*. In 1940, when the unemployment insurance amendment was being considered by the United Kingdom House of Commons, the Solicitor General stated:

> —we square the legal with the constitutional position by passing these Acts only in the form that the Canadian Parliament requires and at the request of the Canadian Parliament.

He went on to say:

> My justification to the House for this Bill—and it is important to observe this—is not on the merits of the proposal, which is a matter for the Canadian Parliament; if we were to embark upon that, we might trespass on what I conceive to be their constitutional position. The sole justification for this enactment is that we are doing in this way what the Parliament of Canada desires to do.

When Quebec objected to the 1943 amendment postponing a redistribution of the seats of the House of Commons, the Secretary of State for Dominion Affairs at that time, Mr. Attlee, stated:

> I have no information as to any Province objecting, but, in any case, the matter is brought before us by an Address voted by both Houses of Parliament, and it is difficult for us to look behind that fact.

Again in 1946, when Quebec opposed an amendment changing the basis of representation in the House of Commons, Viscount Bennett, who was Prime Minister of Canada when the Statute of Westminster was approved, said in the House of Lords:

> Canada is the only one of the Dominions in which a Party majority can amend the Constitution. They cannot amend it directly but they do it indirectly, because we have agreed—

And he was speaking as a member of the House of Lords at that time.

> —that we will consent to pass any legislation that they may petition to have passed by this Parliament.

In 1949, with respect to the amendment adding section 91(1) to the B.N.A. Act, 1867, no mention was made in the British Parliament that some provinces were strongly opposed to the modification.

Senator Flynn: There was no strong opposition.

Senator Lamontagne: You can put your interpretation of that situation on the record.

The Secretary of State for Commonwealth Relations said:

> The Bill is cast in the terms of the Address adopted by the Federal Parliament of Canada and, of course, we are all ready to do what they desire.

In 1960, when an amendment providing for the compulsory retirement age of 75 for superior court judges was introduced, the Minister of State for Commonwealth Relations stated:

> —legislation by the United Kingdom Parliament is still necessary where the subject of the amendment is one which affects the interests both of the Federal Parliament and the Provinces.
>
> We are therefore to all intents and purposes acting in what is a formal capacity for the Canadian Parliament in a matter which is solely its concern.

He went on to say:

> In accordance with long-established precedent, we refrain from discussing the merits of a Bill submitted to us amending the British North America Acts when this has been introduced in consequence of Addresses to Her Majesty adopted by both Houses of the Canadian Parliament.

Senator Flynn: We had the approval of the provinces at that time, so what you are saying is irrelevant.

Senator Lamontagne: It seems obvious, therefore, that this "long-established precedent" has become a binding convention.

Senator Flynn: No.

Senator Lamontagne: This view has also been held in Canada. I have already quoted a statement made to this effect by Premier McNair in 1950. The Honourable Ernest Lapointe stated in 1931:

> In that matter the Imperial Parliament is not really a dominating power; it acts as a trustee and as a guarantor, and merely gives effect to the will of the Canadian people.

In 1943, Mr. Coldwell restated the prevailing view. He said:

> I know, of course, that at present the real power of amendment of our Constitution, which is the British North America Act, is in reality in the hands of this Parliament. As I have just indicated, anything we may ask regarding amendment will be granted by the Imperial Parliament at Westminster.

Although the biased and inconsistent report recently published by the Foreign Affairs Committee of the U.K. House of Commons did not reproduce the statements of those British officials that I have quoted, it practically confirmed the prevailing view that there is a convention binding the U.K. Parliament. The report stated:

> —it would not be in accord with the established constitutional position for the U.K. Parliament . . .
>
> (ii) to undertake any deliberation about the suitability for the people of Canada of a requested constitutional package;
>
> (iii) to patriate the Canadian constitution unilaterally with or without a post-partriation amending formula;
>
> (iv) to enact a requested constitutional package with amendments not consented to by the Canadian Government and Parliament;
>
> (v) to fail to give a proper request priority in Parliament's time table.

The report adds that the U.K. Parliament is not bound by the so-called provincial unanimity rule, and that it would have to accept a unilateral request from the Canadian Parliament, even if this request affects the rights of the provinces, because the British government and Parliament are not "the guardians or trustees of the rights of the provinces precisely as provinces."

Some Hon. Senators: Hear, hear.

• (1620)

Senator Lamontagne: All these conclusions reached by the select committee are in accordance with long standing British practice.

However, the report goes on to say, at least implicitly, that the U.K. Parliament must reject a request from the Canadian Parliament if it affects the federal structure of Canada and if it is not supported by a majority of provinces as defined by the Victoria formula. It states:

> —if the U.K. authorities must be said to have a duty to someone, it would be a duty or responsibility to the Canadian people or community as a federally structured community—

This doctrine that the U.K. Parliament is the guardian and trustee of Canadian federalism contradicts all statements made by U.K. governments over the years. In a rather rambling argument, the select committee tries to show that this new role of the U.K. Parliament, which has no basis in our history, arose out of the Statute of Westminster in 1931. However, it contradicts itself when it says that the statute was merely designed to retain "the pre-1931 status quo, in relation to constitutional amendments".

The Foreign and Commonwealth Office summarized for the select committee the position taken by successive U.K. governments with respect to the amendment of the B.N.A. Act. It stated:

> If a request to effect such a change were to be received from the Parliament of Canada it would be in accordance with precedent for the Government to introduce in Parliament, and for Parliament to enact appropriate legislation in compliance with the request.

The select committee did not note, however, that this statement directly contradicted its own new doctrine. The most curious thing is that Sir Anthony Kershaw, the chairman of the select committee, himself destroyed the credibility of his own report. In an interview given to Southam News in Edmonton, and reported in the *Citizen* on February 7, 1981, he predicted that the constitutional package would be adopted by the U.K. Parliament. He merely pleaded for time and said: "But don't expect us to push the thing through in two or three days". In my view, Sir Anthony has thus buried his own report.

I wish at this stage to summarize the points I have made up to now by stating two specific conclusions which are based on a proper interpretation of the evidence available. First, a binding convention has developed, during more than a century, according to which the U.K. Parliament amends the B.N.A. Act only at the request and with the consent of the Canadian Parliament, which is expressed through the adoption of a Joint Address by the Senate and the House of Commons. Second, there is no similar binding convention requiring provincial consent before or after the Canadian Parliament adopts such a joint address.

Where does this leave us now? Since 1927, the federal government has sought, without success, the unanimous agreement of the provinces on a Canadian amending formula. During all these years the provinces were under the false impression that they were better protected by the so-called unanimity rule, supposedly guaranteed by the status quo. But we rediscover today what others, including Premier McNair in 1950, had found before us, that in reality and for all practical purposes we have had a Canadian amending formula all along and that this formula did not require unanimous provincial consent, but a simple majority in both houses of Parliament, as former Prime Minister Bennett asserted in 1946. In my view, the Canadian Parliament should not have this *de facto* unlimited and overriding power in a true federal system. The very purpose of the proposed resolution is to eliminate it. The unanimity formula may be at most a recent political practice but, from a constitutional point of view, it is a myth, like the concept of provincial sovereignty in several important respects.

I would like now to raise another question. In the absence of any legal and constitutional requirement that could prevent Parliament from passing the proposed resolution, is it sound and proper for us to adopt it in terms of political expediency?

First, let us see whether the overall content of the resolution is desirable and whether it affects the federal-provincial equilibrium to the detriment of the provinces. The resolution, in its provision regarding the future amending formula, eliminates the *de facto* overriding power that the Canadian Parliament now has and gives new and specific constitutional rights in this respect to the provinces and to the Canadian people. Viewed in this perspective, the resolution affects federal-provincial relationships to the detriment of the Canadian Parliament. It involves the provinces directly, as a matter of constitutional right, in the amending process.

It is true that section 46 provides for a referendum at the sole initiative of the Canadian Parliament to change the Constitution, but this alternative will be used only as a deadlock-breaking mechanism. Moreover, a federal-provincial commission will be asked to define the rules of such a referendum to ensure its fairness. This provision for a referendum does not infringe upon any existing provincial constitutional right. It merely transfers an existing *de facto* federal power to the Canadian people in the four regions of the country, and it gives to the ten provincial governments the opportunity to oppose a federal deadlock-breaking proposal during a referendum campaign.

The provisions of the resolution regarding resources and equalization offer further constitutional guarantees to the provinces.

The Charter of Rights and Freedoms, which is the second major aspect of the resolution, does not affect federal-provincial relationships.

Senator Smith: Oh, yes it does.

Senator Lamontagne: Let me continue. The honourable senator will have his turn.

Indeed, section 30 states:

> Nothing in this Charter extends the legislative powers of any body or authority.

Senator Flynn: It restricts it.

Senator Lamontagne: The charter reduces provincial powers but it affects federal powers in the same way. The very purpose of entrenchment is to curb the authority of legislative

bodies and to give to the citizens the additional protection of the courts. Viewed in this perspective, it is obvious that the proposed charter does not satisfy everybody, but I believe, like most people, that it is a realistic proposal, as a first step. It is to be hoped that it will be reviewed periodically, whenever desirable, once the entrenchment issue has been solved and a relatively flexible Canadian amending formula has been determined.

I find, therefore, that the overall content of the resolution is most desirable. It does not assign, as some argue, more powers to the Canadian Parliament. On the contrary, it gives more constitutional rights and guarantees to the provinces and to the Canadian people.

Many Canadians, while agreeing with the overall content of the resolution, claim that we should not go to London, even for the last time, more particularly, to get a Charter of Rights and freedoms. We all agree, I am sure, that it would be ideal if we could accomplish in Canada, through unanimous federal-provincial consent, the intent of the resolution. Unfortunately, I cannot see this ideal solution as a possibility, at least in the near future.

● (1630)

Canadians have deplored the colonial status of their Constitution for a long time. Henri Bourassa said in 1931:

> I feel somewhat ashamed to find that in the year 1931 the Dominion of Canada is the rearguard of all the dominions in the exercise of full-fledged autonomy.

He then expressed a hope, when he stated that:

> The time will certainly come when there will be enough wisdom, enough sense of self-respect either in the provinces or the Dominion of Canada, to find means of exercising that right of amending our own constitution by cooperation between the Dominion parliament and the provincial legislatures.

That was in 1935.

Senator Flynn: Yes.

Senator Lamontagne: Following the failure of a federal-provincial conference to reach agreement on an amending formula in 1927, Professor Norman Rogers expressed the view, again in 1935, that a new conference would succeed, and I quote:

> In the first place, I would approach a new conference in the faith that something could be accomplished, particularly in view of the present state of public opinion in this country. I do believe that the people of this country are more alive to the importance of this problem today than ever before. I do not think because consideration of the matter by a previous conference failed that we are compelled to accept failure as the lot of another conference called in the near future.

Since 1927, as we all know, ten First Ministers' Conferences, often preceded by numerous meetings of ministers and officials, have failed to produce an agreement. The last attempt in September, 1980, followed many meetings of the Continuing Committee of Ministers on the Constitution during the summer months. Yet, today, some people still believe that, as Mr. Rogers has said, "another conference called in the near future" would succeed.

Unfortunately, there is no evidence to this effect. At their meeting in Toronto last October, the provinces did not even try to agree on a positive proposal that could have been presented to the Canadian Parliament. Six of them merely decided at that time to go to the courts. Premier Hatfield made it very clear to the Joint Committee on the Constitution that another conference would not succeed. A great deal has been made—and will be made again, I am sure, during the course of this debate—of the so-called provincial consensus reached at the Chateau Laurier last September. But Premier Blakeney stated before the joint committee on December 19, 1980, that this so-called consensus has been at best a "tactical agreement", saying, "I certainly do not like it, I do not think it is going to fly but it is our best bargaining position." I suggest, therefore, that the so-called Chateau consensus was not meaningful and substantive, and that even this tactical agreement does not exist today.

What about the meeting of six premiers held in Montreal on February 9, 1981 ? Its results were summarized, in part by the *Citizen* in an editorial published on February 10, as follows:

> But one premier, B.C.'s Bill Bennett, wanted the gang of six to seek a new amending formula, and he wanted to press for return to the bargaining by all the first ministers. Bennett's compromise attempt met with failure, largely because too many of the premiers don't want compromise. Lévesque wants failure. Lougheed and Peckford want energy jurisdiction. Lyon refuses to accept a charter of rights. But the split is there for all to see—

Under such circumstances, another conference would in my view be doomed to failure. Moreover, it should be noted that the proposed resolution does not impose an amending formula. If the provinces can reach a substantial agreement, during the next two years, on a formula of their own, they will be entitled, if the resolution is adopted, to submit this formula to the Canadian people for approval. This is, I believe, a fair and proper way of getting out of a long-standing deadlock.

Hon. Senators: Hear, hear.

Senator Lamontagne: Unfortunately, our past failures have not been limited to this impasse. Indeed, the record shows that it may be as impossible to get provincial agreement on an entrenched charter as it has been in the case of an amending formula. In 1946 Mr. John Diefenbaker deplored the fact that the Canadian Constitution did not contain a Charter of Rights. He said:

> The British North America Act contains no charter of liberty as does the constitution of the United States . . . It makes no declaration of the rights of man, as our cousins south of the line do when from time to time they speak with eloquence and power of a constitution that is couched in magnificent language.

In 1947, a Special Joint Committee on Human Rights and Fundamental Freedoms was established. It recommended that no attempt be made to enact a bill of rights only in the form of

a federal statute; it was felt at the time that the provinces would not agree to be bound by an entrenched charter.

The adoption of a Bill of Rights by Parliament was delayed until 1960 mainly because it was thought that a mere legislative enactment, having no paramountcy over other legislation and limited to the federal sphere of jurisdiction, would not provide adequate protection to Canadian citizens. Curiously enough, the Quebec government was the first in Canada to propose the entrenchment of a charter. On July 25, 1960, Premier Lesage stated at a federal-provincial conference:

> We therefore believe that it is now necessary for us to have a Bill of Human Rights. We are also of the opinion that such a Bill would have a much greater actual and symbolic value if it were part of our constitution . . . It seems to us that we have here a magnificent opportunity to discuss this problem and to see if we cannot agree on a joint declaration of human rights that could be embedded in our Constitution.

This proposal unfortunately was not followed up at the time. At the Victoria constitutional conference in 1971, unanimity was reached in favour of an entrenched charter, but Quebec withdrew its support shortly thereafter. This issue was raised again at a federal-provincial conference in 1978 and although the previous unanimity was broken, a substantial majority of the provinces still favoured entrenchment. At the conference of September, 1980 only two provincial governments fully accepted putting in the Constitution the charter proposed by the federal government. These successive failures show that if the Canadian Parliament does not proceed unilaterally now to include a charter in the proposed resolution, the entrenchment of rights for the Canadian people will be postponed indefinitely.

Some people say that they would be ashamed to get their rights from a so-called foreign country. I suggest in this respect that Canada is a rather unique country, at least in one sense. We never had to fight or go through a revolution to acquire our independence and our basic rights. We got them all from that same so-called foreign country; but we got them by instalment.

● (1640)

Senator Donahoe: When we were colonies!

Senator Lamontagne: The provinces became the masters of their own constitutions, as Senator Macquarrie has told us, in 1867 through a British statute, as did the Canadian Parliament in 1949. Canada received its extraterritorial sovereignty in 1931 through another British statute. We also acquired our basic rights and freedoms, going back to the Magna Carta, from the United Kingdom. As far as I am concerned, I am proud to be a Canadian, but in view of all these antecedents it does not really offend my pride to have to go back again to Great Britain, but for the last time, in order to complete a process that began in 1774.

The issue raised by the resolution, in terms of political expediency, is therefore quite simple. Do we want to maintain the constitutional status quo and our colonial status indefinitely? If so, let us vote against the resolution. Do we want, on the other hand, to break long-standing deadlocks on patriation, an amending formula and the entrenchment of rights, thus opening the way, in a second phase, for other constitutional reforms? If so, let us use for the last time the only formula that the provinces thought appropriate in 1972, and vote for the resolution.

[*Translation*]

I wish to comment now very briefly, because I have spoken at length—perhaps as long as Senator Tremblay the other night—on an entirely different subject: the rights of anglophone and francophone minorities in Quebec and in the rest of Canada. If the charter contained in the resolution is adopted, for the first time in our history those minorities will have equal constitutional rights to education in their respective language throughout the country. In my opinion that is already great progress. But it is not really enough.

I particularly regret that Ontario, which is home to the largest francophone minority in Canada, did not resolutely commit itself, like New Brunswick, to institutional bilingualism by accepting, among other things, to be bound by section 133 of our Constitution. Were Ontario to decide to treat its linguistic minority the same way Quebec respects its own minority, a decisive step would be made to close the gap between our two main communities. The Government of Ontario has often expressed its commitment to Canadian unity. I am convinced that its credibility in that respect would be greatly enhanced if, at this historic moment, it were to agree at least to be bound by section 133.

As I see it, bilingualism, especially if it is based on two great international languages, is first and foremost a source of personal enrichment. But in a country like Canada it also has immense political value, for it is a guarantee of unity. Indeed I am deeply convinced that Quebec separatism will never gain currency if francophone communities in the rest of Canada, particularly in Ontario and New Brunswick, enjoy the rights and services they need not only to survive but to grow. I hope that in the course of this debate many senators, more especially anglophone senators, will express their views on that primordial problem.

I cannot end this long speech without mentioning the attitude of the Quebec government in this matter. That government does not believe there is a way out of the constitutional deadlock. It states in its white paper:

> In the opinion of the government of Quebec the sad story of attempts, as useless as they were numerous, to review the constitution demonstrates how illusory it will be henceforth to think about renewing federalism in such a way as to please Quebec and the rest of Canada at the same time.

But above all the PQ government does not want renewed federalism. That is why it is adamant on the unanimity formula, for that is how it protects the status quo in order to be in a better position to object to it. Under the circumstances, only a unilateral approach can break the deadlock. Those who

oppose this initiative are therefore, unconsciously or not—and I know that Senator Flynn will disagree—playing into the hands of Quebec separatists. Indeed, the logical consequence of a vote against this resolution would be to maintain indefinitely the status quo. In my opinion, this is certainly not what most Canadians and the great majority of Quebecers want.

Senator Flynn: On the last point raised by Senator Lamontagne, may I ask a question? He said that all those who oppose the resolution are playing into the hands of the separatists.

Senator Lamontagne: Unconsciously.

Senator Flynn: I know. This is not what bothers me. Is Senator Lamontagne saying that the Quebec Liberal Party and the Union Nationale Party, which oppose the resolution, are also unconsciously playing into the hands of the separatists?

Senator Lamontagne: In this context, yes. However, there is a great difference between the position of the Union Nationale, which has taken so many different stands in the last few years, and that of the provincial Liberal Party, which I know quite well.

I submit that the provincial Liberal party is basically in agreement with this resolution. It objects to unilateral action, but it agrees that federalism should be improved. It agrees that the deadlock should be broken while, and this is a very significant difference, Mr. Lévesque and his supporters want the status quo.

Senator Flynn: Would Senator Lamontagne suggest to the government that it postpone putting forward the resolution to London until after the provincial election in Quebec? Thus, assuming that Mr. Ryan will become the next premier, we could then try to come to an agreement?

Senator Lamontagne: Honourable senators, there is no doubt in my mind that Mr. Ryan will win the next provincial election, and on that point at least, we shall have no difficulty in getting along. However, if we delay the process once again, even if Mr. Ryan does not oppose the resolution, we would still have to face the opposition of Mr. Peckford, Mr. Lyon and Mr. Bennett if they are still in power in their own provinces.

Senator Flynn: No, I was talking of postponing the process until after the provincial election.

Senator Lamontagne: Do you mean until elections are held in the respective provinces of Mr. Bennett and the other provincial premiers?

Senator Roblin: The answer is no.

Senator Flynn: In that case, the answer is no.

On motion of Senator Macdonald, debate adjourned.

[*English*]

PRIVATE BILL

ROYAL CANADIAN LEGION—THIRD READING

The Senate resumed from yesterday the debate on the motion of Senator Godfrey for the third reading of Bill S-15, respecting The Royal Canadian Legion.

Hon. G. I. Smith: Honourable senators, yesterday afternoon, as most honourable senators will recall, this debate was adjourned in order to make sure that the sponsor of the bill could be present when I made the rest of my remarks, which will be brief, I hope. I had just read the proposed amendment to the statute affecting the Royal Canadian Legion, and also the existing provision which was to be deleted. Since both of those are rather short, perhaps I might do so again without taking up too much time.

● (1650)

The paragraph in the present statute, which was passed in 1948, deals with the membership of the Legion—that is, the classes or kinds of persons who shall be admitted to membership. It reads now as follows:

> (i) those persons who have served or are serving in Her Majesty's navy, army or air force or any auxiliary force thereof,
>
> (ii) those persons who have served or are serving in the Royal Canadian Mounted Police, and
>
> (iii) the sons and daughters of any of those persons referred to in subparagraphs (i) and (ii),

The proposal in the bill is that those words be deleted and that the following words be substituted for them. They are not broken down into subclauses (i), (ii) and (iii), but are embodied in clause (a):

> (a) to constitute an association of those persons who have served or are serving in Her Majesty's armed forces or any auxiliary force thereof, and of other persons—

These are the words to which I intend to direct my remarks.

> —and of other persons who support the purposes and objects of the Legion,

So instead of enumerating the kind of people who shall be admitted to membership, the amendment would allow membership to be granted to any other persons who support the purposes and objects of the Legion—which is, of course, a very wide definition indeed and, depending upon what the authorities in the Legion—the Dominion Command or any convention assembled—at some future date might decide, it could really make it a completely different organization from what it is now.

Under the present provision, I would ask honourable senators to note how the common thread of service to the country, in an organized, disciplined force, authorized to bear arms, binds the groups named as being entitled to membership, except the sons and daughters who may be thought to have learned something of that common thread.

We see how that thread would be completely abandoned if the amendment became law; the Legion would no longer remain as an association of those who have experienced the discipline, the sense of values, the feeling of mutual respect which arises from that common bond. It would be just like any other fraternal organization, such as the Independent Order of Odd Fellows, the Elks, or any of the like. It is bound to lose the esprit de corps that brought it into being in the first place,

and which has been one of the main reasons for the splendid work which the Legion has done and is doing for veterans who need help and for the widows, orphans and other dependents of deceased veterans.

After second reading, the bill was referred to the Standing Senate Committee on Health, Welfare and Science and representatives of the Legion appeared before the committee on January 21, 1981. I have before me the printed proceedings of the committee for that date—the *Proceedings of the Standing Senate Committee on Health, Welfare and Science* for Wednesday, January 21, 1981, Issue No. 2.

Turning to page 2:6 we find that the following representatives of the Legion appeared before the committee: the President of Dominion Command, Mr. A. Harvey; the Secretary of Dominion Command, Mr. J. E. A. J. Lamy; and Mr. Stanley Walpole, the Administrative Officer of the Legion—at Dominion Headquarters, I assume although it does not say so.

Mr. Harvey took very little part in the proceedings. He simply drew attention to the fact that the other people were present and that the Legion had changed somewhat, to the extent at least that sons and daughters of members were admitted into membership and were given the right to hold office and have full voting power. He then asked Mr. Lamy, the Secretary, to deal with the matter before the committee.

At page 2:7 Mr. Lamy read the existing provisions about membership, and went on to say:

> Over the years—not just lately, but over the years—our conventions have made other categories of people eligible to join the Legion—people who they thought deserved to join. They did not really know about the act of incorporation, and they have taken people who were not covered under the act.

Which seems to me to be somewhat extraordinary. Incidentally, I am informed—in view of the mention by, I believe, Senator Godfrey—that the Legion should not have had to come to Parliament anyway because they could have been incorporated by letters patent, or words to that effect. Although I have not checked it myself, that originally was the course followed by the Legion. In the beginning they were incorporated by letters patent, and in 1948 they decided that an act of Parliament would be more desirable. Such an act was obtained in 1948.

So evidently they were well aware of the right to be incorporated without reference to Parliament, and they chose Parliament as the venue in which they wished to have their rights dealt with. As I believe I said yesterday, once having chosen to come to Parliament, they must then accept the fact that Parliament will not necessarily do everything that it is asked, but will exercise its own best judgment and act accordingly.

Mr. Lamy went on to say:

> I shall mention some of those people who have been taken in over the years, and honourable senators will possibly judge that they are deserving of being members of the Legion. The following are in the first category: Those people who are now Canadian citizens or Commonwealth subjects who had active service in a force of Her Majesty's allies in a conflict in which Canada took part—in other words, the First and Second World Wars and the Korean War. Someone who served, let us say, in the American Army in the Second World War and is now a Canadian citizen was admitted to the Legion. Also those who have served in an actual theatre of war, during a war in which Canada was engaged, in some non-military service, such as the Mercantile Marine, the Merchant Navy, the Newfoundland Rescue Tug, the Deep Sea Salvage Tugs, the Fishery Patrol Service, the Corps of Canadian Firefighters, the War Correspondents; auxiliary services which comprised the Legion, YMCA, Salvation Army, and Knights of Columbus; the Canadian Red Cross, the St. John Ambulance, the Ferry Command, and those members of the Newfoundland Forestry, (Overseas Units), who had at least six months service overseas; the British Home Guard, the National Fire Services of Great Britain, and the Air Raid Wardens.
>
> Over the years we have also admitted people who have participated in the United Nations or Commonwealth police action in Korea, the Congo, the Gaza Strip, Cyprus, or any other area that may be specified by Dominion Command. One such area is Lebanon, which is not named here but might be later. There are also those who fought in the Underground in allied countries such as France, Italy, Holland or Belgium.
>
> Those people were taken into the Legion by convention over the years. What we are trying to do today is to regularize their position. We do not wish to name each one of them because it would exclude some categories which we may not have covered here. I have already named one not included here—namely, those who served in Lebanon. There may be other types of people who are not yet included but who may be brought in by our delegates at some future convention.

Honourable senators will see that all of those groups that were mentioned by Mr. Lamy were people who had that common characteristic, or common feature, of service to their country in an organized, disciplined unit, although some of them, such as the auxiliary services, were obviously not authorized to bear arms.

● (1700)

It seems to me that the Legion could very well achieve its purpose of regularizing what it thinks it has done irregularly by definition far less wide than the one it has used, which really means anybody who says he supports the purposes and offices of the Legion may join.

I certainly would not consider opening the doors to the groups named by Mr. Lamy as in any way objectionable. As I said, again to accomplish this relatively limited purpose, surely more satisfactory and less expansive words could be used than those which are placed before us.

Legion representatives say that the present membership of veterans is aging, and that the grim reaper is harvesting more

and more of them as each year goes by. In due course, all of them will be gone. Unfortunately, that is all too true. I agree some steps should be taken now to deal with that situation before it actually happens.

Perhaps we could look at the situation that is now developing with membership. This was dealt with by Mr. Lamy in his testimony before the committee. What he said on this point will be found in part on page 2:12 of the committee's report:

> Honourable senators, for ordinary and life members the top number we had was in 1977, when we had 318,789 members. This was the peak. Since then it has gone down.

He goes on to say:

> At the end of 1980 we had 310,854. There is a loss of 8,000 in three years.

Senator Macdonald then asked him, "What about the sons and daughters. Does that offset the loss?" Mr. Lamy said that in 1977 they had 82,302 sons and daughters, and went on to say that by 1980 this number had risen to 116,009. I am not sure exactly whether Mr. Lamy meant that these 116,000 sons and daughters were to be added to the 317,000 or not. For the purpose of the present discussion, I will take it that there are 317,000 members over and above the 116,000 sons and daughters.

Even taking that figure, one comes to the conclusion that there is more than one-third of the total membership of the Legion who are not bound together by that common thread of service which I mentioned, and who are, obviously, and I think quite properly, diligent members because of their close relationship to veterans of all services. One does not have to look very far to see the way these figures are pointing. Our own knowledge of the uncertainty and relative shortness of life in this world tells us that it will not be long before there are no veterans left. At that time the total membership will be non-veteran.

If we change the law the way we are asked to in this amendment, as I pointed out a few moments ago, the total membership of the Legion will then be of people who have no connection, or may have no connection, with the kind of people, service and experience that was originally intended to be necessary in order to be a member of this organization, which I regard as one of the very best organizations of which I have ever heard or in which I have ever served, and certainly I have every sympathy with it.

I realize that some extension of the membership ought to be made to deal with this situation when there are no veterans left. The question is: To whom should membership be opened? You can see by the names of the organizations that Mr. Lamy mentioned that there is a very wide spectrum of organizations that are qualified. One could easily add to them, I think, such organized and disciplined forces serving their country in one way or another as provincial and municipal police and fire-fighting organizations. There would thus be a reservoir of potential members who, of course, would include members of the ongoing armed forces, the RCMP, and the provincial and municipal police forces in the country, all organized in such a way that they are disciplined and enjoy a common bond of having served the country in an organization which is ready and willing to face whatever dangers may come.

All of these organizations that I have mentioned do face dangers. One has only to notice the day-to-day reports in the press of the number of firemen who are killed or seriously injured fighting fires, and the number of policemen who are killed while carrying out their duties, to realize that they are risking their lives. They are serving the country and serving it well. This gives them some linkage with the feelings, attitudes and experiences of the veterans who organized the Legion in the first place, and that future membership potential is more likely to be in tune with the present aims and purposes of the Legion, as well as with the aims and purposes which brought about the incorporation in the first place.

It should not be a difficult task to open the doors wide enough to accommodate the kind of people I have mentioned whom, without throwing them open to practically anybody, the amendment envisages.

Honourable senators, although I do not like this change, I am not going to urge you to deny the bill a third reading, but it has to go to the other place before it becomes law. Perhaps in committee there the Legion will suggest some such change in wording as I have mentioned, or at least have another opportunity to consider whether they really want to open the doors as wide as this proposed amendment would open them, or whether some more carefully and narrowly worded amendment would better serve their purposes and intention and those of the Legion.

Hon. John M. Godfrey: Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator Godfrey speaks now his speech will have the effect of closing the debate.

Senator Godfrey: Honourable senators, Senator Smith has already given some figures as to the composition of the Legion at the present time. Senator Macdonald, when he made his speech, said:

> I would expect that the number of actual Canadian veterans in the Legion is now less than the number of other members, and perhaps the sponsor would obtain the actual figures with regard to that for the record.

In the committee hearings the figures were given, as mentioned by Senator Smith, except for this new category of membership. Mr. Lamy said:

> The other groups in the Legion are, if I may say so, Mr. Chairman, relatively small. They are not large groups.

I have spoken to Mr. Lamy, and he says his best estimate is that the people we are talking about, and who have been let in by the Legion under the illusion it had the power to let them in, now number between 2,000 and 3,000.

• (1710)

My main disagreement with Senator Smith and Senator Macdonald is simply that the duty of the Senate in matters of

this kind is to see whether what has been proposed is against the public interest. It is not for us to decide that if we were members of the Legion we may not agree with certain proposals that the Legion members might make. If the Legion were incorporated by letters patent, no bureaucrat would refuse an amendment or supplementary letters patent on the basis of these proposals, because there is nothing contained in them which is against the public interest. There is nothing that we can find objectionable, even though, if we were members of the Legion, as Senator Smith and Senator Macdonald are, we might very well object to them.

I really think the place where the Legion must be protected is the Legion convention, where arguments such as those given tonight by Senator Smith, and previously by Senator Macdonald, should be made. The Legion has considered this. They have had their legal advisers and the chairman of their constitution committee, who is a very eminent appeal court judge, consider this. Theyhave come to the conclusion that this is what they want to do. I feel that the Legion is a mature organization; it can be trusted. Therefore, this bill should be approved as it stands.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt this motion?

Senator Macdonald: On division.

Motion agreed to and bill read third time and passed, on division.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Julien Chouinard, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the statute law relating to income tax.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Monday, March 2, 1981 at 8 p.m.

THE SENATE

Monday, March 2, 1981

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have the honour to table:

Estimates for the fiscal year ending March 31, 1982.

And, to bring further delight to the ranks of the official opposition:

Document entitled "The Government Expenditure Plan, Part I, 1981-82 Estimates", issued by Treasury Board.

INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. A. Irvine Barrow: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-54, to amend the statute law relating to income tax. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix A, p. 1906.*)

● (2000)

THE ESTIMATES

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the estimates laid before Parliament for the fiscal year ending 31 March, 1982.

Motion agreed to.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, March 3, 1981, at 8 o'clock in the evening.

Hon. Jacques Flynn (Leader of the Opposition): I suppose we need no explanation.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ESTIMATES

INCREASE IN GOVERNMENT EXPENDITURES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, now that the Leader of the Government has tabled the estimates, I suppose he is ready, indeed anxious and willing, to reply to the questions put to him last week which he refused to answer because, technically, the estimates were not before us or the other place.

I would ask the question put to him by Senator Roblin: Is it the view of the government that, in providing for this increase of 13 per cent in the spending estimates, the government is discharging the commitment of the Prime Minister made last January during the election campaign, when he was Leader of the Opposition, to increase spending by no more than the growth in the economy?

● (2005)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Minister of State for Economic Development may wish to comment on this particular matter, but that remains the general objective of the government. The Leader of the Opposition, of course—

Hon. Lowell Murray: It is a commitment.

Senator Perrault: —knows that these are not the easiest of economic times, which was also the situation experienced by the predecessor government. There are no magic cures or instant solutions. However, the budget policy generally remains consistent with the statements made by the Right Honourable the Prime Minister.

Hon. Martial Asselin: But you will use all means to win an election.

Hon. Royce Frith (Deputy Leader of the Government): And you will use all means to lose one.

Senator Flynn: As the Leader of the Government has suggested, perhaps these matters, which are so technical, can be referred to the Minister of State for Economic Development, since he always replies in a technical manner and to the point.

Can he confirm that every Canadian taxpayer will be paying, through his or her tax dollars, in excess of $750 per capita just to service the national debt?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, we can go into the finer details. These are not so much technical matters because they are contained in the estimates, and a calculation would have to be made to ascertain how much the per capita amount would be.

I draw the attention of my friend, the Leader of the Opposition, to the fact that we have just passed a motion to send those estimates to the Standing Senate Committee on National Finance. I am sure that with their usual diligence and probing, he and his colleagues will seek and find precise answers to the kind of question that he has just raised. I do not disagree with him, but I believe I saw a calculation somewhere to the effect that it works out to something like the $750 that he is talking about. I want to make it very clear that that is not a calculation done by my department or the government. I would be very happy to give him an undertaking to obtain the exact amount, if he would like the division done.

ENERGY

OIL—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. G. I. Smith: Honourable senators, I have a question to direct to the Minister of State for Economic Development. Does the minister agree with the recently expressed views of the chairman of the Canadian Petroleum Association that investment in oil and gas exploration and development in western Canada is being reduced in 1981 by 20 per cent as compared to 1980?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, here again Senator Smith will realize that that is an opinion expressed by the chairman of the Canadian Petroleum Association. I suppose that it is his business to do that kind of calculation. It would be interesting to know whether or not it is a reduction from intentions or a reduction from actual of some years in the past.

Senator Smith: I suppose it is also the business of somebody in the government, and I would have thought it was of the minister himself, to observe these things very closely and to be able to have some idea where we are heading for in matters related to gas and oil exploration and development. If he is not the minister responsible, then I would be grateful if he would see what the minister who is responsible says. What I am really asking is: Is this a fair estimate from the information available to the government as of today?

Senator Olson: Honourable senators, I do not believe that any accurate or true assessment can be made at this point in time. If my honourable friend wants to dig deep enough he will find that the chairman of the Canadian Petroleum Association also said that the fact that there is no agreement between the governments of the producing provinces and the government of Canada on a number of things is indeed hurting the exploration that might otherwise take place. We agree with that. We have stated in this chamber and in the other place, over and over again, that it is absolutely essential that we have an agreement so that the industry can move forward with confidence and do extensive exploration and development to bring this country to self-sufficiency by the end of this decade. We did not make that assertion lightly. We honestly and sincerely believe that it could be done, if there were an agreement and the industry did indeed do those things that I have talked about with regard to both exploration and development.

[Senator Asselin.]

• (2010)

Senator Smith: Since the minister has raised the question himself, and since I have it before me for further exploration, I would invite him to say whether or not the government agrees with the proposition, put forward by the same gentleman whom we have been discussing, that:

> Failure to resolve this conflict will likely cause Canada "to drift to dependence on imports for about 38 per cent of our (oil) needs by 1985 and to 45 per cent by 1990" from the present level of 20 per cent.

Senator Olson: Well, honourable senators, it seems to me that it is taking the argument to its extreme if we are to assume, as is implied in what has just been quoted, that there will be no agreement by 1985 or, indeed, by 1990. I believe we have the right to express the hope, at least, that there will be an agreement reached for most of the rest of this decade within the next few weeks and certainly within the next few months.

Senator Smith: As a supplementary, does the minister feel like telling us whether or not he agrees that not only is the reaching of an agreement between the producing provinces and the federal government a necessity, but it is really up to the federal government to make a fresh move now?

Senator Olson: No, I do not agree with that. In fact, exactly the opposite is true, because the federal government and the ministers directly responsible have requested within the last few days—I am not sure of the exact date when the last letter was sent, but I believe it was a week ago today—that the Government of Alberta reconsider any cut-backs in production and get back to negotiations, to which the reply from the spokesman of the Government of Alberta was that they were not ready to re-open negotiations. So the way that my honourable friend has described the position is an exact 180-degree conversion of the truth.

Some Hon. Senators: Oh, oh.

Senator Smith: I suppose that depends on where one stands and one's point of view; but even assuming, as I do without any denial, the truth of the facts which the minister has just asserted, I am still inclined to differ with him about his conclusions from them.

Senator Olson: That is not the first time that has happened, and I suppose it will not be the last when there are different points of view. I would just hope that the honourable gentleman would have as much respect for my views as I have for his.

NATIONAL ENERGY PROGRAM—ROYAL BANK OF CANADA REPORT

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. I am sure he is pleased to note that the Royal Bank of Canada global energy group has released its study of the National Energy Program, which was prepared by a number of people, not least among whom was a former chairman of the National Energy Board. That report states quite definitely that the program will lead to sharp reductions in exploration and development.

One of the more worrisome points in the report, which is brought out quite forcibly, is the allegation that even those companies that will be eligible for incentives under the Canadianization plan of the government will see a lower return in revenue, from 1982 to 1990, of well over 40 per cent and closer to 50 per cent. Perhaps the minister will tell us whether or not that is true, because it is a rather terrifying statement.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not like asking this, but it happens quite often and it will happen again now. Lower than what?

Senator Doody: Lower than last year.

Senator Olson: Lower than last year? That could be the opinion of the person, or persons, responsible for writing the report; but if my honourable friend wants to be objective he can look at the National Energy Program, and even though it is subject to further negotiations on a number of pricing structures which we have already announced we would be willing to negotiate, it does call for a doubling of oil prices by 1986, and a quadrupling of oil prices by the end of this decade. To put all of that together and make the assumption that there is going to be a 40 per cent reduction in revenue, or profit, or whatever term he was using, seems to indicate some kind of distorted reasoning that does not lead to the right kind of conclusions.

● (2015)

Senator Doody: The reasoning might be distorted, and that is why I quoted the Royal Bank of Canada's global energy group. I hesitate to make a criticism of my own. I have been critical of the program earlier, and some people could accuse me, unjustly perhaps, of partisanship. I do not think that the Royal Bank of Canada, however, is suspect in that area, so when they say that the problem is a very worrying one, I think that it is worth bringing to the attention of the minister, and that the request for clarification is quite legitimate. Nevertheless, perhaps that kind of information is not available, under the Official Secrets Act, something like the Irish moss problem that my friend next door has.

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government in the Senate.

In responding last week to a question in the other place, the Minister of Transport implied that while his first choice is to sell Nordair to Regionair, he stresses that Regionair must still satisfy a number of conditions, most of which would require its merger with the Lizotte group. Meanwhile, André Lizotte, the President of Nordair, has said that a merger between his consortium and Regionair is unlikely.

Would the Leader of the Government indicate when we can expect the government to cease trying to solve its political difficulties by encouraging a merger between these two groups, and when we can expect the announcement of a decision to be made?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I know it is of considerable importance, particularly in the honourable senator's province and other Atlantic areas.

While I am on my feet, honourable senators—

Senator Asselin: I have not finished.

[*Translation*]

I would say this is about the third time—you may check in *Hansard,* our official report—that I have been given the same answer.

Some two years ago, the Canadian government agreed to sell the Nordair group to private interests.

For the past two years, there has been a lot of lobbying of the Minister of Transport and the Cabinet. It went on while our party was in office.

Heaven knows that regional transport companies need this additional income to make them profitable.

All during that time, studies are carried out by Quebecair, Nordair and the Inuit. Never has the minister had the courage to come to a decision. Could the government give us the assurance that it will make a decision shortly, to put an end to confusion in an area as important as air transportation, especially in regions such as Quebec City and northern Quebec?

[*English*]

Senator Perrault: Honourable senators, I shall endeavour to bring a statement to the chamber some time this week on the general subject.

VISITORS IN THE GALLERY

NATIONAL FARMERS UNION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this evening I take great pleasure in welcoming to the Senate galleries 250 representatives of one of Canada's most effective and well-known organizations, the National Farmers Union, who have come to Ottawa at their own expense. For the next three days they will be meeting

representatives of all political parties to discuss with them matters relating to the Crowsnest Pass rate, and undoubtedly other matters as well.

The Honourable Senator Argue informs me that they come from most of the provinces, including Prince Edward Island and the Peace River country of my own province of British Columbia. I know that all honourable senators, regardless of party, welcome them in our midst here in Ottawa.

• (2020)

CANADA-UNITED STATES RELATIONS

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. However, before I pose the question I would like to express, as my predecessors did not, a warm welcome to our illustrious former Speaker on her return to the exalted Chair. Her voice is more pleasant than that of the present Speaker!

My question has to do with a statement made by the Secretary of State for External Affairs on Friday last, prior to the annual meeting of the Progressive Conservative Party, to the effect that the still unratified fisheries treaties constitute the most important outstanding issue between Canada and the United States. In light of the significance of that statement, could the Leader of the Government offer the assurance that the question of the fisheries treaties will be first on the agenda, or will at least be given the high priority it deserves, at the Prime Minister's meeting with President Reagan next week?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on an earlier occasion I gave an answer in the Senate in which I stated that the fisheries item is expected to be given great prominence on the agenda for discussions between the President of the United States and the Right Honourable the Prime Minister and their officials. If I can provide that reassurance again, I am pleased to do so at this time.

Senator Marshall: I am pleased with that answer, but I am wondering if the Leader of the Government in the Senate, in his exalted position in the cabinet, could indicate to the Senate prior to the meetings the proposals which will be suggested by the Canadian government to President Reagan, in light of this outstanding issue which is so important to the eastern regions of Canada. Could he, prior to the meetings, give us an indication of the proposals that Canada expects to put to President Reagan?

Senator Perrault: Honourable senators, it seems to me that detailing the proposals which we would hope to place before the President might be destructive of the bargaining process. Implicit in the bargaining process is the opportunity for both sides to sit down, discuss and negotiate. I do not think it would help any ultimate negotiation to have details of that kind made public in advance.

[Senator Perrault.]

FOREIGN AFFAIRS

EL SALVADOR—STATEMENT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Heath Macquarrie: Honourable senators, my question also deals with Canada-United States relations, but it is by no means confined to bilateral relations; in fact, it is a matter of concern to the whole world because it concerns the peace of the world. I am prompted to ask it by a very disturbing story in last Friday's *Globe and Mail* to the effect that the Canadian government through our distinguished and learned Secretary of State for External Affairs, has indicated a reversal of Canada's attitude in reference to the United States' involvement on behalf of the junta in El Salvador. We are now told that he has said, after a conversation with General Haig, which must have been a doozer, "I would certainly not condemn any decision that undertakes to send offensive arms to El Salvador. The United States can at least count on our quiet acquiescence."

Considering the anxiety and anguish which prominent and well-informed church groups in Canada are expressing; noting the harassment and, indeed, the killing of some distinguished representatives of the church by the Government of El Salvador; and surely with some memory of what went on in Vietnam and how it started, can the Honourable Leader of the Government indicate to me that our distinguished Secretary of State for External Affairs and the government have not in fact been cajoled, brainwashed, or put in the position of acquiescence or quiescence—whichever word they like—by the Secretary of State of the United States?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on the matter of the provision of arms to El Salvador, Canada has a long-standing policy of not providing military aid to areas of tension, and thus does not supply either offensive or defensive equipment to El Salvador.

As honourable senators are aware, we are opposed to interference by any nation in the internal affairs of El Salvador or any other nation. We believe that sending in military aid and other forms of destructive intervention is not in the interests of either El Salvador or the peace of the world. Canada deplores the fact that competing forces in El Salvador are receiving supplies from outside sources. The Secretary of State for External Affairs discussed the United States military assistance to El Salvador with Secretary of State Haig on January 30 and made it clear that Canada is opposed to the supply of offensive arms. The United States has informed us that in its view re-supply of the armed forces of El Salvador was required to counter a leftist offensive made possible by the supply of arms from other outside countries.

In the circumstances, we do not believe that Canada's role is to mount a public protest against the United States, but rather to continue to express its view in appropriate ways as before.

On foreign intervention, let me repeat, honourable senators, Canada strongly supports the traditional principle of international law, which is one of opposition to any interference from the outside in another country's domestic affairs.

● (2025)

Honourable senators, Canada is deeply troubled by the deteriorating human rights situation in El Salvador. Officials of the Department of External Affairs have expressed to Salvadorian officials on many occasions Canada's views on the junta's response to violence from both the left and the right. On February 16 Canada's concern for the human rights of the recently arrested directors of the University of El Salvador was expressed to the ambassador of El Salvador.

At the Tenth General Assembly of the Organization of American States, Canada's ambassador lobbied actively in corridor discussions expressing Canada's concerns. Canada voted on December 15, 1980, in favour of the UNGA resolution urging the Government of El Salvador to take the necessary steps to restore full respect for human rights and fundamental freedoms.

Canada will continue to monitor developments in El Salvador and make further representations to Salvadorian authorities as appropriate. In addition, Canada will remain active in discussions in international forums such as the United Nations Human Rights Commission on the issues involved. It must be borne in mind, however, that Canada does not have a resident ambassador in San Salvador and has a limited capacity to influence developments in El Salvador.

Senator Macquarrie: Honourable senators, I know we have no resident ambassador in San Salvador, but we must have points of view. I should like to know if the Government of Canada acquiesces in what the United States is doing. It is just less than two hours ago that we heard the report that the number of observers and technical experts has been increased this very day. Anyone with a memory knows that that is exactly the way it began in Vietnam. We can all remember how difficult it was for the then Liberal government, under a most distinguished internationalist, Mr. Pearson, finally to reach the stage where, according to its conscience, Canada felt that the bombing of Vietnam had to be criticized. And he told some of us what kind of experience he had after he met with President Johnson.

I would ask the government to give consideration to acting like a real friend of the United States, because no country suffered more over Vietnam than did the United States. Surely, for us to acquiesce in a build-up, a quickly increasing build-up, of that vicious junta would be to follow a course of action that would be against progressive development in the Caribbean.

I thought our minister did well some weeks ago, when he went to that destabilizing area with some interesting programs, but I am deeply concerned at the present developments.

Senator Perrault: Honourable senators, may I repeat for the benefit of the honourable senator, who obviously did not hear what I said, that with respect to foreign intervention Canada strongly supports the traditional principle of international law, which is one of opposition to any outside interference in another country's domestic affairs. So we are opposed to interference by any country in the affairs of El Salvador.

● (2030)

Further to this point, on January 26, El Salvador's "leftist" diplomatic commission visited Canada to meet with officials, and that meeting was attended briefly by the Secretary of State for External Affairs. The representatives of this group explained their views on the situation in El Salvador and stressed the importance of non-intervention of external powers in the internal affairs of El Salvador, but did not ask for any form of official recognition.

At that meeting Canada's stance against foreign intervention in the internal affairs of El Salvador was outlined and an explanation of Canada's opposition to the provision of arms from any country to the competing forces in El Salvador was outlined. The meeting did not constitute the recognition of El Salvador's "leftist" organizations or support of their aims.

Senator Macquarrie: Honourable senators, I can take it then that Canada does not acquiesce in the provision of arms by the United States to the junta and, in fact, includes in its blanket condemnation the actions of the United States. If that is the case, I accept that action.

Senator Perrault: The honourable senator may conclude what he wishes from the remarks, which represent the official opposition of the government.

Senator Macquarrie: Honourable senators, it is my right and my responsibility to the members of this chamber to try to elucidate from the Leader of the Government what, in fact, the government is doing. I want to know if the government is condemning the United States in this matter.

Senator Olson: Read the answer; it is all there.

Senator Perrault: When the honourable senator has had an opportunity tomorrow to calmly read my remarks as they appear in the record of today's proceedings, I believe he will conclude that he was given a fair answer this evening. Does the honourable senator want the government to issue a condemnation of the United States or of any other country? I have spelled out the Canadian policy, and it is one of non-intervention.

Senator Macquarrie: Because I am on the wrong side of the house, it is not my job to be giving my views. If there were a forum, I would be very glad to give those views. It is my job to find out clearly, precisely, definitely and honourably just what the government is doing. God willing, I will pursue the matter tomorrow, after I have read the honourable senator's answers.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have a supplementary. Can the Leader of the Government assure this House that Canada will not, either directly or indirectly, supply arms to friendly countries which will then deliver them to the El Salvador military junta to use against the population?

We had been given the same assurance in the past concerning Vietnam and God knows that Canada did indirectly supply arms to Vietnam. Can the minister assure us that the government of Canada will watch and monitor the situation closely so

that the arms we sell to friendly countries are not used against the people of El Salvador?

[*English*]

Senator Perrault: There seems to be a determination by certain honourable senators in the opposition to somehow establish Canadian complicity in a type of civil war involving a neighbouring country of this hemisphere.

Honourable senators, I can say something about Canadian participation. A request was received from the Government of El Salvador in November 1980, for assistance in the form of food aid. This request could not be met for technical reasons. It came at a time when requests for food aid during fiscal year 1981-82 were already in and being evaluated by CIDA. However, Canada is making a contribution of $250,000 to the International Committee of the Red Cross in favour of El Salvador. This is the kind of aid which this nation traditionally extends to those in distress in various parts of the world.

Honourable senators, I will seek to make a further statement on this situation later this week. However, it is difficult to understand the persistence of the official opposition in attempting to establish some sort of illicit or immoral Canadian role in some form of military action in El Salvador.

Senator Macquarrie: Honourable senators, I believe I have the right to rise on a question of privilege. One's careful, assiduous role in trying to elicit information should not be categorized as it has been by the Leader of the Government. It is not for us to be accused in our search for truth or to have our views castigated as has been attempted by the honourable senator. I do not believe that either Senator Asselin or myself have smuggled into this Question Period a propogation of our views. When the time comes, I am sure that we will be glad to give those views. We are trying to find out what the honourable senator's colleagues are saying, and we are basing our queries on highly contradictory statements which are now public property.

Senator Perrault: Honourable senators, I have nothing further to add at this point.

CONSUMER AND CORPORATE AFFAIRS

ROYAL COMMISSION ON NEWSPAPERS

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): On February 24, the Honourable Robert Muir asked the following question with regard to the Kent Commission:

> —how much money has been spent by the Kent Commission up to 8.45 this evening? Could he also advise how many sittings that commission has had and where they were held?

The answer is as follows:

> (1) As of February 26, 1981, $502,203.00 has been spent by the Commission out of its total budget of $1,487,000.00: $970,000 in the 1980-81 Estimates, and $517,000.00 in the 1981-82 Estimates.
>
> The Commission is to report not later than July 1, 1981.
>
> (2) The Commission has held 17 hearings in 11 cities as of Februray 27, 1981, as follows:
>
> Winnipeg, December 8 and 9, 1980
> Ottawa, December 11 and 12, 1980
> Victoria, January 16, 1981
> Vancouver, January 19 and 20, 1981
> London, February 3, 1981
> Toronto, February 6 and 9, 1981
> Thunder Bay, February 12, 1981
> Montreal, February 16, 17 and 18, 1981
> Edmonton, February 23, 1981
> Saint John, February 25, 1981
> Halifax, February 27, 1981

CANADA PENSION PLAN

NON-FUNDED LIABILITY—GOVERNMENT ACTION

Hon. Raymond J. Perrault (Leader of the Government): I have two delayed answers. The first is to a question asked by Senator Phillips on January 14—and I see that he has slipped out of the house for a moment—concerning the Canada Pension Plan.

(*The answer follows:*)

> It is alarmist and irresponsible to suggest that one day the Canada Pension Plan won't be able to pay for the pensions that have been promised. The financing of the Plan is absolutely sound. The current contribution rate is completely sufficient to raise the money needed to pay for the current benefits, and this will continue to be the case for several more years. Of course, the contribution rate will have to be increased at some time in the future. This has been anticipated since the C.P.P. was established in 1966. However the issues involved in such an increase are complex and careful study is necessary. Moreover the concurrence of the provinces is required for any increase. A federal-provincial committee of deputy ministers of finance has struck a subcommittee to develop recommendations.

SCIENCE AND TECHNOLOGY

RECOMBINANT DNA RESEARCH—REGULATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the reply to a question asked in the Senate by Honourable Senator Thompson on January 29 with regard to recombinant DNA research is very long.

Hon. Jacques Flynn (Leader of the Opposition): On what?

Senator Perrault: Recombinant DNA research. It has something to do with genetics and genetic engineering. If honourable senators would like me to go through this long report, I

would be glad to do so. Otherwise, may it be incorporated in the record of today's proceedings?

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of reply see Appendix B, p. 1911.*)

NEWFOUNDLAND

SEAL HUNT PROTEST ACTIVITIES

Hon. Jack Marshall: Honourable senators, while we are on delayed answers, last Tuesday I asked the Leader of the Government a question relating to three supposed conservationists who intend to spray the seals during the seal hunt this year. Has the honourable senator received an answer from the Minister of Fisheries and Oceans as to what action will be taken to apprehend these reported conservationists in order to keep them away from the seal hunt, and in order to allow the seal fishermen of Newfoundland to conduct the seal fishery as it has traditionally been conducted for many years.

Hon. Raymond J. Perrault (Leader of the Government): I regret to say that the response has not yet been received. Hopefully, it will be here tomorrow.

● (2040)

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from Thursday, February 26, the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. John M. Macdonald: Honourable senators, I wish to join with all the previous speakers in paying tribute to the members of the special joint committee on their examination of the proposed resolution we are now debating. There are 57 issues on the minutes of that committee, so it is obvious that a great deal of time and effort must have been expended by the committee members.

Those minutes constitute some important reference work and are of great interest. I confess that I have not read all of them carefully, but I did carefully read a number which I considered to be of more than ordinary importance.

Honourable senators, while studying the proposed resolution, my first reaction was pretty much the same as that expressed so well by Senator Fournier. Like him, I feel that there are more important and more pressing problems in Canada demanding attention than the patriation of the Constitution. I certainly do not agree with those who feel that this is such an important piece of legislation that it demands priority. In my mind, while it is desirable to have the Constitution here with the addition of an amending formula, I believe there are other and more pressing matters which require urgent attention.

I see a tremendous necessity for action by the government to deal with inflation and the curse of unemployment. Apparently, the government sees no urgency in these matters. Indeed, it appears that the government has no real appreciation of the need to deal with the twin evils of inflation and unemployment or, if it does recognize the problems, it has no solutions to offer. All one hears about is the Constitution.

Like Senator Fournier, I think the further one gets from Ottawa, the less interest one finds in the debate on the Constitution. This is understandable since the ordinary Canadian has more immediate problems which require his or her attention. They are concerned about the ever-rising cost of living. There is no interest shown in the patriation of the Constitution by a person trying to live on the old age pension and its supplement. There is no interest shown in the patriation of the Constitution by persons trying to get along on welfare, or by those earning just enough to be over the poverty line. These are people who are finding it more and more difficult just to live, to get enough to eat, to heat their homes and to clothe themselves.

Can one expect much interest in the Constitution from a person who, on January 23 of this year, had to pay 99.5 cents for a gallon of domestic heating oil when, on January 3, 1980, he had to pay only 70.9 cents for that gallon of oil. One cannot expect a person who uses coal as domestic fuel to have much interest in the Constitution when he now pays $75 a ton for coal and remembers that in 1980 he paid $65—and that is the cost at the coal yard.

One cannot expect too much interest to be shown in the Constitution by the unemployed—especially by the unemployed whose unemployment insurance has run out or is about to run out. I notice that new claims for unemployment insurance in Canada rose by 7.4 per cent to a total of 303,000 in December, from 282,000 in November.

Practically every day we read of renegotiated residential mortgage interest rates rising to astronomical heights. I do not believe it is much consolation to all those people to know that the Constitution is to be brought to Canada and stored in some vault in Ottawa where there will be no danger of its being lost or mislaid.

Honourable senators, I believe it is time—indeed, it is more than time—for the government to put its priorities in order and to put first things first. I further believe the first priority—the first problem which demands attention by the government—is the deplorable state of our economy.

As regards the resolution before us, I again state my belief that all the United Kingdom Parliament should be asked to do is to pass the necessary legislation to make the B.N.A. Act a statute of Canada, with only one amendment, that being an amending formula. I firmly believe that any other amendments should be made in Canada. I firmly believe that a Canadian Charter of Rights, if desirable, should be made in Canada for Canadians by Canadians, and not by Englishmen

in London. Personally, I find it humiliating that the Government of Canada should have to go to the U.K. Parliament to obtain a Charter of Rights and Freedoms for Canadians.

Hon. Senators: Hear, hear.

Senator Macdonald: It just does not make good sense to me. I thought we had long since ceased to have colonial status and had become an independent nation. I was strengthened in that belief by the fact that we have direct communication with the monarch, that we negotiate treaties with foreign powers, and, yes, that we even declared war as an independent nation. You may remember that, to emphasize our independence, Canada declared war on Germany one week after Great Britain had done so.

Now we have a government that wants to turn back the clock; that wants to reverse the course of our history and tradition, and to act as if there had been no constitutional development since 1867. To me, such policy makes no sense and, certainly, it contains no logic.

On the one hand, we have the determination to have the U.K. Parliament pass a Charter of Rights for Canadians, threatening that Parliament with some kind of serious consequences if it does not do so. In other words our government is asking the Parliament of the United Kingdom to interfere in a completely Canadian matter—to pass legislation which could have an effect on every Canadian. At the same time, we are saying that the U.K. Parliament must not interfere in what is a domestic, or Canadian, matter.

I have followed with interest the various speeches of senators and others learned in the law who have debated the matter of whether or not the federal government can proceed to have substantial changes made in our Constitution and the proposed Charter of Rights without the consent of the provinces, or at least a majority of them. Can the federal Parliament act in a unilateral manner to have the Parliament of the United Kingdom pass legislation when the majority of the provinces are opposed to such a course? This question is now before the courts and, I suppose, in due course, it will be before the Supreme Court of Canada for final decision. Personally, I do not like this approach.

Undoubtedly, there has been a continuous development in our constitutional history over the years, and especially over the past twenty or more years. Some sections of the B.N.A. Act have certainly become obsolete and a new relationship has developed between the federal and provincial governments. It is this development which is the cause, I think, of the major disagreements that now exist between the two levels of government.

There is nothing to gain from mutual recriminations. We must recognize that a new relationship has developed but that it is one which has not yet been defined, so there is still a good deal of room for disagreement. I think the present negotiations—if that is the proper term—between the federal and provincial governments, in trying to define their respective areas of authority, can be compared to negotiations between employers and employees over a labour agreement. Difficulties will and must, in time, be overcome and some kind of an agreement will eventually come about.

We cannot look to the past to find a solution to the problem of the relationship between the federal and provincial governments. What was suitable in 1867 is not suitable today. A new relationship, which would define the authority of each level of government as it has developed, must be accomplished by the elected representatives in the federal and provincial governments. This will be difficult since negotiations have been going on for some time without being wholly successful. Yet, as in labour disputes, I think they should continue and, in time, with goodwill and a spirit of compromise, some mutually satisfactory arrangement will be found.

I do believe that what is required is a political, and not a legal, solution to the present dispute between the two levels of government. In a legal decision, someone will win and someone will lose, and this does not make for a happy future relationship. Not only that, but in a legal dispute concerning the relationship between governments, I think there is a danger that our judicial system might be adversely affected. We are fortunate to have a fine judicial system and we do not want our judges to be placed in a position where people may feel one judge favours the federal authority and another the provincial authority.

● (2050)

Indeed, I have heard it predicted that if a reference were made to our Supreme Court certain judges would find in favour of the federal and others in favour of the provincial authority. It was not meant that they would consciously behave in an injudicial manner, but because of their legal and social background. So I feel that the federal government made a wrong decision when it decided to amend the Constitution on its own, and I hope that in time this can be corrected.

Honourable senators, I know it is not practical to discuss the various clauses contained in Schedule B of the Constitution Act. That schedule contains 65 clauses. However, I want to mention two. On January 21 last it was moved in committee that clause 1 of the proposed Constitution be amended to include a statement that the Canadian nation is founded upon principles that acknowledge the supremacy of God, the dignity and worth of the human person, and the position of the family in a society of free individuals and free institutions. It went on to affirm that individuals and institutions remain free only when freedom is founded upon respect for moral and physical values and the role of law.

Honourable senators, I was astounded to read that this amendment was not acceptable to the government. It appeared to me that this was an amendment which would have had the support of the vast majority of the Canadian people, so I read with interest the reasons given for its rejection. So far as I could see, there were three, two of which were trivial and of no substance. The main objection raised was that since some Canadians do not believe in God, it would be unfair to them to have that affirmation in the charter, and it would amount to discrimination against them, the implication being, of course, that we must respect the opinion of the minority.

Honourable senators, I am all for respecting the rights of minorities, but we must not forget that the majority also have rights, and their rights deserve just as much respect as, if not more respect than, those of any minority group. If that argument were carried to its logical conclusion, there would be very few clauses in the charter which did not have a minority opinion in opposition. Indeed, there would be no charter attached to the resolution.

Honourable senators, I believe it was most unfortunate that no reference is made in the charter to the effect that Canadians, as a nation, acknowledge the supremacy of God. In speaking on the amendment, one member said:

> I believe this country of ours has been founded by people, who on the whole, believed in God and I believe that because of that common belief held by so many, many of the principles which made it possible for us to have a free society have basically come because of the spiritual values held by those generations of people who went before us.

I also quote a sentence from another speaker:

> Let us recognize the historic fact of Canada, and the historic fact of Canada is that this was a nation founded under God—this was a nation that respected the dignity and the worth of the human being.

Honourable senators, anyone with even the slightest knowledge of history must be aware of the historical fact that the pioneers who came to this country believed in God and acknowledged the supremacy of God. Practically the first thing those pioneers did was to build a church. So I was disappointed that the committee did not accept that amendment which, I think, would be more than acceptable to the vast majority of the Canadian people.

The other clause I wish to discuss for a few moments is clause 15, subclause 1, which reads:

> Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

On the face of it, that clause would not appear to be objectionable. But, honourable senators, strong objections have been taken to it, and I will tell you why. I understand that the original draft of that clause began as follows: "Everyone is equal; . . ." In committee the Minister of Justice proposed the amendment which changed the word "everyone" to "every individual", and it is this change which is strongly opposed by the various Right to Life groups. I understand that the change of wording was made at the request of the Advisory Council on the Status of Women. The reason given for that request was the fear that the word "everyone" might be interpreted to include children before as well as after birth, and the council wanted to avoid that. Changing the wording led the pro-life groups to protest. Such groups feel, and I think rightly, that the amended wording is a victory for those who advocate abortion on demand.

I draw to your attention a letter dated February 11, 1981, sent to all members of Parliament by the Campaign Life group. This letter is somewhat detailed, and honourable senators may have read it. However, I would like to quote two paragraphs from it which show, in no uncertain terms, the reasons for the opposition of the pro-life groups. They read as follows:

> Our objection lies with S.15 of the Charter in which Mr. Chrétien ignored the recommendations of the pro-life groups in regard to protection of the life of the unborn child and instead accepted the recommendations of the Advisory Council on the Status of Women. The purpose of this latter council's recommendation according to CP report, dated November 15, 1980, was to prevent "fetuses from having protection from the Charter," and to have entrenched into the Constitution total and complete "equal rights" for women.
>
> S.15 of the Charter will have a direct effect on the abortion issue in that it will be used by the pro-abortionists to bring about an enormously increased number of abortion facilities and abortion clinics (Statistics Canada reports that in 1979 alone 65,043 abortions were performed in Canada). The argument will be used that women in localities where abortions are available are allegedly being denied full "benefit of the (abortion law)" and therefore are being discriminated against contrary to S.15. This will either, (1) force the local hospitals to provide abortion facilities, or (2) force the Minister of Health for that province to set up abortion clinics which would be separate from and not responsible to any hospital. (Something the pro-abortionists have been pushing for years.)

In my opinion, the decision of the government not only to exclude the unborn from the protection of the charter but also its determination to entrench this exclusion in the charter is a deplorable and regrettable action.

Honourable senators, feeling as I do about the resolution, you will not be surprised to learn I do not propose to vote for it.

Some Hon. Senators: Hear, hear.

Hon. Andrew Thompson: Honourable senators, may I begin by congratulating Senator Macdonald on his living up to his usual standard of providing a thoughtful and stimulating contribution to this debate. Indeed, honourable senators, I have listened to all the speeches that have been made, and have read them all as well, and I believe that they are a great credit to the Senate and have added to the thought which we all have to give to this momentous and historic issue.

I would also like to offer my sincere congratulations to all of those who served with such dedication, tenacity and stamina on the joint committee. It sat for 300 hours, held 106 meetings and heard 314 witnesses. I felt that the joint chairmen particularly characterized the vitality and distinctiveness of Canada: there was the rugged individuality and affable informality of

Senator Hays; and Mr. Joyal displayed all the urbane chivalry and perspicacity of his people.

I have already commended the senators who have already spoken. The quality of their speeches indicated the knowledge and experience which they bring to this critical and fundamental issue. I do not agree with all the arguments, but I must acknowledge their deep concern, their conviction and commitment to produce an even better and united Canada.

● (2100)

The committee has produced a substantial document which can result in significant ramifications on the fabric of our federal system and affect imposingly the lives of every Canadian in every hamlet and village from coast to coast.

What the Address to Her Majesty will accomplish is momentous and manifold. It would finally and irrevocably patriate our Constitution with a prescription for amending it to be decided in Canada, and it will also include the entrenchment of a Charter of Rights and language rights.

Let me quote Senator Connolly who, in the Senate in March 1971, defined the Constitution as follows:

> A constitution is more than just a statute of the legislature; it is the supreme law of the state. It is the basic premise upon which the political, the economic, the social and the juridical structure of the state is founded. To it all other law must conform, and to it all legislatures are subordinate. The constitution—

Senator Connolly said.

> —is the fundamental consensus—

I repeat that.

> —the fundamental consensus of a people for the life of a nation, the fundamental consensus of a nation for the life of a people.

I remember very clearly that speech, and as I listened to it I could not help thinking that over half a century before, in my former homeland—in the homeland of Senator Connolly's ancestors—there had not been that fundamental and essential consensus on the acceptance of one clause of the new articles of agreement for my homeland—their Constitution—and that lack of consensus resulted in violent confrontation, in a bitter, brutal civil war whose scars still bleed in the streets of the city where I was born. I thank God that in Canada our deepest national tradition and trait is exemplified in patience, tolerance and compromise when we are making amendments to our Constitution.

Some Hon. Senators: Hear, hear.

Senator Thompson: In my less elegant and more homespun language, the Constitution is the rules of the game for each team and for each individual player.

I am proud to belong to a political party, the Liberal Party, but partisan play stops, I suggest, when as Canadians—not as Liberals, Conservatives, Social Crediters or New Democrats—we sit down to discuss the rules by which our vast and varied country will govern itself. I respectfully suggest to those who have brought up the flag debate that it is our national symbol.

It was certainly one issue that touched deeply the hearts and emotions of our people, but the choice of our national symbol did not, as this resolution will, significantly change the fundamental rules which govern us all.

Indeed, I recall the process that took place. Senator Olson described one of the approaches in arriving at a decision on the national flag and mentioned that there were over 42,000 written submissions and over 2,695 designs. I thought that was tremendous—citizenship participation at its best.

Citizenship participation was a rallying call for us Liberals not too long ago, and I hope that we shall look at the flag process in the course of this debate, not in terms of its being a symbol but rather as a process from which there evolved our national symbol—watching carefully, getting participation from across Canada, and then following strictly heraldic traditions in deciding on a design.

This Constitution debate is an historic occasion, which demands of us to speak out from our own deeply held individual convictions, and not to be silenced by any narrow partisan loyalties. I wish to say that no one has made any serious attempt to try to curb my expressing my own convictions with regard to this resolution. I have worried over, have been troubled about, and have studied this speech that I am making more than I have done in connection with any speech I have made in the past. I am not a sophisticated or learned constitutional lawyer as are some of my honourable colleagues—

Senator Marshall: But you are pretty good.

Senator Thompson: —and my questions are blunt and simple. Putting it bluntly and simply, my question is: Are we keeping our word; are we breaking the rules by which we agreed to govern ourselves in the federation? No matter how noble and worthy the purpose of this resolution—and I believe that what we are trying to achieve is worthy—the end does not justify the means.

Some Hon. Senators: Hear, hear.

Senator Thompson: I know that no senator will argue, because the aims are so noble and worthy, "Let us ignore and abuse the means."

Honourable senators, I recall the time when I got my first job in Canada. I was in my early teens. It was during the first years of the Second World War, and Toronto University had permitted me leave of three weeks to help with the prairie harvest. I was a skinny, small boy compared with the older students with whom I went out to Lucky Lake, Saskatchewan—which I know an honourable senator in this chamber will recognize well.

I recall that I stood in the centre of the square of that little town, and I was the last to be chosen. I felt very awkward about that, standing there and hoping that someone would choose me to help them with the harvest. Then a Mr. MacGregor chose me.

When the harvest was completed and I was watering his horses out on the prairie, looking over that enormous expanse and watching the sun slowly setting, Mr. MacGregor came over to pay me. He was a homesteader and did not have very

much money. I felt very guilty because I was scrawny and small, and not that effective. I said to Mr. MacGregor, "I was a poor worker; you do not need to pay me these wages." Mr. MacGregor was a blunt man. He said, "You were indeed." Then he added with a note of pride and determination in his voice, "Remember this, laddie, you're in Canada, and a man's word is his bond, poor bargain or nay."

Honourable senators, over the past weeks I have attempted to find out particularly what is the Canadian government's word on this amending procedure, poor bargain or nay.

We do not have a large staff, and I commend my secretary, whom I share with Senator Steuart, for the work she has done, and also the Library research staff and, indeed, some honourable senators who have helped me obtain some background material on this subject. I have read the Kershaw report and all the different briefs that were submitted, and at times I have read all through the night, to the concern of my wife who thinks that I may be getting mentally disturbed over this issue.

Perhaps, with all my homework, I should have followed the advice of Judge Begbie in the last century who said, "The statute books are exceedingly muddled. I seldom look at them."

• (2110)

Honourable senators, my deep concern is not with the substance of the resolution, but rather with the procedure being followed. I have stated that concern to the government through the traditional channels of the caucus, the Senate caucus, the National Liberal caucus, and now I am stating it on the floor of the house.

I want to thank Senator Austin, in particular, and Senator Lamontagne, because both of them focused, to a certain extent in their speeches, on the unilateral procedure being adopted by the federal government, and they realize that this is a matter that worries me, and worries many Canadians.

Senator Lamontagne, in his usual masterful, erudite manner, provided a powerful, persuasive and unique argument to justify the unilateral procedure, namely, that the means indeed do justify the end. Senator Lamontagne argued:

> In other words, there is no legal requirement and no binding convention that prevents the Canadian Parliament from adopting, without the consent of the provinces, a joint resolution asking the United Kingdom Parliament to amend the B.N.A. Act, even with respect to matters affecting federal-provincial relationships or provincial powers.

In other words, a majority of both houses of Parliament can have unfettered power over the provinces.

Senator Lamontagne, in order to substantiate this viewpoint, quoted a very impressive list of academics, such as Professor Kennedy and Norman Rogers in 1935, both talking about the lack of a strict legal requirement.

Senator Lamontagne also quoted Professor Gil Rémillard of Laval University, and went on further to quote Professor Scott, who also said that there is no legal necessity for consulting the provinces. He then reached back to Dr. O. D. Skelton, in 1935, who said:

> All that was sought to do in 1931 was to ensure that for the time being the status quo was not altered by the Statute of Westminster as regards constitutional amendment.

Senator Lamontagne argued what was to me an innovative approach to this whole concept of federalism. He suggested that despite the fact that there are six provinces before the courts now, in the process of trying to stop the federal government from proceeding with this resolution, the Canadian Parliament must no longer retain this unlimited power to amend the Constitution by itself, and that if we were to follow the method proposed by the federal government, as set out in the resolution, we would be giving a guarantee to the provinces of their rights.

Mr. Chrétien, before the special joint committee, also expressed this view, talking of the British government and saying that the B.N.A. Act is British law, and telling us that we have to bring it back because, as he said:

> It is, after all, a British law. The British Parliament could, probably, if they wanted, do almost anything with our Constitution.

Indeed, if we were to follow to a logical conclusion the strict legal argument of Senator Lamontagne and Mr. Chrétien, we would have to assume, in fact, that we never had a Canadian federation; yet, of course, we know we did, and I know that Senator Lamontagne would agree with me. The preamble of the B.N.A. Act of 1867 states that Canada is a federation, and not a unitary state. Let me quote:

> Whereas the Provinces of Canada, Nova Scotia, and New Brunswick have expressed their Desire to be federally united into One Dominion under the Crown—

Viscount Haldane authoritatively stated, referring to the background of the B.N.A. Act:

> The scheme of the Act passed in 1867 was thus not to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to establish a central government in which these provinces should be represented, entrusted with exclusive authority only in affairs in which they had a common interest.

If we were to follow the logic of Senator Lamontagne and the Honourable Jean Chrétien, we would be entitled to ask why, in the light of the fact that since 1927 there have been ten first ministers' conferences on the amendment of the Constitution, the federal government, in the past, has not used this legal power that it is suggested it has? I would like to answer that by a quotation from someone who, I know, all Liberals revere, and who is revered, I am sure, by all of us. I am referring, of course, to the Right Honourable Louis St. Laurent. Senator Macquarrie may recognize this as a textbook by one of his heroes, MacGregor Dawson, who also taught me. At page 133 of the fourth edition of this text, the author says:

> The legal and conventional position as it still exists was accurately stated by Mr. St. Laurent, the Minister of

Justice, when the proposed 1946 amendment was before the House. In reply to a query whether Section 133 (regarding the use of the English or French languages in Canada and Quebec) could be altered without provincial consent, he said:

> Legally I say it can. The situation appears to me to be this. There are persons and nations who reach a high estate in the affairs of men, and the high estate they reach imposes upon them high obligations. . . I feel—and I believe my fellow Canadians of my race and religion can feel—that a better guarantee than anything that might be found in Section 133 is to be found in that respect, for those who have been formed under the principles of British freedom and British fair play, to protect what are our essential rights.
>
> It is not the manner of those who have themselves had, and whose ancestors have had, the formation that comes from that long history which has brought us to this point in the civilization of mankind, to do things which the conscience of humanity at large would regard as dishonourable; and the conscience of humanity at large would frown upon an assemblage in this house that attempted to take from me and from those of my race the right to speak the language I learned in my infancy as one of the official languages in which the deliberations of this house may be carried on. So it is of everything else that is not within Section 92. If it is fair, if it is just, if it is proper according to the standards of human decency, it will be done; if it is unfair, if it is unjust, if it is improper, all members of this house will say, "It is not our manner to do such things."

Obviously, the standards which the Right Honourable Louis St. Laurent used are not those of a narrow, legalistic definition, which is the one arrived at by Senator Lamontagne in his use of the quotations from his esteemed academic authorities. The question that the Right Honourable Louis St. Laurent was asking was: "Is it fair, is it just, is it proper, according to the standards of human decency?"

Honourable senators, I am concerned that this resolution to patriate and amend our Constitution should have just those qualities which Mr. St. Laurent emphasized. My concern is not because of any particular sympathy towards some of the provincial premiers' viewpoints as expressed at the recent constitutional conference. Frankly, I was appalled at the parochial character of the views expressed by some of them, in spite of the fact that, like Senator Austin, I do recognize that they should and do represent provincial interests within a federal Canada. My concern is most assuredly not born of my belief in more decentralization. Our country, in my view, is already dangerously decentralized. My concern is rather with regard to the very basic issue, namely, the sanctity of our federal principle.

Let me quote the Right Honourable Lester B. Pearson in *The Amendment of the Constitution of Canada* (1965) in which, at page vii, he says:

• (2120)

> In any federation, the two most critical questions are the distribution of powers between the two levels of government and the manner in which the Constitution can be changed. A federation is necessarily a delicate balance between conflicting considerations and interests. It is to be expected that the most delicate of all questions should be the way in which such a balance might be altered.

Some of you may recall the words of Sir Ivor Jennings in *Constitution Laws of the Commonwealth*, (1957):

> The essence of federalism is a division of powers between a central and local legislature that the central legislature has no power to alter. If this test is applied, the Constitution of Canada is certainly federal.

Why am I concerned, honourable senators? It may be because of my own background; where I have come from. I have seen a homeland where there was not a consensus of the people, and I have seen what resulted when a constitution was brought back from England to my former country.

Dr. Edward McWhinney, who has studied and written on the general principles of constitutionalism in the English-speaking world, and who appeared before the joint committee, emphasized that constitution-making and its subsequent operation demanded a substantial consensus of the people. Professor Lederman wrote in his article "Changing Canada's Constitution":

> The basic provisions of a country's Constitution are first principles that develop out of the whole course of its history about the right way to do things.

I would like to say that I am not attempting to expound the "compact theory" because I agree with MacGregor Dawson, my former professor, when he said that the compact theory is constructed on sheer invention, without any legal or historical foundation. What I am discussing is the basic principle of federalism rather than any contractual arrangement between various governments which we are discussing. It is a matter not of a "federal compact", but of a federal principle. Therefore, when we look at the procedure to see whether the federal principle is being honoured, I know that Senator Lamontagne, in his most able and scholarly speech, argued that:

> In no case has the U.K. Parliament refused an amendment because the consent of the provinces had not been obtained or accepted an amendment upon a provincial request.

I accept his statement, but I also checked the history of proposed amendments to the Constitution which would affect the legislative powers of the provinces. I found that no amendment which affected the legislative sovereignty of the provinces was sought without the consent of all the provinces.

Some Hon. Senators: Hear, hear.

Senator Thompson: Indeed—and I wish Senator Lamontagne or others would inform me if I am wrong—there were only two such amendments in which there was not unanimous consent. There was the 1930 amendment which contained the natural resources agreements between the federal government

and the Governments of Manitoba, British Columbia, Alberta and Saskatchewan. Those were the four provinces directly affected, and all agreed to the amendment. Senator Dandurand, on behalf of the federal government, explained that consent in principle had been given by all the provinces at a conference of federal and provincial governments in 1927.

The other amendment was that of 1907, which assigned higher federal subsidies to the provinces from those established in 1867. It was approved by eight of the provinces, but not consented to by British Columbia, whose premier, Premier McBride, according to Dr. Gerin Lajoie, was motivated by "a claim for better claims." Because of Senator Lamontagne's brilliant and erudite speech, which kept me reading all through the weekend, I know that he stated that in 1978, the Honourable Ron Basford and the Honourable Marc Lalonde had reviewed past practices and they had stated that, though the provinces' consent was sought in 1940, 1951 and 1964, constitutionally this was not obligatory. Well, I would like to read the white paper entitled, "The Amendment of the Constitution of Canada, 1965," detailing the approach taken by the Government of Canada to constitutional amendment, "which finally produced a unanimously acceptable solution," the Fulton-Favreau formula. Let me quote from pages 45, 46 and 47:

> . . . The very nature of the federation requires that the rights and powers of its constituent units be protected . . . It may be argued that a requirement of unanimity is too inflexible to be applied to the distribution of legislative powers, but this distribution is basic to the Canadian federation. In fact, in the 97 years that have elapsed since Confederation, no amendment has altered the powers of provincial legislatures under section 92 of the British North America Act without the consent of all the provinces.
>
> This clearly reflects a basic and historic fact in Canadian constitutional affairs. The Constitution cannot be changed in a way that might deprive provinces of their legislative powers unless they consent. The law has not said so, but the facts of national life have imposed the unanimity requirement, and experience since Confederation has established it as a convention that a government or Parliament would disregard at its peril.

Perhaps, honourable senators, to indicate that there are others who have studied this question, I can refer to one who, I think we all recognize, has spent a great deal of his life considering constitutional affairs, the Right Honourable Pierre Elliott Trudeau. I quote a letter that he sent to the premiers, dated March 31, 1976, in which he wrote:

> In practice, of course, the federal government has in the past sought the unanimous consent of the provinces before seeking amendments that have affected the distribution of powers.

Honourable senators, what has been the stated commitment of our Prime Minister as regards the provinces' consent to amendments? As I read out the following statements, honourable senators, I would like you to think in my simple terms, if you could, of that proud, independent old Scottish farmer, Mr. MacGregor. Let his simple words ring in your ears: "Remember, laddie, in Canada a man's word is his bond, poor bargain or nay." I believe that his chiselled, proud face represents the integrity of the people of Canada.

Let me quote Mr. Trudeau's words uttered at the federal-provincial constitutional conference on February 6, 1979—not very long ago. He was answering questions of the first ministers on the continuing process of constitutional reform, and said:

● (2130)

> So, will there be unilateral action by the federal government regardless of the result of this conference? Our priority would be to seek agreement and move in areas of federal and provincial concern where we could move together but if we are not successful I repeat we preserve our constitutional right to change our constitution, the federal one, just as the provinces keep their right to change their provincial constitutions and I do not think either the provinces or the federal government would want to give up that right . . . Our priority is to change this constitution collectively, federal and provincial . . . We will adopt a Charter of Human Rights, we will constitutionalize it. We cannot force the provinces to do it. We are trying to convince them to do it . . . I can answer unequivocally that the federal government intends to entrench a charter of basic human rights and of linguistic rights. Now, this will bind the federal government; it won't bind the provinces unless they want to bind themselves but here again we can under our constitution bind ourselves just as the provinces, many of you, have adopted Charters of Human Rights. Well, we have adopted one and we want to constitutionalize it.

On June 12, 1978, again the federal government had tabled in the House of Commons a government document entitled, *A Time for Action: Toward the Renewal of the Canadian Federation.* I am sure many of us have read that document. In it were set forth the proposals for renewal of the Canadian federation. Let me read to you from page 19 of chapter 5 of that document, in which the government gives us "the word":

> The government has resolved to provide Canada with a new Constitution by the end of 1981 . . . It urges the provinces to co-operate with it in order to renew the constitutional provisions which cannot be amended without their co-operation.

On March 31, 1976, the Prime Minister wrote to the premiers outlining alternative approaches towards patriating the Constitution with an amending formula. In his second alternative he proposed to detail a permanent and flexible amending procedure in, as he put it, "our Joint Address and having it included in the British legislation as an enabling provision that would come into effect when and only when it had received the formal approval of the legislatures of all the provinces . . ."

In his letter of March 31, 1976, he outlined a third alternative which follows closely the procedure adopted by this resolution:

> A third and more extensive possibility still, would be to include, in the "patriation" action, the entirety of the "Draft Proclamation" I am enclosing. In other words the British Parliament, in terminating its capacity to legislate for Canada, would provide that all of the substance of Parts I to VI would come into effect in Canada and would have full legal force when, and only when, the entirety of those Parts had been approved by the legislatures of all the provinces. At that point, we would have, not only "patriation" and the amending procedure, but also the other provisions that have developed out of the discussions thus far. Here again, of course, until all the Provinces had approved the entire Draft Proclamation, any constitutional change which did not come under Section 91(1) or Section 92(1) would be subject to unanimous consent.

Let us revert, honourable senators, to the Constitutional Conference of June 16, 1971, in the deliberations of which, I think we would all agree from both sides of the house, the Right Honourable Pierre Elliott Trudeau played such an outstanding role. As all of you know, the Victoria Charter contained, among other things, not only a formula for amending the Constitution but also provisions relating to the entrenchment of fundamental rights and language rights. Those rights were, indeed, similar in many ways to the provisions contained in the present resolution, although what is contained in the present resolution is, in my opinion, an improvement over the rights that were envisioned before.

With his superb talents, Mr. Trudeau almost had in his grasp the Holy Grail of amending procedure as well as these other provisions. Unfortunately, on June 23, 1971, the Quebec government could not accept the charter because of the wording of certain clauses dealing with income security. Because of Quebec's dissenting voice, therefore, the new Premier of Saskatchewan—where they had just held a provincial election—did not proceed to have the charter accepted in his legislature. After all the other provincial governments had announced that the charter had been accepted, the Saskatchewan legislature did not go ahead.

I remember those days well, honourable senators, because we had had a good debate in the Ontario legislature, and I also had the privilege of debating the matter on national television with that outstanding, stimulating Canadian, whom we all knew and admired, irrespective of the side of the house we were on, Daniel Johnson.

In 1971 there was no question whatsoever that the federal government would proceed to have the charter enacted, despite the fact that only one province had dissented. Indeed, let me quote the Right Honourable Prime Minister Trudeau with respect to that:

> Despite the failure to secure the unanimous agreement that had been hoped for, the Charter . . . represents the most significant and comprehensive development in the search for a basis of constitutional revision since Confederation.

If I may interrupt the quotation, I should like to say I agree with him. Now I continue:

> It is hoped that it may still provide the foundation for agreement in order that the Constitution may be "repatriated" and made amendable entirely in Canada.

Well, I have given you some of the words of the Right Honourable Prime Minister Trudeau concerning this amending procedure. Let me go back to another prime minister who, I am sure, is endeared in the hearts of everyone, but perhaps particularly in the hearts of Liberals. I should like to quote from *The Pearson Years* in *The Liberal Party of Canada, its Philosophy and History*. You all recall the concept of co-operative federalism. That is not a term you hear much these days, but for many of us it was a great rallying call. Listen to this quotation from that work:

> In order to counter growing dissension and to strengthen national unity, the Liberal government formulated the policy of co-operative federalism. This was defined as "co-operation between Ottawa and the provinces at three levels, pre-consultation in the formulation of federal policies, collaboration in the drafting of these policies, and co-ordination in their implementation."

Before I continue, may I refer to Senator Lamontagne's comments on the Fulton-Favreau "fourth principle." Senator Lamontagne suggested that the document does not say that the fourth principle has gained recognition, but is only gaining "increasing" recognition and acceptance. He referred to the nature of degree of participation in the amending formula not lending itself to easy definition. Well, as long ago as 1956, in replying to questions in the House of Commons, the Right Honourable Lester B. Pearson, on January 20 of that year, responded to a question by the Right Honourable John G. Diefenbaker concerning the Fulton-Favreau formula.

● (2140)

Mr. Pearson said:

> My right honourable friend also referred to the fact that we said very little in the Speech from the Throne about constitutional amendment, and that we seemed to have dropped the Fulton-Favreau formula. We have not dropped it, Mr. Speaker. We shall do our best to put it into effect if and when we get the agreement of all the provinces, but without that agreement it cannot be done.

Let us refresh our minds on the white paper published in 1965 by the Honourable Guy Favreau, the then Minister of Justice. It included four general principles. The fourth principle reads:

> That the Canadian Parliament will not request an amendment directly affecting federal-provincial relationships without prior consultation and agreement with the provinces. This principle did not emerge as early as others but since 1907, and particularly since 1930, has gained increasing recognition and acceptance. The nature and the degree of provincial participation in the amending

process, however, have not lent themselves to easy definition.

These were the words to which Senator Lamontagne referred, but I would suggest, honourable senators, that the Right Honourable Lester B. Pearson seemed to have no difficulty, in his answer to the Right Honourable John G. Diefenbaker, in understanding the implications of that fourth principle. The Right Honourable Louis St. Laurent, in his opening statement at the constitutional conference of federal and provincial governments of 1950 to define an amending formula, stated:

> —it is, and has always been, the view of the present federal government that the exclusive jurisdiction of the provinces which gives a federal character to the Constitution of Canada must be respected.
>
> I should like to repeat again the opinion I have expressed on many occasions that, regardless of the legal position, nothing placed by the Constitution under the jurisdiction of the provincial legislature should be dealt with or altered without provincial participation.

And he goes on further to emphasize that point. He describes how he expressed a similar view in the House of Commons on July 5, 1943 and on May 28, 1946. Mr. St. Laurent said:

> It has always been my view that any procedure for amendment of the joint portion of the Constitution must make proper provision for participation by both the federal and the provincial authorities.

Senator Lamontagne, in his speech, referred to that 1950 dominion-provincial conference and the remarks of Premier McNair of New Brunswick, which he used to indicate that several provincial premiers believe that there is no constitutional convention which obliges the Canadian government to seek the consent of the provinces.

Over the weekend, I read Premier McNair's speech. In discussing the method of repatriation and an amending formula, he said:

> In my view the Constitution of Canada should not be within the unfettered control of the Parliament of Canada or of any other legislative body. The Constitution of Canada and the power of amendment thereof should rest on a deeper basis than the will of a single legislative body.

He went on to say:

> These methods however require unanimous agreement on the part of the dominion and the provinces, otherwise there can be no treaty upon which the new Constitution may be founded.

And further on in his speech he said:

> Any change in the amending procedure should, of necessity, require their unanimous consent.

And by "their" he was referring to the provinces. With the greatest respect, I say to Senator Lamontagne that his choice of the speech of Premier McNair to support his comment that provincial premiers do not adhere to the theory of provincial consent—

Senator Flynn: Shame.

Senator Asselin: Shame, Maurice.

Senator Thompson: —does not seem quite as substantial after reading Premier McNair's speech.

Let me go back to the Right Honourable Mackenzie King, who formally approved these words uttered by his Minister of Justice, Mr. Lapointe. It was in 1925 and Mr. Lapointe was speaking on a motion for the enactment by the U.K. Parliament of a measure vesting the Parliament of Canada with the power of constitutional amendment. Before I read that quotation I would like to remind honourable senators of a comment by Senator Lamontagne on a statement by Mr. Lapointe, which was to the effect that provincial consent is not necessary but may be desirable. In 1925 Mr. Lapointe said:

> The British North America Act itself is not only the charter of the Dominion of Canada; it is just as much the charter of the provinces of Canada . . . Would it then be fair for us to arrogate to ourselves the right to change the act which is just as much the Constitution of the provinces as it is our own? . . . Within their sphere the provinces enjoy the powers of self-government just as much as the dominion Parliament does, and if so, surely the dominion Parliament cannot take upon itself the right to change a statute which gives to those provinces the powers which they enjoy—

Honourable senators, I suggest that those remarks are a little stronger than the statement by Mr. Lapointe which Senator Lamontagne quoted.

Senator Flynn: Selected.

Senator Lamontagne: He said the opposite in 1940.

Senator Thompson: I could continue back through the pages of Canadian history reading statements by the Right Honourable John Diefenbaker and other former Prime Ministers, or their federal spokesmen, right back to 1867. I hope that Senator Lamontagne, whom I respect deeply, does not mind that his remarks are being used as the substance of my discussion.

In his opening remarks Senator Lamontagne corrected Senator Macquarrie who had been quoting Sir John A. Macdonald by saying that Sir John A. Macdonald had no high regard for the provinces. Indeed, he would like to see them as municipalities. However, even though Sir John A. Macdonald had no high regard for the provincial legislatures, he disapproved strongly of any infringement upon the provisions of the British North America Act which would interfere with the rights of the different provinces of the dominion. And in that regard I would refer Senator Lamontagne to *House of Commons Debates* of April 8, 1875, where Sir John A. Macdonald says he:

> —deprecated any infringement on the provisions of the B.N.A. Act which would interfere with the rights of the different provinces of the dominion.

I am almost tempted to throw in a quote by Mr. Stanley Knowles which I feel would be fitting in indicating my position. However, I will not do that, but I assure honourable senators that it is there. It will be interesting to see where Mr. Knowles stands in the vote. I know that he is a man of strong principles, and I do not think that he will be swayed.

There have been many serious attempts to find an amending formula—in 1927, 1935, 1936, 1950, 1961, 1964, 1968, 1971—and in each conference the federal government refrained from proceeding with a joint resolution to the U.K. government because of a lack of unanimous agreement among the provinces. In some cases there was only one province dissenting.

But federalism is a fragile form of government, as expressed by Prime Minister Trudeau who wrote an article in *Federalism and the French-Canadians*, which had also been published in *Social Purposes for Canada* (1961). Incidentally, I treasure that publication in which Mr. Trudeau writes with great lucidity and logic, and frankly, I wish that I had had the privilege and opportunity of studying under him. Prime Minister Trudeau, in that article, wrote:

● (2150)

> But at all times, co-operation and interchange between the two levels of government will be, as they have been an absolute necessity.

I will quote further from this article since I think you will find it to be of interest. In fairness, I would stress that Mr. Trudeau wrote the article in 1961 when the federal government, through its financial powers, was encouraging the provinces to accept a medicare program and a contributory pension plan, of both of which I am very proud. Many felt that if such national social policies continued, the provincial powers, to initiate their own priorities, could be eroded. I believe it was on that basis that Mr. Trudeau was writing this article.

On page 148 of the book I referred to, Mr. Trudeau argued against the centralizing policies of socialists. He stated:

> And there is surely some good in trying to improve upon, or modernize, the rational but perhaps aging division of powers adopted by the Fathers of Confederation. I am inclined to believe, however, that Canadian socialists have exaggerated the urgency of rewriting or reinterpreting the B.N.A. Act. Most of the reforms that could come about through greater centralization could also follow from patient and painstaking co-operation between federal and provincial governments. And the remaining balance of economic advantage that might arise from forcefully transferring more power to the central government is easily offset by the political disadvantages of living under a paternalistic or bullying government. Granted the foregoing statement, it is difficult to see why socialists devote such energy to constitutional might-have-been's or ought-to-be's, instead of generally accepting the constitution as a datum. From the point of view of "making available to all what we desire for ourselves," it is not of such momentous consequence that the subject matter of some particular law falls within the jurisdiction of the federal as opposed to the provincial governments, since in either case the governments are responsible to one electorate or another. In other words, laws—whether they issue from one central government or from ten provincial governments—benefit the same sets of citizens. The only important thing, then, is that these latter clearly know which level of government is responsible for what area of legislation, so that they may be aroused to demand good laws from all their governments.
>
> This would not prevent socialist parties from stating in certain limited cases that reforms might be carried out more efficiently if the constitution were amended. But in such cases, amendments would be clearly mentioned, and not sly encroachments which inevitably result in confusing the electorate as to which level of government is responsible for what. Nor would the proposed amendments all, and as a matter of course, tend to be in the direction of centralization.
>
> For example again, when socialists advocate a constitutional amendment enacting a bill of rights for all Canadians and all governments in Canada, they might simultaneously advocate the abolition of the federal right to disallow and to reserve provincial laws, since such safeguards would then be obsolete.

Honourable senators, each of us, in our conscience, has to decide whether the eight premiers against this resolution—six of them involved in court proceedings against this measure—are taking this action because they feel they are living under a paternalistic or bullying government. Are we exaggerating the urgency of rewriting or reinterpreting the B.N.A. Act? Are we practising sly encroachments with our dubious doctrine of asking the British Parliament, if it dare, to judge the propriety of the resolution rather than relying on a decision from the Supreme Court of Canada?

Remember, honourable senators, no Prime Minister in our history has dared to break the rules of our fragile federation. What deeply concerns me, frankly, is that wretched Kirby paper—which I accept was only one of several position papers prepared by the bureaucracy—and, for no reason I can understand, we are adhering to the Kirby procedure. It states:

> There would be a strong strategic advantage in having the joint resolution passed and the U.K. legislation enacted before a Canadian court had occasion to pronounce on the validity of the measure and the procedure employed to achieve it. This would suggest the desirability of swift passage of the resolution and U.K. legislation.

Honourable senators, I will turn very briefly to the question of convention raised by Senator Lamontagne. I have read Sir Ivor Jennings' explanation of constitutional convention which includes the statement:

> —providing the flesh which clothe the dry bones of the law.

In his text, *The Law and the Constitution,* at page 136, he suggests three questions:

(1) What are the precedents?

(2) Did the actors in the precedents believe that they were bound by a rule?

(3) Is there a reason for the rule?

There were conflicting opinions about a Constitution convention being clearly established by learned witnesses who appeared before the special joint committee. As Senator Lamontagne pointed out, Professor La Forest made a strong case against a full-blown and operative convention being established.

On the other hand, Professor Wade, an eminent scholar of constitutional law and a Professor of English Law at the University of Cambridge, argued that the fourth principle contained in the 1965 white paper was concurred in, as he understood, "by all of the provinces before it was published and, therefore, is a convention in the most literal sense of the term, agreed to by all parties."

Honourable senators, I would quote the Right Honourable Pierre Trudeau who is certainly a constitutional expert. He said:

> In practice, of course, the federal government has in the past sought the unanimous consent before seeking amendments that have affected the distribution of powers.

Practice may not be a convention, and it is a too thorny and a too difficult field for a layman like myself to possibly give a decision on, but I would urge all of us to consider Senator Austin's creed contained in his passionate and brilliant speech. He said:

> Justice must not only be done but must be seen to be done.

Why do we not let the Supreme Court decide on the validity of this resolution and on the questions Senator Lamontagne and others have raised? Why the haste?

I find it hard to understand those who have—and no doubt others will—spoken with great passion on the necessity and urgency to enshrine our rights because they do not trust their Parliament or their legislatures, and feel the matter must be decided by the courts. Yet, in connection with this matter of momentous importance the supreme law which will govern all governments—they argue, in essence, to ignore the process of law in Canada, and to ignore and forget that six premiers have taken this resolution before the Canadian courts. I honestly hope that some of those who may follow me will explain the reason for such haste, and, if not, explain the inherent contradiction between their statement and their action in connection with this resolution. I might even suggest that from now on, the advocates of pushing through the resolution at least qualify their positions by stating, "I believe the courts must be the supreme and final arbitrator of our rights but not, on this occasion, of judging the propriety of this resolution."

● (2200)

Perhaps the advocates might ponder on the role of the Supreme Court with respect to Bill C-60. Why did they advocate sending the question of the role of the Senate to the Supreme Court for adjudication, and not advocate patience to allow the Supreme Court of Canada to decide on this resolution which affects all the people and all levels of government in Canada? If, in their advocacy, they draw on the decision of the Manitoba Supreme Court alone, I ask them if it is not logical to continue such reliance on the process of law and permit that process to proceed right through to the Supreme Court of Canada.

For those who are advocating the protection of the minorities through the authority of court decisions rather than those of Parliament and legislatures, I ask them, particularly those in the Senate, to consider their ambiguity towards minorities, the provinces. Think of little Prince Edward Island. I do not know if many of you have read the brief of Prince Edward Island to the United Kingdom parliamentary committee. It had to rush over to the Foreign Affairs Committee of the United Kingdom House of Commons because we, the senators of Canada, their protectors, may ignore their right to have their case heard in the Supreme Court of Canada prior to the enactment of this resolution.

Let me just quote for you a few words from the brief:

> It is submitted that the United Kingdom's role as trustee of the B.N.A. Acts must be as unpleasant for your country as it is unpleasant for P.E.I. to oppose, in the forum of your committee, a probable course of action by the Government of Canada.

Honourable senators may argue that this resolution will not affect the exclusive jurisdiction of the provinces. I find that hard to accept, despite the one provincial supreme court decision. The second amendment of the B.N.A. Act in 1949 gave Parliament the power to amend the Constitution in matters within its sole jurisdiction. Why does the government not then use this authority if there is no interference in provincial jurisdiction?

Let me read the federal government's explanatory notes which accompanied the bill:

> An entrenched Charter of Rights and Freedoms will limit the power of Parliament and provincial legislatures to pass laws or take actions that contravene or restrict unduly these guaranteed rights of Canadians.

Senator Frith: What is so sly about that? It is pretty straightforward.

Senator Asselin: Oh, come on!

Senator Flynn: Come on!

Senator Thompson: I am not talking about that being sly. I wish you would follow more closely, Senator Frith, and I hope you will read my speech.

Senator Frith: I will.

Senator Thompson:

> In this sense, therefore, power of the legislatures, including the Parliament in Ottawa will be restricted.

Let me read section 31 of the proposed charter:

31.(1) This Charter applies (a) to the Parliament and government of Canada and to all matters within the authority of Parliament including all matters relating to the Yukon Territory and Northwest Territories; and (b) to the legislature and government of each province and to all matters within the authority of the legislature of each province.

(2) Notwithstanding subsection (1), section 15 shall not have effect until three years after this Act, except Part VI, comes into force.

Certainly, all the provinces understand that this charter's purpose is—

Senator Frith: So does everybody else.

Senator Thompson: I think you are missing the point, Senator Frith, and I hope you will read my speech rather than interrupt me continuously.

Senator Flynn: It wouldn't be the first time.

Senator Asselin: It wouldn't be the first time he has missed the important parts.

Senator Thompson: Certainly, all the provinces understand that this charter's purpose is to limit legislative jurisdiction by rendering inoperative provincial laws, which are, in the judgment of the court, inconsistent with the charter. The fact that it will also limit federal jurisdiction does not alter that fact of infringing on provincial jurisdiction.

I am not talking about slyness; I am talking simply about the basic fact that I consider this charter will infringe on provincial jurisdiction.

Senator Frith: So does everybody else.

Senator Flynn: He doesn't want to understand.

Senator Thompson: One of the provinces' many questions is:—

Senator Flynn: His mind is blocked.

Senator Thompson: —Will freedom or religion interfere with provincial and municipal legislation concerning the closing of stores on Sundays and provincial aid to denominational schools? I would assume that we have provincial administration with respect to mental illness.

I remember writing a speech in days long ago for the Honourable Paul Martin, the then Minister of Health and Welfare, and having to avoid the suggestion that the federal government had the responsibility for the mentally ill; that this was a provincial concern. And yet in our Charter of Rights we now include this. The point I am making is that we are going to require the provincial governments to spend three years in bringing their laws into line with a charter in which they themselves have had no input officially.

Honourable senators, I want to deal with the Bill of Rights, but I have taken up far too much of your time.

Senator Smith: Not at all; not at all.

Senator Thompson: Perhaps I will continue then. I appreciate your encouragement.

[Senator Thompson.]

One of the difficulties of talking about the charter is that people assume that if you discuss it with some apprehension or concern you do not believe in minority rights. Honourable senators, I find it annoying to hear that, but I intend to take a back seat to no senator in this chamber concerning fighting for the rights of minorities.

Some Hon. Senators: Hear, hear.

Senator Thompson: When I was a provincial member I was trying to help the Italians in my riding. I spent a week living with an unemployed Italian family, dressing as shabbily as I could, and walking around to see the kind of treatment they were receiving. Following my experience, Pierre Berton wrote a series of three articles in the *Star*, and Premier Frost mentioned to me that I had shown him some of the needs of those minorities. As a result, the Ontario legislature enacted some safety legislation. I could go on about my fight for many minority groups across Canada.

Senator Austin focussed on Japanese Canadians. When I was doing graduate work at the University of British Columbia, one of my research papers was on the odious laws that the British Columbia legislature had with respect to Asiatics, and the struggle that took place to try to achieve their naturalization. Although I believe other senators have done a great deal with minorities, I believe I am the only one in the Senate who has hanging in his office—and I am proud of it—an inscribed poem donated to me by former internees at a Japanese internment camp. It speaks of their struggle to achieve citizenship. It says:

As final resting place
Canada is chosen.
On citizenship papers,
Signing
Hand Trembles.

In questioning the validity of entrenching our Charter, I do so hoping that no one is going to suggest that I do not have a deep and consuming interest in minority groups. I discard as irrelevant the argument that the Soviet Union and other tyrannies of the right or left may have enshrined inspiring noble charters.

As an editorial in the *Financial Post* pointed out:

> The Soviet bill of rights includes such qualifiers as 'enjoyment by citizens of their rights and freedoms must not be to the detriment of the interests of society or the state' and 'the freedoms of speech, the press and assembly are granted in accordance with the interests of the people and in order to strengthen and develop the socialist system'.

In other words, to bring up the Soviet charter and to try to equate the Canadian people with the Soviet communist system is like comparing oranges and sour grapes.

I think it is more reasonable for us, when we look at entrenchment of rights, to look at the Commonwealth. I looked at the Commonwealth to see where rights had been entrenched. I found that the United Kingdom had not entrenched them, that New Zealand had not, and that Aus-

tralia had not. Then I found that India had, and I thought, "Well, I won't ponder very long on India as far as guaranteeing rights is concerned." So I thought that perhaps the fairest thing I could do would be to go to the American Bill of Rights. The United States is a country that has a similar background of tradition and values.

When I was in the United States and did some research in social welfare, particularly in child welfare, I recall reading a book called *The Dead Hand of the Law*. I tried to get it, and I could not. In the book it described the blocking by Supreme Court decisions of the abolition of the frightful and appalling conditions of child labour. Professor Browne, whom Senator Cook referred to, pointed out that the rights to "liberty" and "enjoyment of property" which were applied by the American Supreme Court through its interpretation of the "due process clause" disallowed laws imposing maximum hours and minimum wage standards, prohibiting discrimination against trade unionists.

● (2210)

Then I thought of the outrages committed in the McCarthy era. Where were the enshrined rights that the Americans had to protect them from changes made only on the basis of association? What about the treatment of blacks and, indeed, of their own Japanese Americans, to mention some who thought that their rights were secure and guaranteed by entrenchment?

Frankly, I wish I felt the excitement that others profess to feel over the transfer of protecting rights to the courts from the sovereignty of Parliament and the legislatures. I believe that the rationale, the explanation, for that transfer needs much less emotional rhetoric and more deliberation by all of us.

There are great libertarians who are uneasy about this transfer. I could quote from the McRuer Commission in 1969, and I could quote D'Arcy McGee, admired by Senator Riley, who stated:

> There is more liberty and tolerance enjoyed by minorities in Canada than in the U.S.

A. V. Dicey, in the nineteenth century, wrote that a written Constitution was inferior because it would only act as a brake on the liberal spirit with which he expected Parliament to be imbued forever.

I also recognize and agree that the legislatures have not had a proud record. I would hope that there would be an entrenched Bill of Rights, but that it would compliment the work of the legislatures. I would go along with that. But I do not have enormous aspirations as to what it is going to do for us immediately.

I would like us to think of the alternatives before we take this final course. There have been approaches made to us in this regard. Senator Cook mentioned Professor Browne and his idea of having a priority of rights. That might be something worth looking at. Priority of rights should be further examined, because it is important.

Another matter that concerns me is the reference to a referendum. Frankly, I feel that a referendum is foreign to our system. I have looked at Australia's experience with referendum as a means of amending its Constitution. Quoting from an exhaustive work on the subject by Don Aitkin entitled "*Referendum: A Comparative Study of Practice and Theory*", he refers to Australia's experience as being, on the whole, a dismaying one.

I am sure that all honourable senators know the arguments against having a referendum: it weakens the power of elective authorities; the inability of ordinary citizens to have the time to study. These are all arguments against it. There is the inability of ordinary citizens to study complex issues. I can say, with respect to this issue, that if it were not for the fact that I am a senator and have been able to devote my time to it, I really could not spend the time in delving into such a complex subject to make rational decisions. There is no measurement of intensity of feeling. I hope that the proponents of minority rights will pause and think a bit about any reference to a referendum, because with the intensity of belief there is no means of a compromising consensus, and minorities are in real danger when it is the majority rule that will decide, when the decision will be by majority vote only.

Because of the necessity for a consensus in reaching agreement on this resolution, I would like to ask the government the following question, because there is concern expressed by the provinces that we are usurping their sovereignty through the use of a referendum: Would the government consider that the use of a further referendum to solve a deadlock be dropped and placed on the agenda of the First Ministers' Conference after the enactment of the resolution? I say that with deep sincerity and appreciation that the government has shown considerable flexibility toward amendments. We should remember that the joint committee adopted 67 amendments altogether.

Honourable senators, why am I so deeply concerned about this resolution? Principally it is because, to my mind, the resolution does not have the credibility of public consensus or the eligibility of provincial consent which raises the question: What will occur when the resolution reaches the British Parliament.

I would hope that the British—and I am sure Senator Lamontagne agrees—will look on it in the way that the Right Honourable Louis St. Laurent looked at Newfoundland when that province entered Confederation. As honourable senators know, when that province voted to enter Confederation there arose the question as to whether it should have responsible government prior to taking that step. The question was asked of Mr. St. Laurent in the House of Commons, to which he replied that he felt the question of responsible government was a matter for the British government, and that it was not proper for him to interfere with respect to that. I hope that the British Parliament will adopt the same kind of approach with regard to the resolution that is sent to them.

If the British Parliament decides that the resolution is procedurally proper and enacts it, and later the Supreme Court decides that the act is not valid, what will be the

situation? Dr. La Forest, the authority mentioned by Senator Lamontagne, pointed out that:

> —the act would be valid in the United Kingdom; the United Kingdom would have abdicated its power. We would be left in a judicially created limbo from which it would be hard, if not impossible, to extricate ourselves by legal means.

Honourable senators, constitutional experts far more knowledgeable and objective than I are perplexed over what this resolution will do to our federation. I refer you to Professor Wade, Professor of English law at Cambridge University, a world recognized authority on constitutional law, who when he was before the British Foreign Affairs Committee stated:

> The federal government cannot take away the powers of the province. This is something which the Government of the United States is unable to do, and the Government of Australia is unable to do. It is absolutely fundamental to a federal country, and if Canada is to remain a federal country that must be the situation.

● (2220)

Honourable senators, as I am sure you all know, I have anguished over making this speech, and I am sure that many other senators must have anguished over theirs. I am sure, too, that Maxwell Cohen must have been deeply troubled when he wrote the article in the *Globe and Mail*, which I am going to quote, about the lack of consensus that we see in Canada today. I think he believes in the substance of the resolution, and in the entrenchment of the Charter of Rights, but in his article in the *Globe and Mail* of February 11, 1981, he said:

> The only means to satisfy a Canadian sense of legitimacy and credibility, and to remove the temptation from Britain to define the Canadian federal system or interpret the Canadian Constitution, is to have the legal meaning of the package resolved, finally, by the Supreme Court of Canada. In that one move, legitimacy would be determined, credibility achieved and relations with Britain would return to normal by Britain's acceptance of whatever the Supreme Court rules. The package, charter, amending formula and all, would thus be rescued from a demeaning debate that engulfs the nation and threatens its sometimes fragile unity.

Honourable senators, I felt so strongly about this need for the Supreme Court to give legitimacy to the resolution, that I had intended—and I have it in my hand here—to move a motion that I will read to you. It is as follows:

> That this Order be discharged and that the subject matter of the motion for an Address to Her Majesty the Queen respecting the Constitution of Canada or any matter relating thereto be referred to the Standing Senate Committee on Legal and Constitutional Affairs for examination and consideration, and that the committee report thereon no later than six months from the date of the adoption of this motion.

I am not going to move that motion, because I feel I should give myself the opportunity of hearing from other senators. I am not convinced that there is a need for haste. I am convinced that there is a need for consensus and legitimacy with regard to this resolution, and I beg some honourable senator, and I look forward to his doing so, to convince me accordingly.

[Senator Thompson.]

Hon. D. G. Steuart: Honourable senators, I do not intend to take a great deal of your time tonight. I will speak for a short time and then ask leave to adjourn the debate and conclude my remarks tomorrow. I felt, however, that I wanted to go on record and make a few comments this evening, after listening to the excellent speeches of Senator Macdonald and Senator Thompson, particularly that of Senator Thompson which, though I am unable to agree with it, was a speech that was fully researched. Furthermore, I am sure that I speak for every one of us when I say that I recognize the sincerity of the views held and put forward by Senator Thompson. I am sure his speech represents his deeply held convictions on this vital question of the constitutional resolution.

I must say, however, honourable senators, that I honestly believe that in his effort to remind us—and he has reminded us—of the long and tortuous efforts by Canadians for over half a century to establish our own Constitution totally within our own power and our own jurisdiction, he has made a strong case for doing little or nothing, or, on the other hand, for proceeding with the utmost caution, almost to the point where there is an abrogation of the powers given to the House of Commons through an election, and to us through appointment, as the Parliament of Canada, by handing that responsibility over to an appointed body in the form of the Supreme Court of Canada. For my part, I say that that would be dereliction of our duty.

Senator Flynn: You are confusing the argument.

Senator Steuart: He has made the case for this generation of Canadians to do exactly what every generation of Canadians has done for the past half century when faced with the difficult task of bringing the Constitution to Canada, and developing a practical formula of amendment, as any mature, developed nation surely would want to do—that is to say, that we should follow the example of those who have gone before us and do little or nothing.

We are all aware of the tremendous efforts made by Canadian statesmen of all political parties to bring the Constitution home, and have an amending formula. They all failed, and they failed in the final analysis, I think, because they did not have either the conviction or the courage to proceed in the face of tremendous odds.

Frankly, I think that the time has come when we need the kind of statesman that we have now.

Senator Flynn: Like you?

Senator Steuart: I refer, of course, to the Prime Minister we have today, who has the courage to grasp the nettle, to take a stand and cut through the red tape and the fog of discontent and disunity that has hindered a solution to this question for over half a century, in order at last to do what he thinks is right, and to take what I think history will say was the right course to take.

Senator Thompson posed a question that bothers him, and that bothers a great many Canadians. He asks if we should do this in the face of all odds, or if we should try to please everybody, and thus risk pleasing nobody. Until we get total agreement, should we cower back and get no agreement? That is the path that has been followed too often in this nation. If, on the other hand, we follow the lead of our present Prime Minister, we will cease to follow those who have gone before us, and do what is right.

Senator Thompson poses another very serious question which is: Does the end justify the means? I am sure that has troubled all of us. Well, honourable senators, I say that in some cases, of course, the end justifies the means.

Senator Flynn: Oh, no!

Senator Steuart: Oh? In no case does the end ever justify the means? Well, honourable senators, I am afraid I disagree. I think there are many cases where the end justifies the means. It depends on the end, and on the goal, and, of course, it depends on the means.

An Hon. Senator: Did you ever hear of Christianity?

Senator Steuart: Let us look at the end we have in mind today. The end is a modern Constitution in Canada, amendable in Canada by Canadians. The end is a Charter of Rights to protect the basic rights and freedoms of all Canadians, regardless of their race, colour or creed, regardless of their station in life, regardless of where they live in this great nation. This charter is designed to protect, as never before, certain old rights and freedoms, but as well, some new rights and freedoms, such as rights for our natives, the original inhabitants of this nation. These are rights, I point out to you, that have never been protected before by provincial legislation or federal legislation, and I tell you that those native people are looking at a new concept and a new opportunity, as are the disabled people and many other minorities in the nation, as a result of the entrenching of a basic Charter of Rights in the Constitution, if we have the courage, as Canadians, to bring this about.

Senator Asselin: No more clause 44!

Senator Steuart: This is worthy of great effort and great sacrifice. I would point out to honourable senators opposite that it is also worthy of all enlightened Canadians.

Senator Asselin: No more clause 44!

Senator Steuart: What about the means? We are now engaged in dealing with the means. The passage of this resolution through the Senate, representing every region in Canada, and its passage through the House of Commons, composed of 284 men and women freely elected a year ago—

Senator Flynn: With no free vote!

Senator Steuart: —with a mandate, I point out, to govern—

Senator Flynn: With no free vote!

Senator Steuart: —with, I would point out, a fresh, strong mandate to govern—

Senator Flynn: With no free vote!

Senator Steuart: —and sent here from every part of Canada with full power to change, to rewrite and to amend this constitutional proposal, as they have already done, and as I am sure they will continue to do. If the Leader of the Opposition says that they will not do it, I ask him only to speak for his party because our party members have already shown, on this side of the house, that they have the courage to speak up when they dissent—witness two senators, one on the left and one on the right. If that is not true on the other side of the house, that is their problem, and that is why they are on that side of the house, I would suggest.

• (2230)

Some Hon. Senators: Hear, hear.

Senator Steuart: This will pass eventually; it will pass or be defeated by a Parliament exercising its full power and its free will. If the members opposite say "nay," they show their contempt for the elected members of the other house and for the appointed people in this place, and I do not have that contempt.

Senator Flynn: You have no mandate—

Senator Steuart: I have a great deal more confidence than they obviously have.

Senator Flynn: You have no mandate to do that.

Senator Steuart: Again, I say that this is a worthy and honourable goal, but it does call for courage and it calls for unity, something that the honourable senators opposite obviously do not recognize, as witness recent events.

Senator Flynn: You have not read clause 44, then. You did not have that courage three months ago.

Senator Steuart: I am not sure if that was a question, an outburst, or a knee-jerk reaction—a reminder of their late difficulties. However, if it is I would withdraw; I do not want to get the honourable senator too upset.

However, what we are engaged in, honourable senators, is the building of a new Constitution, a new framework to help us build a stronger and, I point out, a more united Canada. That is what I think we will accomplish.

Honourable senators, I shall have more to say tomorrow.

On motion of Senator Steuart, debate adjourned.

The Senate adjourned until tomorrow at 8 p.m.

APPENDIX "A"

(*See p. 1885*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON THE SUBJECT MATTER OF BILL C-54
"AN ACT TO AMEND THE STATUTE LAW RELATING TO INCOME TAX"

February 24, 1981

On February 4, 1981, Bill C-54, intituled "An Act to amend the statute law relating to income tax", was passed by the House of Commons. This bill is intended to implement the Ways and Means Motion tabled by the Honourable Allan J. MacEachen, Minister of Finance on January 12, 1981, which in turn reflects some of the measures proposed by the Ways and Means Motion tabled by the Honourable John C. Crosbie, Minister of Finance, on December 11, 1979 and the Honourable Allan J. MacEachen, Minister of Finance, on April 21, 1980 and October 28, 1980.

By resolution of the Senate on February 5, 1981, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider the subject matter of the bill.

In accordance with the Order of Reference, your committee has given careful consideration to the Bill C-54 and in connection with such consideration has engaged the services of Mr. Charles Albert Poissant and Mr. Helmut Birk of Thorne Riddell, Chartered Accountants, Montreal, and retained as its counsel, Mr. Thomas S. Gillespie of Ogilvy, Renault, Montreal. The committee has heard from Messrs. R. A. Short, General Director, and T. Morris, Assistant Director, Tax Policy, Department of Finance, and Messrs. R. M. King, Director, Current Amendments Division, Legislation Branch, and Mr. W. A. Stoneham, Assistant Director, Accounting and Collection Division, Policy and Systems Branch, Department of National Revenue. It has also considered and discussed with the foregoing officials an opinion addressed to The Canadian Bankers' Association from Mr. John H. C. Clarry of McCarthy & McCarthy, Toronto respecting some difficulties presented by proposed amendments to the garnishment provisions of the Income Tax Act.

Bill C-54 contains many amendments to the Income Tax Act and the Income Tax Application Rules, 1971, as well as amendments to the Old Age Security Act, Canada Pension Plan, The Federal-Provincial Arrangements and Established Programs Financing Act, 1977, and The Federal-Provincial Fiscal Revision Act, 1964. There is no central theme to the amendments; some are beneficial to taxpayers, some are restrictive and some correct deficiencies and anomalies.

Taxpayers have had the advantage of considering the draft bill which was published in August 1980. Representations have been made to officials of the Department of Finance by interested parties and, as a result, many improvements have been made. The publication of a draft bill in advance has proved to be most useful and your committee hopes this practice will continue.

Your committee is pleased to note that the bill reflects some changes recommended by it in 1976 and 1979.

Many technical amendments respecting measures introduced relating to income bonds and term preferred shares were recommended by the committee in its report dated December 5, 1979. The Honourable John C. Crosbie, then Minister of Finance, came before your committee and undertook to amend the Income Tax Act to reflect some of the committee's recommendations. These undertakings have been incorporated in the bill except the undertaking given with respect to the phrase "acquired in the ordinary course of the business". The committee has been advised that officials of the Department of Finance are presently drafting regulations which will reflect the undertaking given. The regulations will be discussed with the committee's advisers prior to their publication. The minister also undertook to introduce further amendments should it become apparent that the act was not administered in the manner intended and indicated by him when he came before the committee. In its report dated December 8, 1976, your committee objected to the use of social insurance numbers to assist in the collection of income tax:

> Clause 75 provides that resident individuals must insert their Social Insurance Numbers on ownership certificates which must be completed when receiving interest or dividend payments in respect of bearer coupons or warrants. Should such an individual not provide his Social Insurance Number, the bank or paying agent would be obliged to withhold 25% of the interest or dividend payment. Your Committee feels this would constitute an improper use of taxpayers' Social Insurance Numbers and taxpayers should only be obliged to provide their proper names and addresses.

The committee is pleased to note that the bill proposes (clause 106) that ownership certificates need no longer contain a social insurance number.

The following is a brief resumé of some of the more important measures of the bill.

OVERSEAS EMPLOYMENT EXEMPTION (Subclause 2(2))

Bill C-54 contains an exemption for up to $50,000 in respect of remuneration paid by a Canadian employer to an employee who is employed on overseas contracts for a period exceeding

six consecutive months. This exemption is intended to render Canadian firms more competitive in the international market scene. The exemption is introduced as a deduction from employment income of the employee and presumably must first be included in computing income from employment and reported by the employer and is subject to regular deductions at source. This would require the employee to claim the exemption in his tax return which, in effect, would mean that he receives his refund more than twelve months after the deduction. He would also not be entitled to any interest on the excess deduction.

In the opinion of your committee, a requirement for deductions at source would defeat the purpose of the relieving provision and it is therefore recommended that no deductions at source be required in such cases where there is reasonable evidence that the employee qualifies for the exemption. Furthermore, in the view of the committee, relief from deductions at source should commence at the time when the employee undertakes the overseas assignment and the employer provides a guarantee that the employee so qualifies for the exemption.

The committee has been advised by representatives of the Department of Finance and the Department of National Revenue that under the existing provisions of subsection 153(1.1) of the act dealing with "undue hardship", it would be possible to consider relief from deductions at source upon application by the employer and that this will be the policy of the department.

SUPPLIES INVENTORY AND PREPAID EXPENSES (Clauses 3 and 9)

Bill C-54 contains amendments to section 10 of the act (clause 3) dealing with the valuation of inventory of a taxpayer and section 18 (subclause 9(3)) dealing with prepaid expenses of a taxpayer. These amendments are considered in concert since they are interrelated.

The amendment in clause 3 has the effect of requiring a taxpayer to include in inventory for tax purposes items which formerly were considered a normal business expense in the year incurred. The new provisions stipulate that property of a taxpayer that is advertising or packaging material, parts or supplies, is to be considered inventory of the taxpayer and must be included in computing income of the taxpayer under the act. For the purpose of computing the amount of such inventory, the value thereof cannot be less than the lesser of cost and replacement cost.

Formerly, the position of the Department of National Revenue, as stated in Interpretation Bulletin IT-417 dated June 14, 1978 dealing with prepaid expenses, was as follows:

> Normally the cost of material, such as calendars, catalogues, maps, etc, used solely for advertising purposes should be deducted as a business expense in the year when the cost is incurred, but a practice of deferring the write-off for such costs to the year when the material is used is acceptable.

Regarding supplies inventory Interpretation Bulletin IT-51R, paragraph 3, states the position of the Department of National Revenue as follows:

> In certain instances particular supplies could have a nil market value as is the case when no one other than the taxpayer can use them. An example would be stationary supplies and forms bearing the printed name of the taxpayer. In such case, a taxpayer has a choice of either including these supplies in its inventory or claiming their cost as a deduction in computing income for the year in which the costs are incurred, provided that the method selected is consistently applied from year to year.

The committee is concerned that this change in policy, if strictly applied by the Department of National Revenue, will require a large number of corporate taxpayers and small unincorporated businesses to maintain inventory records for minor office supplies and advertising and packaging material on hand at the end of a fiscal period. The committee has received assurance from the witnesses appearing before the committee from the Department of Finance and the Department of National Revenue that the amendment in Bill C-54 does not represent a fundamental change in determining what is inventory. However, heretofore significant quantities and values of supplies, packaging material and advertising material on hand, although included in inventory, were shown to have no market value and could therefore be written off in the year acquired. Bill C-54 requires that such supply inventory be valued at not less than cost or replacement cost. These officials have given testimony that this new provision will not be applied indiscriminately but rather in the context of generally accepted accounting principles and that it is not the intention of the amendment nor will it be the policy of the Department of National Revenue to go beyond what are generally accepted accounting principles regarding items normally included in inventory. The Department of National Revenue will only insist that such items be included in the valuation of inventory where the amounts are significant in relation to the business as a whole. The Department of Finance and the Department of National Revenue intend to monitor the effect of this amendment and its application on the taxpayer.

The committee is in agreement that the cost of significant supply items be claimed as an expense in the year in which they are consumed or become obsolete. However, the committee is concerned that the amendments to the law could lead to unnecessary recording of inventory for a large number of taxpayers if the amendments are strictly applied. It is therefore recommended that the Department of National Revenue amend Interpretation Bulletins IT-417 and IT-51R and restate its policy in this respect.

UNREGISTERED EMPLOYEE BENEFIT PLANS (Clause 4)

The Income Tax Act provides tax incentives to employers and employees to contribute to employee pension and deferred compensation plans. However, to be eligible, contributions must be made to registered plans. These plans are subject to

certain restrictions on the type of investments allowed and on the amount of contribution that can be made and deducted from income in any year. Recently, there have emerged unregistered plans which provide substantial tax deferment to participants while, at the same time, contravening all the limits and restrictions imposed on registered plans. These unregistered plans can be structured so as to allow an employer an unlimited current tax deduction and to permit his employees an unlimited deferral of tax on income.

While there is some justification for allowing employers' deductions for contributions to certain unregistered plans (for example, for pension plans operated for employees of foreign branches of a Canadian employer), unregistered plans generally involve a significant loss of tax revenue and are unfair to other taxpayers who comply with the strict rules for registered plans. The amendments in Bill C-54 (clause 4) remove the unintended tax advantage arising out of certain unregistered employee benefit plans. Payments after December 11, 1979, by an employer to an unregistered plan will not be deductible until the time the amounts vest irrevocably in the employee. At that time, they will be taxable income to the employee. Special provisions are made to accommodate the needs of foreign branches of Canadian employers.

SMALL BUSINESS DEVELOPMENT BONDS (Clause 8)

The concept of a small business development bond has been proposed to reduce the costs incurred by small business corporations while interest rates are high. This temporary measure is designed to reduce the interest cost to qualifying small business corporations by enabling them to obtain after-tax financing.

Clause 8 proposes that amounts received on account of interest shall be deemed to be dividends free of tax if received by a corporation in respect of a small business development bond. Conversely, the interest paid will not be deductible by the borrower. Small business development bonds are defined to mean debt obligations issued after December 11, 1979 and before January 1, 1982. (It was originally proposed that small business development bonds had to be issued before January 1, 1981. This expiry date was extended to April 1, 1981 and subsequently extended to January 1, 1982 by amendment introduced on second reading of Bill C-54 before the House of Commons.) They must have a principal amount of not less than $10,000 and not more than $500,000, and a term of not less than one year and not more than five years.

To qualify, the borrower and lender must make a joint election and the borrower must be a Canadian-controlled private corporation qualifying for the small business deduction. Substantially all its assets must be used in active business in Canada.

The borrower must either be in financial difficulty or the proceeds must be used to acquire land, certain depreciable property or to finance expenditures in respect of scientific research in Canada, provided the property acquired, if any, is used primarily in carrying on an active business in Canada.

LEASE OPTION ARRANGEMENTS (Subclause 5(2))

Agreements for the lease of property often include an option to acquire the property at the end of the lease. Sometimes the option price is considerably less than the fair market value at the time the option is exercised. It is therefore difficult to determine whether the rental payments made by the lessee are rental payments or payments on account of the purchase price of the asset and therefore capital payments.

The distinction has tax implications when property acquired upon exercise of an option is subsequently sold by the former lessee. If the arrangement were structured as a lease, but in substance it was a sale, the lessee could deduct the cost of a capital asset by deducting the rental payments and then dispose of the asset without recapture of capital cost.

A number of instances have culminated in determination by the administrative tribunals and the Courts. Reference is made to the judgment of the Tax Review Board in *Chibougamau Lumber Ltée v. M.N.R.* 73 DTC 134, and a decision of the Federal Court of Canada, Trial Division, in *Lageaux & Frères, Inc. v. M.N.R.* 74 DTC 6569.

On July 14, 1975, the Department of National Revenue issued Interpretation Bulletin IT-233 which reflected its views as well as the conclusions reached by the Tax Review Board and the Federal Court. In this bulletin the Department of National Revenue has suggested that a transaction may be considered to be a sale rather than a lease where:

(a) The lessee automatically acquires title at the end of the lease or after payment of a specified amount in the form of rentals (a full payout financial lease).

(b) The lessee is required to buy the property from the lessor during or at the termination of the lease (a "put" by the lessor or a mandatory purchase option) or the lessee is required to guarantee that the lessor will receive that full option price from the lessee or a third party (except where such a guarantee is given only in respect of excessive wear and tear inflicted by the lessee).

(c) The lessee is entitled to acquire the property during or at the expiration of the lease at an option price 'which at the inception of the lease is substantially less than the probable fair market value of the property at the time of permitted acquisition by the lessee'.

(d) The lessee has the right during or at the expiration of the lease to acquire the property at a price or under terms or conditions which at the inception of the lease is/are such that no reasonable person would fail to exercise the said option.

Subclause 5(2) of the bill addresses itself to the perceived abuse which may arise should a lessee acquire property for an amount less than its fair market value. It provides that where a taxpayer acquires depreciable property or land and before the time of acquisition the taxpayer is entitled to deduct rental payments and the cost of the property is less than its fair market value, the taxpayer is deemed to have acquired the property at a cost equal to the lesser of fair market value and

the sum of the purchase price and rent previously paid for the property. The amount by which such deemed cost exceeds the purchase price will be deemed to be depreciation previously allowed the taxpayer in respect of the property. Where the property acquired is land, it is deemed to be depreciable property of a prescribed class. The net result is that if the former lessee were to sell the property at fair market value at the termination of the lease, he would be subject to recapture of depreciation and subject to tax on the full amount of recapture rather than having realized a capital gain and being taxed on one-half the amount.

The committee notes, however, that there may be an element of the retroactivity in this measure inasmuch as the proposed amendments will affect lease option transactions entered into before December 11, 1979, the date the measures were first introduced by a Ways and Means Motion.

CAPITAL GAINS STRIPS (Clause 24)

Schemes have been devised to avoid capital gains by structuring transactions in such a manner as to substitute tax-free intercorporate dividends for capital gains that would otherwise have been realized. The scope of the present anti-avoidance provision of the act (section 55) is questionable.

It is the government's view that a capital gain should arise on arm's length dispositions of shares at least to the extent that proceeds of disposition exceed income earned or realized after 1971. Any income or gain realized prior to 1972 would be reflected in the adjusted cost base of the shares of the corporation.

To this end, clause 24 proposes that subsection 55(2) be added to the act. It will provide that where a corporation resident in Canada receives a taxable dividend after April 21, 1980, free of tax, the dividend will not be considered to be a dividend but will give rise to capital gains consequences if the following conditions are met:

(1) the dividend was part of a transaction or series of transactions, one of the purposes or one of the results of which was to effect a significant reduction in the portion of the capital gain that would have been realized on the disposition at fair market value of any share.

(2) the dividend could reasonably be attributable to anything other than income earned or realized by any corporation after 1971 and before the dividend was received; and

(3) the dividend was received as part of a transaction that resulted in a disposition to an arm's length person.

Officials from the Department of Finance have clarified several technical questions which have arisen from the text of this Clause and these clarifications will be found in the printed proceedings of the Committee.

INCOME FROM CANADIAN RESOURCE PROPERTIES OF NON-RESIDENTS (Clause 62)

Formerly, it was technically possible that certain non-residents (e.g., residents of the United States) who owned a resource property in Canada and carried on a business here could sell such property and escape Canadian tax thereon. This was achieved by disposing of the resource property and retaining an overriding royalty interest therein. In a subsequent year and at a time when the non-resident did not have a permanent establishment in Canada, he would sell the royalty interest and would normally have been taxable on the proceeds thereof under Section 115 of the Act dealing with the income of non-residents. However, due to the provisions of the tax treaty with the United States, the non-resident was not subject to tax in Canada since he did not maintain a permanent establishment in this country to which could be attributed the income from the disposition of the disposition of the royalty interest. Furthermore, the disposition of the royalty interest was considered as capital property under the treaty, the gain from which was exempt under the existing Canada-U.S. treaty.

This situation will be rectified by Article VI of the new tax treaty signed by Canada and the United States of America. However, independent of the coming into force of this treaty, the present amendment to the Income Tax Act (subclause 63(3)) has the effect of subjecting the non-resident to full Canadian tax at the time that he ceases to operate a business in Canada.

A further amendment to section 116 (clause 63) has the effect of requiring the non-resident to pay his Canadian tax prior to disposition of the resource property. Should he fail to do so, the purchaser thereof will become liable for a tax of 50% on the gain from the disposition of the property by the non-resident.

GARNISHMENT (Clause 103)

Section 224 of the Act allows the Minister of National Revenue to take garnishment proceedings where he has knowledge or suspects that a person is or is about to become indebted or liable to make payment to a tax debtor.

In order to enable the minister to collect income taxes where tax debtors make arrangements with financial institutions which may make it difficult for him to collect taxes if the debtor were to become bankrupt, it is proposed that subsection 224(1.1) be added to the act.

It would stipulate that where the minister has knowledge or suspects that certain financial institutions are about to advance monies to or on behalf of tax debtors who are indebted to the institutions and who have granted security to the institutions in respect of the indebtedness, the minister may require the institutions to pay the monies to the Receiver General for Canada on account of the tax debtor's liability.

Council to The Canadian Bankers Association has suggested that the provisions of the proposed subsection are unclear in providing for the banks' rights and resources should the banks comply with the minister's requirement. Officials of the Department of National Revenue have undertaken to consider this matter further and officials of the Department of Finance have undertaken to introduce appropriate amendments to the

act with retroactive effect should circumstances so warrant. Pending the introduction of any amendments, financial institutions may have to make contractual arrangements with tax debtor upon receipt of a minister's notification in order to protect their interests.

CONCLUSION

The Committee would like to express its appreciation for the services rendered by Messrs. Charles Albert Poissant, Helmut Birk and Thomas S. Gillespie.

The Committee has reviewed Bill C-54 in accordance with its terms of reference and, except as noted above, has no comment to make on the bill.

Respectfully submitted,

A. I. BARROW
Deputy Chairman

APPENDIX "B"

(*See p.1891*)

SCIENCE AND TECHNOLOGY

RECOMBINANT DNA RESEARCH—REGULATION

(*Reply to question asked by the Honourable Andrew Thompson on January 29, 1981; see page 1613:*)

Dr. Louis Siminovitch represented the Medical Research Council at the Asilomar Conference in February 1975 at which a moratorium on recombinant DNA research until Guidelines were in place was proposed. Council then asked Dr. Siminovitch to chair an ad hoc committee (including a lawyer) to develop Guidelines for MRC supported investigators. A first draft was distributed widely for comment in the summer of 1976 and the Guidelines were adopted by Council in February 1977. There is no evidence of any recombinant DNA research in Canada prior to the publication of the Guidelines. The Guidelines have formed the base of heightened awareness of biological hazards in research laboratories, and have prompted Universities to establish Biohazards Committees, many of which have assumed a mandate beyond the limits of the MRC Guidelines.

With respect to recombinant DNA, MRC Guidelines reflected similar documents in Britain and the United States. However, the MRC Guidelines went further than those of other countries in defining safety standards for work with animal viruses and animal cells in culture.

In essence, the purpose of the Guidelines is to set conditions under which the various types of recombinant DNA experiments can be performed safely with respect to investigators and the public. The potential hazards of the research can be reduced by varying degrees of physical and biological containment; physical containment involves equipment, air handling and lab design to minimize the escape of organisms and biological containment focusses on using organisms which, if they do escape, will not survive outside their laboratory growth media.

On publication, the MRC Guidelines were adopted by other federal agencies (for example, NRC and Health and Welfare), and by provincial and voluntary agencies. They remain the only Guidelines for recombinant DNA published in Canada, though other earlier documents (e.g. from the Treasury Board) have dealt with viral and microbial hazards. Copies of the Guidelines have been freely available to all.

The Medical Research Council, the National Cancer Institute and the National Research Council (before creation of the Natural Sciences and Engineering Research Council), which are the major sources of funds for research using the new methods, held special competitions in 1977 to provide equipment required to come into compliance with the Guidelines.

Shortly after the Guidelines were published, Council established the MRC Biohazards Committee to advise Council on the Guidelines, including revisions that might be necessary. This Committee has a majority of non-scientists (5), one of whom is Chairman, and four scientists. With the help of this Committee, Council has maintained close contact with those primarily responsible for implementing the Guidelines (the chairmen of University Biohazards Committees and biosafety technical personnel), and also with international developments in this rapidly evolving area (through a meeting with Dr. Jane Setlow, the Chairman of the American Recombinant DNA Advisory Committee, and participation in the European Science Foundation Liaison Committee on Recombinant DNA).

Acting on the advice of its Biohazards Committee, Council has twice made major revisions to its Guidelines on Recombinant DNA. These revisions reflect the rapidly changing perceptions of the risks of recombinant DNA research in the 4 years since the Guidelines were first published. The extent of change is illustrated by the fact that four years ago, for example, an experiment using human DNA in recombinant DNA research required very severe physical and biological containment but now is permitted on the open using common laboratory strains of bacteria. The current perceptions of risk are illustrated in the attached draft statement from the European Science Foundation Liaison Committee on Recombinant DNA. It is noteworthy that hardly any changes have been made in the virus and cell culture parts of the MRC Guidelines.

Council is satisfied that researchers in the field are following its Guidelines, and that the system of University Biohazards Committees established as a result of the Guidelines is working effectively to ensure the safety of workers and the public in the areas covered by the Recombinant DNA Guidelines.

There has been discussion in Canada on regulations or legislation around the technology of recombinant DNA. In June 1978, the Minister of Health and Welfare and the Minister of State for Science and Technology issued a joint press release stating their intention to promulgate regulations for research involving recombinant DNA. That statement was in accord with current trends in some other countries. Since that time, however, the rapidly diminishing perceptions of the risks of the technique have stopped the pressure for legislative control over the techniques, and Canadian regulations are unlikely.

MRC
Feb. 24, 1981

DRAFT OF A STATEMENT FROM THE ESF LIAISON COMMITTEE ON RECOMBINANT DNA RESEARCH

The ESF Liaison Committee on Recombinant DNA, at its meeting on 14-15th January, 1981, unanimously decided that its work of promoting the necessary harmonization of national recombinant DNA guidelines is now sufficiently complete for the Liaison Committee to be disbanded. Although the national guidelines of some countries are still evolving towards the position already reached by others, the Committee believes that there is no further need for formal and regular liaison at

the ESF between representatives of national recombinant DNA committees.

Extensive information supports the view that recombinant DNA work per se entails no significant novel biohazards. This is already accepted by some national recombinant DNA committees and in those countries special safety precautions beyond good microbiological practise together with the use of appropriate host organisms are no longer required for recombinant DNA work except when known pathogens or toxin producing organisms are involved. It has been established that recombinant DNA techniques offer safer ways of studying and using pathogens and for the production and study of toxins than conventional methods. The Liaison Committee endorses these national decisions.

In several countries microorganisms produced by recombinant DNA methods are now being grown on an industrial scale. Although some concern has been expressed about the biosafety of these large scale operations, the Liaison Committee points out that the fermentation industry already has long and extensive experience of large scale fermentation, including that of known natural and dangerous pathogens. Consistent with its statements in the proceeding paragraph the Committee emphasises that the large scale fermentation of microorganisms produced by recombinant DNA methods does not pose novel or special problems.

Finally, the Liaison Commission reaffirms its opinion that there is no scientific justification whatsoever for new legislation specific for recombinant DNA research and moreover, it sees no justification for further extensive recombinant DNA risk assessment programmes.

Povl. RIIS
Chairman

Strasbourg

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THE SENATE

Tuesday, March 3, 1981

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker, *pro tem*, in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

Notice of Ways and Means Motion to amend the *Petroleum Administration Act* dated March 2, 1981.

Capital Budget of Petro-Canada for the financial year 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1979-3563, dated December 20, 1979, approving same.

Capital Budget of Petro-Canada for the financial year 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1980-3426, dated December 16, 1980, approving same.

QUESTION PERIOD

[*English*]

ENERGY

GASOLINE AND HOME HEATING OIL—PRICE INCREASES

Hon. C. William Doody: Honourable senators, I have a question for the minister who is responsible for economic development.

Hon. Jacques Flynn (Leader of the Opposition): The minister in charge of economic development.

Senator Doody: Well, responsible for it.

Senator Flynn: I hope not.

Senator Doody: Be kind to the honourable gentleman; he has a difficult job. He does not have much help in that government.

Honourable senators, for two successive days now the government has tried to evade the truth of the accusation that the estimates provide for an increase in the spending of 13 per cent, which is substantially in excess of the campaign commitment made by the Liberal Party during the last election. It has been stated that it is still the ambition of the government to stay within the confines of the increase in the gross national product with regard to government spending. Obviously, it is way beyond that with this 13 per cent increase in spending.

Gasoline prices in Canada have escalated dramatically over the past few months. In Montreal the price of gasoline has increased by 40 cents per gallon and home heating oil by 39 cents per gallon in 11 months. Would the minister indicate that it is still government policy that energy price increases over the past year are to be less than those anticipated or promised by the previous government?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my honourable friend knows that matters can change rather unexpectedly and dramatically.

Senator Doody: Including the government.

Senator Olson: When compared to what was promised by the previous government, it is still a great improvement. While it is perhaps not the entire reason, it is certainly part of the reason why there was a change in government on February 18, 1980.

Senator Asselin: Because you did not tell the truth to the people.

Senator Olson: If that is not enough, over this past weekend the Tory Party re-affirmed its position with respect to energy prices and stated that they ought to be increased to at least 75 per cent of the world price. I also understand that the party had a great deal of difficulty convincing itself that it should pull that increase down from 85 per cent to 75 per cent. The honourable senator knows very well that the problem we are facing now could not have been predicted prior to the last election campaign.

Senator Doody: Honourable senators, I thank the minister for his dissertation on the policies of the opposition and of the previous administration. I realize that he is quite flexible in his political affiliations, but I really did not ask him for explanations of the Tory approach to energy pricing. I was asking him to defend the promised increase, or lack of increase, of his own administration, and whether the policy of the government at the present time is to defend this increase of 40 cents a gallon in 11 months. How much more of an increase can we depend on in the next 11 months?

Senator Olson: I can give my honourable friend the assurance that it will be less than the 75 per cent level that his party is now advocating, which position was reaffirmed over the weekend.

Senator Flynn: You are speaking of your own policies.

Senator Olson: The reason I bring that up is that I am sure my honourable friend would not like to be in the untenable

position of advocating lower energy prices, having come from his party's convention which advocated higher energy prices.

Senator Flynn: You were not there.

Senator Olson: That was the dilemma I saw my friend in, and I was trying to help him out of the situation.

Senator Flynn: Mind your own business.

Senator Doody: I certainly appreciate the honourable minister's offer of help but, if the kind of help he is offering is the kind of help he has been giving the Canadian public over the past 11 months, I regretfully refuse to accept it.

I would suggest to the honourable minister that perhaps the next definite commitment of a price increase we can expect from his administration will be slightly prior to the next general election. Would that be a fair assessment?

Senator Olson: My honourable friend can rest assured that this government intends to handle this energy situation, even though there may be unforeseen difficulties, in a highly responsible manner. If he were to add up all of the elements, including those that could not have been anticipated, then surely my honourable friend would agree that the totality of the increases, all other things being equal, would be substantially lower than prior to the situation of December 11, 1979.

Senator Doody: I would say, one final time, that it is not the lack of totality that worries me; it is the lack of specificity. If you are going to mutilate the Queen's English you should do it totally.

Senator Olson: I am sorry my honourable friend does not like the answers.

Senator Doody: There are no answers.

Senator Olson: I guess he does not like accuracy.

Senator Flynn: How dare you.

THE ECONOMY

GROSS NATIONAL PRODUCT—GROWTH RATE

Hon. G. I. Smith: Honourable senators, I would direct my question to the Minister of State for Economic Development—or the minister in charge of it, as my colleague says.

Would the minister confirm whether, in the last quarter of 1980, the real growth in the Canadian gross national product was 2 per cent?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have seen a report to that effect, but I will check that information with the Department of Finance, if my honourable friend so desires. The report I have seen is directly attributed to Statistics Canada and, for the moment, I assume it is correct.

Senator Smith: Would the minister also confirm the figures from the same report that the real growth in the Canadian GNP for the whole of the year 1980 was only 0.1 per cent and was the worst economic performance since the 1954 recession?

[Senator Olson.]

Senator Olson: I believe I can confirm that but only on the same basis that I will check the details of that information. I think the explanation is rather obvious. There was a period during most of 1979 and up to February 18, 1980 when a different government was in office. Obviously, it takes a little time to catch up on that.

Senator Flynn: You are just a little joker.

Senator Olson: The growth in the fourth quarter, I think, was a pleasant surprise, even to those who tried to turn around the disastrous previous nine months.

Senator Smith: Does the honourable gentleman recognize that he is a little more inconsistent in his answers than usual, on the one hand claiming instantaneous revival because of the change of government and, on the other hand, saying there would be an instantaneous depreciation during the previous change of government?

Senator Olson: My honourable friend is completely misinterpreting me. I said that on March 3—the first day this government was in office—the improvement began.

Senator Flynn: He's speaking from both sides of his mouth as usual.

• (2010)

Senator Smith: I guess what the honourable gentleman is saying is that it took a year for the best efforts of his government to make any impression. It seems rather inconsistent of him to say it would take less than that for any effect to be made by the previous change in government, either good or bad.

Senator Olson: My honourable friend will have to look at those statistics a little more carefully because—

Senator Flynn: You, too.

Senator Olson: —certainly it took a few weeks or months for the economy to take the nose-dive it did when the previous government was in office, and, of course, the economy was going along rather well prior to that time, although there were some problems then and there are some problems now. If my honourable friend wants to get on a little more serious note—

Senator Flynn: Yes.

Senator Olson: —the increase in the fourth quarter was surprisingly good and somewhat better than had been expected, which indicates a confidence in the Canadian economy—

Senator Flynn: No.

Senator Olson: —that was not present before.

In addition to that, I would like to refer my honourable friend to the analysis made in the article he is looking at, and he will see that capital spending for the balance of 1981 and into 1982 is expected to go up by 16.6 per cent. What is more significant about that is that it is on a broad range of economic sectors. Therefore, it seems to me we have some right now to look at the future with even more confidence than we had.

Senator Smith: I am glad the honourable gentleman gave me an opportunity to remind him that the forecast advance of 16.6 per cent, which he just mentioned, was, in fact, expected to be led by an increase in housing investment which is expected to rise 12.2 per cent after falling 5.6 per cent. It is worthy to note as well that the forecast compares to an increase of 12.8 per cent in 1980, revised downwards from an earlier projection of 14.8 per cent.

Whether the honourable gentleman wishes to pretend it is upward or to accept the fact that it is downward, may I ask him what new plans he has, if any, for industrial development, particularly related to the improvement of the tragic situation which is now occurring in the west with respect to the national energy policy.

Senator Olson: My honourable friend obviously does not read well because he keeps coming back with these so-called lower than some expected increases. What the article deals with is the growth from one year to the next, and he should read that rather carefully, because it is very broadly based. In case he missed it, I could read some of those sections to him. It says:

> Capital spending in Canada is expected to rise 16.6 per cent to $76.3 billion this year from a year earlier—

That does not talk about expectations; it talks about what the facts were a year earlier.

Then it goes on to say that a great deal of this is going to be in the energy sector, but it also says:

> Metal and non-mining investment is expected to rise 36.7 per cent to $2.8 billion—

If he looks further down the article, my honourable friend will see that it says:

> —spending in the transportation, communications, and utilities group is forecast to rise 20.4 per cent to $2.7 billion.
>
> In other energy-related spending, investment in pipelines, especially natural gas lines, will rise 147.7 per cent to $839 million—

Still further down, it says:

> Among the leading manufacturing industries, chemical firms expect to spend $572 million, up 47.6 per cent; . . . transportation equipment $241 million, up 19.6 per cent.

The point of all this is that it is a very broadly based increase in capital investment for the balance of this year. The honourable senator is really not taking the context of that if he starts to look at some supposed expectation in energy, and suggests that that is down. In spite of its being down from some illusory expectations, it is still going up by over 20 per cent.

Senator Smith: Then I would expect, if any expectations I take from this report are illusory, any that the honourable gentleman takes from the report are equally illusory.

Senator Olson: No, it is a matter of interpretation.

Senator Smith: I do not take much comfort in his being any less illusory than mine.

Senator Olson: I do.

Senator Smith: At times one's reading gets a little selective, and I suppose mine did, but the honourable gentleman seems to be a little less comprehensive than he indicated, because I notice, according to the same article, that housing starts and automobile sales continued to be sluggish in January. On a seasonally-adjusted basis, housing starts posted only a minimum gain from 157,800 in December to 158,000 in January, far below the 178,000 starts in 1981 forecast by Canada Mortgage and Housing Corporation, and 21.9 per cent below the level of January 1980.

On a seasonally adjusted basis, motor vehicles actually dropped 2 per cent in January. So if one wants to be comprehensive, one had better be comprehensive in everything.

Senator Olson: I agree, but I think the honourable senator should have read one paragraph that he skipped over. For example, it says:

> Taken from the viewpoint of construction spending—

That is the one he was selectively talking about.

> —the agency expects a 16.3 per cent rise to $45.9 billion for new construction in 1981, led by growth [as he pointed out] in non-residential building.

Non-residential, of course, is going to go up by over 30 per cent. The honourable senator should not suggest that construction is going down when the interpretation of the article is exactly the opposite.

Senator Smith: I can see that it is not much use asking the honourable gentleman to be a realist, any more than it is in the national energy policy.

Senator Olson: That is subject to your interpretation.

CRIMINAL CODE

AMENDMENTS CONCERNING PROSTITUTION

Hon. Nathan Nurgitz: Honourable senators, I have a question which I suppose has survived many governments. I planned to ask it of the Leader of the Government, and perhaps I could leave it with the deputy leader. My question is directed specifically to the government leader, he being the minister from British Columbia, and deals with promised legislation on prostitute harassment specifically in the city of Vancouver.

The Minister of Justice, certainly since last summer, has been promising that something would be done. He has indicated that there are ongoing discussions with provincial attorneys general, pending court cases, and the like. Because the amendments to the Criminal Code do not deal with the matter, I was wondering whether the Leader of the Government could tell me when such Criminal Code amendments may be expected, and I now direct my question to the deputy leader.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I will take that question as notice and will pass it on to the Leader of the Government in the Senate. I have no briefing material on it here.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. Lowell Murray: Honourable senators, I should like to ask the Minister of State for Economic Development whether the government has yet decided how it is going to raise the money for the purchase of Petrofina, and, in particular, whether the government has decided what will be the extent and timing of the Canadian ownership account tax for that purpose.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I believe I gave a commitment some days ago that as soon as that decision had been finalized and an announcement was ready to be made, I would bring it to this chamber as quickly as possible. Quite frankly, that time has not yet arrived. Moreover, I do not believe that there has been any final decision on the percentage of the $1.46 billion requirement—that is, how much equity to loan with respect to Petro-Canada. We know, of course, that the president has suggested that he would like to have the equity injection as high as possible to give him more room for other things, but the decision as to the amount has not been made.

Senator Murray: I take it, then, that the decision has not yet been reached by the government. We have a brief period in this chamber for delayed answers to questions. Perhaps we should have a period to deal with delayed decisions, of which that is only one of many.

INDUSTRY

INDUSTRIAL RESTRUCTURING AND MANPOWER RETRAINING PROGRAM

Hon. Lowell Murray: May I ask the minister whether the government has yet reached a decision as to which six communities in this country will benefit from the $350 million to be distributed for industrial readjustment and related purposes?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have said many times in this chamber that I am not going to make announcements for and on behalf of other ministers, but that I would get the information as quickly as is physically possible when the announcements are being made. I believe that decision falls into that category. I do not believe that the ministers directly responsible—namely, the Minister of Employment and Immigration and the Minister of Industry, Trade and Commerce—have reached the point where they are ready to make a public announcement about them.

● (2020)

Senator Murray: I take it, then, that the answer to that question is the same as the answer to the previous question, namely, that while a grand and eloquent announcement has been made by the government, no decision has been taken as to a program.

[Senator Frith.]

I may say, in passing, that while the Minister of Manpower and Immigration—I believe it is—and the Minister of Industry, Trade and Commerce may be responsible, if the Minister of State for Economic Development does not have an important co-ordinating role in a program involving several of the economic departments touching on the long awaited industrial strategy, I find this incomprehensible; but, in any case, the decision on that has not been made either.

Will the minister, however, say whether the government has reached a decision on the amount that is to be paid to the prairie grain farmers in respect of the period when a grain embargo was in force against the Soviet Union?

Senator Olson: The honourable senator knows what my response is going to be before he asks questions like these. The inference that he draws is that the government has not made a decision. He can make that point if he wants to, though he does not have licence to infer that the minister does not have any part in reaching those decisions. He does have to accept, however, even though it may take a long time for me to get the point through to him, that I am not going to make announcements before the ministers directly responsible for the programs do. My policy in that regard has not changed since the first day I appeared in this chamber as a minister.

Senator Murray: I do not expect the minister to make announcements prior to their being made by his colleagues. I simply expect the minister to make announcements when decisions are made.

I asked him, in the case of three fairly major announcements made in the past by the government, whether the decisions had been made on the programs. The decisions obviously have not been made. That being the case, I feel impelled to ask him what is happening in the Government of Canada and the cabinet these days, besides discussions with the great theologian, Mr. Trudeau, as to how many angels can dance on the head of a constitutional pin.

Senator Steuart: Thirty-four per cent.

Senator Asselin: What about clause 44?

Senator Olson: My honourable friend is trying to abuse me with these questions, but I do not care how much he tries, or what angle he comes at it from, even if it is from 20 different angles; he is not going to get me to tell him what happens in cabinet.

Senator Murray: Nothing happens; that is very clear.

Senator Olson: My honourable friend is also showing a great deal of impatience as to when decisions are being made, and I understand why. My honourable friends opposite went through a period when they could not make any decisions either, and when they did make them they were the wrong ones because they did not have enough time. I understand a lot of the problems that my honourable friend has. However he tries, though, he is not going to get me to discuss what goes on in cabinet meetings, so he might as well stop trying.

Hon. G. I. Smith: The honourable gentleman may make all the threats he wants to make, but that will not stop us asking

all the questions we want to ask, nor will it stop him showing that he does not know what is going on, in any event. After all, there is nothing wrong with asking whether or not the cabinet has made a decision.

Senator Olson: Nothing whatever. That is what I am saying. If he had asked whether the cabinet had made a decision, I would have given him a brief, polite answer; but he did not do that. He prefaced his remarks by saying, "Obviously, the minister does not know what is going on."

Senator Smith: The only person the honourable minister is doing any harm to is himself. If he would stop for a moment, and realize what he sounds like to everybody who listens to him and reads what he says, he will understand that it is not to his personal advantage to make these extraordinary pronouncements about what he will and will not do. He will find that we are just as persevering as he is.

Senator Olson: I am sorry, honourable senators, but I thought that with a little repetition of what I have said before, we might be able to use the Question Period a little more productively, that is all.

Senator Smith: I am sure that a sensible answer, once in a while, would greatly improve the quality of the Question Period.

Senator Olson: The house leader says, "Try some questions for once."

DISTINGUISHED VISITORS IN GALLERY

BALTIC HONORARY CONSULS

Hon. Stanley Haidasz: Honourable senators, I am pleased to bring to your attention the presence of three distinguished visitors in the gallery. They are: Dr. Jonas Zmuidzinas, Acting Honorary Consul General of Lithuania; Mr. Ilmar Heinsoo, Honorary Consul of Estonia; and Dr. Edward Upenieks, Honorary Consul of Latvia for Ontario. I am sure that all honourable senators would wish to join with me in extending to them a warm welcome to our capital city. We wish them a very interesting, educational and enjoyable visit to our capital and to Parliament. We are looking forward to meeting them in person at the Ninth Baltic Evening to be held tomorrow in the Confederation Room.

Hon. Jacques Flynn (Leader of the Opposition): I would like to join with Senator Haidasz in welcoming our distinguished visitors, but in doing so I would express the hope that our guests will not judge the Senate by the replies we get from the government.

Senator Olson: Nor by the intelligence of the questions.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION—AMENDED AND RESTATED LOAN INSURANCE AGREEMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have one delayed answer in response to a question raised on February 24 by Senator Balfour concerning the government's assistance to the Chrysler Corporation.

I must inform the honourable senator that the amount of penalty that Chrysler would have to pay for not meeting its annual production-to-sales ratio requirement under the auto pact is a matter of confidential customs information between the Department of National Revenue and Chrysler. Furthermore, the government is optimistic, and we hope that with the aid of our loan guarantees Chrysler will once again be a successful corporate citizen, to the extent that they will be able in future years to make up current deficiencies.

For the terms of the agreement the government has made with Chrysler, I would refer the honourable senator to the statement I made about two weeks ago, which was made previous to that by the Minister of Industry, Trade and Commerce, which I tabled in this house.

NEWFOUNDLAND

SEAL HUNT PROTEST ACTIVITIES—DELAYED ANSWER—QUESTION OF PRIVILEGE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on February 24, 1981, concerning the seal hunt.

Of the three environmental groups involved in the protest of the seal hunt, two have not been granted permits. Those two groups are: the Greenpeace group led by Paul Watson, who has been ordered out of the Atlantic provinces; and the Rainbow Warrior group from Amsterdam. The third group, the International Fund for Animal Welfare, led by Brian Davies, has been granted only two permits—one for a Dr. Weiss, a veterinarian, and the other for their pilot. These people are being kept under surveillance by the RCMP and the Department of Fisheries and Oceans.

Hon. Jack Marshall: Honourable senators, while I appreciate the answer, I have to raise a question of privilege. On February 24, as the deputy leader has said, I raised the question with regard to the seal hunt. In light of the scientific evidence of the danger to the seal pup of the dye which is threatened to be used by that ignoramus, Paul Watson, I suggested and recommended that certain action be taken by the Minister of Fisheries and Oceans. Indeed, last evening I asked, on delayed answers, whether the Leader of the Government had an answer for me, and he indicated that he did not.

It is evident to most honourable senators that last night, on the 11 o'clock news, my question was answered through the press when the purported conservationist, Paul Watson, was apprehended by the RCMP and told not to enter the seal hunt area through P.E.I. or any other way.

• (2030)

My question is: Why do we have a Question Period here? One week ago, on February 24, I asked the Leader of the Government in the Senate a legitimate question concerning

Newfoundland and the seal hunt activities there. I was concerned with what action the government would take to prevent certain supposed conservationists from spraying the seals with dye. I was quite confident in my own mind that the Minister of Fisheries and Oceans would take the action that I recommended, but when we met last night the Leader of the Government in the Senate had no answer to my question. Surely, there must be something wrong with the system if, in one week's time, the leader here could not find the answer that I knew was there.

It is obvious, honourable senators, that there is something wrong with the system of producing answers to questions asked during Question Period. I am beginning to wonder if we should be sitting in the reading room watching the television to find out what is happening in the House of Commons; or perhaps we should bring the television set into the chamber and watch the Commons here; or perhaps we should ask questions of and receive answers from those who represent the government in the other place.

Another bone of contention with me concerns the questions that appear on the order paper. Surely, when I pose a question on June 17 in one year it deserves to be answered before March of the following year, but there it is: I asked a question on June 17 last year, and I have not yet received an answer. I asked another question on October 7, 1980, and it has not been answered either. It causes me to wonder whether we should have a Question Period at all, or why we should be allowed to put questions on the order paper. Honourable senators, there must be a better way.

Just the other day a representative of Canadian Press called me to ask what I thought about the Question Period in the Senate. You know, I actually tried to protect the Leader of the Government in the Senate by saying that we receive answers in one or two days, and receive better answers than they do in the other place.

Senator Asselin: That is not the case.

Senator Marshall: Indeed, I was naive. In my opinion, the total matter should be referred to the appropriate committee in this place to determine whether we should have a Question Period at all; whether we are entitled to receive answers to legitimate questions; whether we should be treated in a manner appropriate to representatives of parts of Canada who are entitled to ask questions in order to elicit information which will meet the interests of the people they are expected to serve.

Senator Frith: Honourable senators, before I comment on Senator Marshall's remarks, I would ask one question for clarification. Is Senator Marshall suggesting that he already knew the answer to the question he asked on February 24, and deliberately asked that question to determine how long it would take to receive an answer? I am not suggesting he should or should not have done that; I am just asking if he is telling us that he knew what the answer was before asking his question.

Senator Marshall: No.

[Senator Marshall.]

Senator Frith: I thought he had said he knew what the answer was when he asked the question.

Senator Marshall: No, I was simply confident that the action the Minister of Fisheries and Oceans would take was the action I suggested. I had that confidence because, in previous years when I was a member of the other place, I and a member of the government suggested amending the Fisheries Act in order to give the government and the Fisheries officials the power to stop the activities of people like Watson and Davies, who, in my opinion, are non-Canadians.

All I am saying now is that, based on my confidence in the Minister of Fisheries and Oceans, I presumed he would follow a certain course of action, and, in fact, he did so, using the authority he has under the Fisheries Act. I am not saying I knew the answer; I knew what the answer should be, but, unfortunately, until I received that answer from the Leader of the Government I could not tell the people in Newfoundland what I fully expected to be able to tell them, namely, that the people who are executing the seal hunt in Newfoundland would have the protection of the Department of Fisheries and Oceans. I could not get that answer here, but it was available because I saw it on the TV news last night after the Leader of the Government had told me he did not yet have the answer.

Senator Frith: Honourable senators, in the first place, the truth is that the Leader of the Government did not have the answer; if he did have it, he would have given it.

Hon. Martial Asselin: Will the deputy leader permit me to comment on the first part of his answer?

Senator Frith: Do you wish to comment on whether the leader had the answer or not?

Senator Asselin: Yes.

Senator Frith: Certainly.

[*Translation*]

Senator Asselin: If I may make a comment about this question of privilege, I would say that the Deputy Leader of the Government seems to be surprised by the fact that even if I know the answer, I would still ask the question.

Senator Frith: No.

Senator Asselin: Even if I know the answer, I am entitled to ask the question because the information that I am seeking is not only for myself; it is for the public, and it is also for my colleagues who might not know the answer. He should therefore not be surprised if I still ask the question even though I might know how the minister will answer. This is not quite what the Deputy Leader of the Government would want. He would like me not to ask the question if I already know the answer. However, I am not here only to get information for myself, but also for my colleagues and the public, and this is why we ask questions.

Senator Frith: Honourable senators, Senator Asselin has simply misunderstood the comments that I made. We can discuss the matter, and I imagine that we shall come to an agreement, because if he examines what I said, he will find

that I put a question to him. I did not say that he was wrong. In fact, I did not say that this was necessarily right or wrong, but for my own information, I wanted to know whether I was to understand that Senator Marshall already knew the answer when he asked his question. I was not surprised. I simply wanted to understand the true reason for his intervention. If someone wants to ask questions when he already has the answer, perhaps to obtain clarification or further information from the government, this is quite acceptable. Indeed, why not?

Senator Asselin: To inform the public.

Senator Frith: Why not? I am not surprised; I simply wanted to understand the position of Senator Marshall.

[*English*]

With respect to the general matter of furnishing answers to questions, it is the wish of the present government, as I know it was the wish of the previous government, not only to furnish information but to supply it as promptly as possible. With respect, honourable senators, I do not think the performance of this government is any better or any worse than the performance of the previous government in that regard. I know that they tried their best. I remember asking many questions and I usually received the answers quite quickly, but there were cases in which the members of the former government also had difficulty in obtaining answers from their officials.

I believe there is always room for improvement, and it is perfectly in order for members of the opposition to draw attention, as Senator Marshall has tonight, to questions that remain unanswered for long periods of time. If there is a question that has been on the order paper since last June, surely that should be drawn to the attention of the government and to the attention of the Senate. But, with respect, I do not feel that the performance of the government has been so bad that there is a need to bring into question the whole idea of the Question Period. Rather, I support the reply given by Senator Marshall to the Canadian Press, that at least in some cases the questions that he had put had been given prompt and adequate attention.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. D. G. Steuart: Honourable senators—

Senator Asselin: Here comes clause 44!

Senator Steuart: Honourable senators, if Senator Asselin can just get a grip on himself, I will deal with clause 44.

Senator Asselin: I hope so.

Senator Steuart: However, if he keeps on with his present performance, I may move an amendment to put the clause back in.

Senator Flynn: If you do, I will support it, I can assure you. I promise you I will support it.

Senator Steuart: If I were as close to retirement as you are, I would support it, too.

Senator Flynn: To judge by looks, you will be out of here in no time.

Senator Frith: They are off and running!

Senator Steuart: Honourable senators, as I enter this debate, I do so with a great deal of pride. We are actually making history here. We are breaking new ground in an attempt—which I believe will be successful—to bring our Constitution to Canada; to have, after all these years, an amending formula which is practical and which will work; and to see at least the beginnings of the entrenchment of a comprehensive Bill of Rights.

• (2040)

I take a great deal of pride in this process. I would like to congratulate the members of the Joint Committee on the Constitution; they did an excellent job. I join with others in congratulating the joint chairmen, Mr. Serge Joyal and Senator Hays. They are a credit to Parliament, and they deserve the congratulations they have received, from every part of Canada. It is interesting to note that over half the senators took some part in the deliberations of the committee. I was pleased to be allowed to play a small part in its deliberations. As a result of that intervention, I took more interest in the committee proceedings and, of course, learned a great deal.

Although the initiative did not come from this side of the house, it was an excellent idea to put television in that committee in order to bring its proceedings to the public. The committee heard all kinds of briefs representing the views of hundreds of thousands of Canadians. It listened and then debated and amended that package. It accepted amendments from the Conservatives, the NDP and the public in general, and as a result it is a far better and more comprehensive package. As a result of thousands of Canadians being able to watch on television the committee at work, a great educational process took place. A vast quantity of knowledge was amassed as to what this country is all about and with regard to the hopes and aspirations of the disadvantaged and minority groups in every part of the country. Although all the groups did not win their points, they were at least heard. Those who did not succeed have at least laid the groundwork for when the Constitution is patriated and there is in place a practical, sensible and workable amending formula.

Members of the Senate and others who served on that committee, particularly those who were full-time members, did themselves proud. From this side of the house, Senator Austin made a great contribution. When naming individuals, inevitably somebody is missed, but I can think of names like Bob Bockstael, Jake Epp, Senator Roblin, Senator Tremblay, Svend Robinson, Lorne Nystrom and many others. In fact, within a relatively short period of time the names of these people almost became household words across Canada. This can only help the image of the House of Commons, the Senate,

the democratic process and Parliament. These people did an excellent job, and it is too bad that the spirit which prevailed in that committee was not carried through and that it ended in political partisanship which resulted in the final report not receiving the full endorsement of the committee. However, the work of the committee stands as a monument to the democratic process and to the serious work completed by members on both sides of this chamber and members of the other place.

When I spoke during the debate on whether to send this resolution to committee, I expressed some concerns about the needs of Saskatchewan. Along with other members of this chamber from Saskatchewan, I expressed concerns about the problem of indirect taxation which has plagued and threatened Saskatchewan for a long time and which at one point threatened to cost the people of that province up to half a billion dollars. I expressed the concerns of the people of that province with regard to the ownership of their resources—the feeling of the people of the province of Saskatchewan, as enunciated by my government and the NDP government of the province over the past few years, about the control and sale of its resources across Canada and outside the boundaries of this nation. In this regard, I am sure that we were reflecting concerns held by other provinces and by other regions. I expressed concern about the referendum process with regard to the position taken by the federal government and, to some extent, by the government of the province of Saskatchewan. I expressed concern about clause 44, the so-called "Senate reform clause," and I questioned the entire proposition of entrenching a charter of rights in the Constitution, because it would be a tremendous departure from what we have had in the past.

Like a great many other people across this country, in this chamber and in this Parliament, I still have some questions about whether the entrenchment of rights is in fact the best way to protect the rights and the freedoms of all Canadians. However, I must say that I had most of my questions answered in a positive way, whether it was through watching the proceedings, taking part in the proceedings or reading the results of the proceedings.

Senator Flynn: We suspected that.

Senator Steuart: I believe that hundreds of thousands of Canadians also felt that by the time this committee reported, most of their questions on the Constitution itself, the amending formula and the Charter of Rights had been answered.

Senator Asselin: The polls do not show that.

Senator Steuart: I will not answer that.

First, I would like to deal with the question of so-called "Senate reform" as envisioned in clause 70 and clause 44. The inclusion of those clauses may have been with the intention that Senate reform would take place at some time in the future. Personally, I feel that these clauses could well have been a time-bomb. While many would look upon the dissolution of, or doing away with, the Senate through Senate reform as a positive change, it is not how I look at the situation. I was happy to see clause 44 deleted.

Although I believe in Senate reform, I am convinced that the Senate is doing good work—though I am equally convinced that the Senate could do much better work. I feel that we in this Senate and we in this Parliament have initiated and will continue to initiate Senate reform. I believe that when the time comes and we sit down as the Senate and the Parliament of Canada, we will initiate better Senate reform than anything which has been suggested so far by the provinces or the regions. Fellow senators, if we do not bring in Senate reform soon, then I believe that we deserve the criticism and the condemnation which we have received. However, I am confident that we can initiate the spirit of reform and that we will bring about reform.

I also supported most of the positions put forward by Premier Blakeney on behalf of Saskatchewan.

For a moment I would like to review the results obtained by members from all sides who worked on the committee and through the amendments put forward by the NDP. Many of the amendments accepted by the joint committee will prove of great benefit in the future, not only to the province of Saskatchewan but to all of the provinces.

The concern we felt for the ownership of our resources has been laid to rest. Our concern over the control of the development of our resources has been laid to rest. As a result of our concern for the sale of our resources across Canada, we wanted changes and we were granted those changes. As a result of our concern, not to mention the conflict both inside and outside Saskatchewan over the years, with regard to indirect taxation on resources, we were granted that right. While we in Saskatchewan wanted control over the sale of our resources outside Canada, Premier Blakeney lost this right because of his actions or perhaps because of his lack of action.

I believe we received part of what we wanted with regard to the referendum clause—which was some control for the provinces. We wanted the right for the provinces to be able to initiate a referendum in certain cases. While we did not receive the right to initiate a referendum, we were given certain controls within the process. In that case, Premier Blakeney got half a loaf, but in most other programs he put forward he, in fact, got everything he asked for. There is no question in my mind that the Minister of Justice, the Honourable Jean Chrétien, offered to meet the bottom line of Premier Blakeney and Attorney General Roy Romanow for their support. He has made no apologies for that, and I make no apologies for that. We want support for this very important package from that side of the house; we want support from every Canadian; and we don't apologize for that. We are proud because we are convinced that we are engaged in something which would be better if we had support from every quarter. However, I am afraid we will not get that support.

• (2050)

Senator Murray: It would be legitimate if you had.

Senator Roblin: You are right.

Senator Steuart: Senator Roblin says, "You are right." As an ex-premier, he should know the impossibility of ever getting

unanimous support from the premiers for almost anything, including the time of day.

Premier Blakeney had an opportunity to get what he wanted for Saskatchewan, and he blew it because he put politics ahead of principle. As an excuse, he used the fact that clause 44 had been taken out of the package, and that the Senate had been given more power. I am sure he knew he was wrong. He was either confused himself or was attempting to confuse others.

Honourable senators, even on the question of human rights, the Premier of Saskatchewan played petty politics—just as many senators on that side of the house are playing petty politics.

Senator Flynn: You would never do that; you are so pure!

Senator Steuart: Let me just tell you a short history of the fight for human rights in the province of Saskatchewan. About 25 years ago Tommy Douglas, the leader of the CCF government, brought in a Bill of Rights—one of the first to be brought in by any province in this country. The CCF, under Tommy Douglas, and later the NDP, under Woodrow Lloyd, fought for the entrenchment of a Charter of Rights in the Constitution of Canada. Until this last year or two, Premier Blakeney was a member of those political parties, and he never raised his voice. I am convinced and confident that he supported that position. But he changed, and I am afraid that his convictions did not change; his politics changed.

Senator Flynn: What about you?

Senator Steuart: What about me? You will get your chance to make a speech. When I say something that I wanted, at least I had the courage of my convictions. I am prepared to back this Constitution. I have watched the Tories day after day say, "If you only put this in, or that in, we will support it." We put "this" in and "that" in, and they never supported it.

Senator Flynn: Never.

Senator Steuart: The truth is, they will not support this because it starts with the Liberal government and Pierre Trudeau. That is the truth, and they are afraid to face it.

I am afraid that Premier Blakeney lost his reputation and some of his mantle as a Canadian statesman, and I think that is a shame. As most of the premiers did, he ended up bargaining the human rights and freedoms of the people for the ability to sell fish or oil. I think that is a shame and that the people of Saskatchewan are the losers.

Senator Asselin: He was not for sale.

Senator Steuart: I too had doubts about the question of rights. I am as aware as anyone else in this chamber of the fact that the United States of America has a very strong Constitution, with a great many rights entrenched in it, and I am as aware as anyone else that, from time to time, those rights, especially of minorities, have not been upheld in spite of the Constitution. I am as aware as anyone else that they probably have the finest Bill of Rights in the U.S.S.R., yet they have no rights; and that in Great Britain, where they do not have a great many rights written down, they probably have more rights and freedoms than any other country in the world.

I read the briefs, I watched the people, and I came to the conclusion that a great many people—I am willing to say the majority of people—in this country want an entrenched Bill of Rights.

Some Hon. Senators: Hear, hear.

Senator Steuart: I watched those people come before the committee representing the disadvantaged and the minorities, and they asked for rights. Sometimes they asked for rights they already had, but they wanted to see them entrenched because they said they would feel safer and more confident. I became convinced that if that was what was necessary to give these people that kind of confidence in this country, then, in spite of the troubles we may have—and I think we will have some troubles—it was worth it.

On top of that, I want to point out that in the proposed Charter of Rights we are not just protecting rights and freedoms that already exist; we are adding some new rights. I will deal, specifically, with rights relative to our native peoples. For the first time in the history of Canada we have recognized, and will recognize, if this constitutional package passes, aboriginal rights.

Some Hon. Senators: Hear, hear.

Senator Steuart: Heretofore aboriginal rights have not been recognized. Even the treaty rights of our Indian people have not been maintained and lived up to from time to time. This has been a fight of our Indian people; it has been a fight of the Metis; and it has been a fight of the Inuit for years to get a succession of federal governments to, first, make strong statements, and then embed in legislation, and now in a Constitution, the fact that we recognize aboriginal rights. They have got that.

Senator Murray: May I ask a question?

Senator Steuart: Yes.

Senator Murray: I should like to know whether the aboriginal rights of which the honourable senator speaks will be able to be changed without the consent of those people by the federal government and the provinces.

Senator Steuart: Bide your time; I will deal with that right now. I have had delegations come to see me, as I presume is the case with other honourable senators. I am as aware as, or perhaps even more aware than, the honourable senator that over the years the Indian people in this nation have signed treaties with the Queen, with the Crown, and then with Canada in the name of the Crown. They have never had to deal with the provinces. Their treaty rights were with the federal government and, by and large, they have not wanted to deal with the provinces. Some provinces, in their treatment of native peoples, have been outstandingly good; unfortunately, some provinces have been outstandingly bad. Therefore, the native peoples, and especially the Indian people, want some guarantee, when it comes to dealing with their treaties and aboriginal rights, that without their permission these rights cannot be handed over, by agreement between the provinces

and the federal government, to the jurisdiction of the provinces.

That poses difficulties. The largest question that comes to my mind is: Who speaks for the Indian people? That is a problem they are wrestling with right now. I hope they are able to solve it, and I hope that right now some amendments are being considered. I am confident that they are. I hope some way can be found to give this guarantee to the native peoples. If it is not found in the Constitution at this stage, then I hope that when the Constitution is patriated we shall have an amending formula in place so that, if they do not win two-thirds or four-fifths of their fight today, they will continue to press, to push and to fight. I hope it will not fall on deaf ears. I hope they get what they want, but I realize it is extremely difficult.

Senator Tremblay: I have a question about clause 35(2), which deals with aboriginal rights. I understand from that clause that the aboriginal peoples will be invited to a federal-provincial conference, the purpose of which would be "the identification and definition of the rights of those people to be included in the Constitution". I should like to have your understanding of that clause in terms of any gain to the aboriginal peoples.

Senator Steuart: I understand your question. I am not a constitutional lawyer, but I am confident that the intention of the amendments brought in at the committee hearings were, in fact, to put aboriginal rights in the Constitution. The question of clarifying what those rights are and the question of whether they will, in fact, be given a veto over something that happens in the future, is still open for debate and consideration.

Let me tell Senator Tremblay that I have been dealing with the native peoples for a long time, and if he wants to split hairs—and he loves to split hairs—I tell him that the native peoples, by and large, and especially the Metis and the Inuit peoples, are delighted that, at long last, they are beginning to get recognition of their aboriginal and treaty rights. I say that it is a step forward, and if he does not think it is, let him deal with the native peoples.

Some Hon. Senators: Hear, hear.

● (2100)

Senator Steuart: If you don't mind, Senator Tremblay, perhaps you would make your intervention later on. In the meantime, I will finish my speech.

I tell Senator Tremblay and I tell you, honourable senators, that I have met as many, if not more, native people in the last six months or six years than I am sure he has.

Senator Olson: More.

Senator Steuart: I can tell him that all the leaders of the native people I met say this was a good step, and they want more like it. I hope they get more. But it was a giant step forward. He can shake his head all he wants. If he does not recognize that, then I am afraid there is not much hope that he will recognize much else.

Some Hon. Senators: Hear, hear.

[Senator Steuart.]

Senator Steuart: When this charter comes back here—obviously, it will not come back here by any will, hope or vision from the other side of the house—and it is the law of this country, it will, honourable senators, give new hope and new opportunity to minorities and disadvantaged people from one end of this country to the other. It gives the lie to statements that, in fact, it will spread disharmony and disunity. It will, in fact, in spite of the best or worst efforts of some honourable senators opposite, and others, bring the people of this country closer together and make this country more unified.

Some Hon. Senators: Hear, hear.

Senator Steuart: The minority people—

Senator Flynn: If you say so.

Senator Steuart: —of this country, especially the native peoples and the handicapped, must be disappointed by the lack of action of the Tories. Let me tell you they must be extremely disappointed by the lack of action by some members of the NDP—and I emphasize "some".

Senator Asselin: Are you speaking on behalf of the handicapped people?

Senator Steuart: Some of the NDP in Saskatchewan have talked for years, fought for years, and given lip service for years to the rights of the minorities, the little people and the disadvantaged. When the time came to put up or shut up—to put their money where their mouths are and stand up and be counted—I am afraid they again put petty politics ahead of their principles and they backed off.

They said what you people said for years about rights and about worrying about minorities. That was either a fake, or you have lost your nerve, or you are putting politics first. You cannot have it both ways.

Honourable senators, that is what this debate is all about. It is an attempt to balance the good with the bad. It is an attempt to find out what is valuable, weigh it in the balance, and if you find that there is far more value, as I do, in this Constitution package than there are serious questions, then support it. That is our job.

You know, it is interesting to note that as you go around this country and talk to members of Parliament from all sides of the house, people outside these chambers, and people anywhere in the country, you cannot find anyone who does not want the Constitution in Canada.

Senator Flynn: Of course.

Senator Steuart: They all want the Constitution in Canada—even the Leader of the Opposition.

Senator Flynn: You are beside the point.

Senator Steuart: He has finally made an intervention I can understand. He said "Of course" very clearly. Thank you very much. Everyone wants the Constitution in Canada.

Senator Flynn: Sure.

Senator Steuart: Tell me who will stand up and say they do not want a practical amending formula in Canada—

Senator Flynn: Sure.

Senator Steuart: A formula for amendment by Canadians. I say that is practical, and wonderful work.

Senator Flynn: Sure.

Senator Steuart: Again, even with the Leader of the Opposition, we are making great headway. Two more "sures", and he is on our side.

Senator Flynn: Your mind is completely blocked.

Senator Steuart: Honourable senators, who can stand up and say they do not want the rights of the minorities protected? We are all for freedom of speech, freedom of religion and freedom of assembly. Who is against discrimination? Well, I think there are a lot of people who are against discrimination.

Senator Flynn: Who is against motherhood?

Senator Steuart: Sometimes when I look at the other side I have an odd question about motherhood.

Some Hon. Senators: Hear, hear.

Senator Steuart: What do our opponents say when they cower in their seats, heckle and throw out gibes and are afraid to stand up and be counted when we are making history in this country. What do they say? They say, "We like what you are doing, but we don't like the way you are doing it."

Senator Flynn: That is the point.

Senator Steuart: That has been the cry of the timid and the backward ever since we tackled this subject half a century ago. I give some of you and some of them credit for being against this on principle. I give some of the NDP the same credit, and I even give credit to some Liberals who are against it. However, again, they like the results, but they cannot stand the process.

Senator Macdonald, speaking for the Conservatives last night, had a whole list of things to mention, just as they all have had. He said, "Why do you not have God in the Constitution? Why do you have this and that in the Constitution?" The Prime Minister said—and I will say it—"If we put it in, will you support it?" Oh no, you will not support it. You won't support it, no matter what we put in or take out. Why don't you tell the truth? You are talking rubbish, and if you are honest, you will know it.

Senator Asselin: Your party voted against that in the committee.

Senator Steuart: No, no.

Senator Asselin: Yes, they did. I was there.

Senator Steuart: No, no.

Senator Asselin: I was there. Oh, yes.

Senator Perrault: The Conservative premiers voted against it.

Senator Steuart: The only party that votes against things that happen to their own party is on that side of the house, not on this side of the house.

Senator Asselin: Look at the minutes.

Senator Steuart: If you do not like the method, I challenge you then. Give us a better method. Give us an alternative. Give us one that will work. That is the key word.

Some Hon. Senators: Hear, hear.

Senator Steuart: Yesterday evening Senator Thompson described in great detail how every Prime Minister—King, Bennett, St. Laurent, Diefenbaker—tried to bring the Constitution home with an amending formula, and failed. They failed, but they made great efforts. Prime Minister Trudeau tried and he tried and he tried. He tried harder than anyone else, and again he failed. But he did not quit. That was the difference between him and the others. He didn't quit. He persevered. He didn't quit and he won't quit. That is the difference.

I tell you a good part of the opposition that comes from the Tories is not due to any distaste they have for the method; it is because they can't stand the idea that this man won't quit and he is going to succeed. They are more concerned about his success than they are about the procedure.

Some Hon. Senators: Hear, hear.

Senator Flynn: Adoration!

Senator Steuart: There are some opponents, particularly some of the premiers, who are opposed to this for no other reason than politics. Let us take a look at them. Bennett is in trouble. Lougheed wouldn't be in trouble if he let them count the votes with the lights out for five hours all by themselves. He is not in trouble. Blakeney thinks he is in trouble, but I don't think he is—I wish he was. Sterling Lyon is in trouble.

Senator Roblin: Don't count him out yet.

Senator Steuart: What is the formula in Canada if you are in trouble politically in the provinces? The formula is to bash the federal government.

Senator Flynn: That's what you did.

Senator Doody: Bash the Brits.

Senator Steuart: Don't worry about the unity of the nation. Don't worry about what is good for the country. Just get a real battle going with Ottawa. It is really interesting. I notice in the *Globe and Mail* the headline "Hees splits with Clark." I will read from an article in the *Globe and Mail* of this morning:

> —a second Conservative MP dramatically broke with Mr. Clark's constitutional position by stating the matter should be settled by a free vote—

I would be interested to see if they have a free vote. Mr. Hees said, "We don't have to give a free vote; our members always vote their conscience."

Senator Tremblay: You don't need freedom, but discipline.

Senator Steuart: Just listen to what Mr. Hees said:

> "I've given up completely on the provinces," veteran Tory MP George Hees said in an interview after a short statement in the House. "They're just horse-traders for oil and fish. The people of Canada are represented perfectly in this Parliament. This is where it all comes together."
>
> Conservative backbencher William Yurko (Edmonton East) has already announced he plans to break with his party and support the constitutional resolution now before Parliament.

I tell you the Tories better end this Constitution debate quickly, or we will have them all on our side.

Some Hon. Senators: Hear, hear.

Senator Smith: So far you are down a few.

Senator Steuart: There is even one Tory out in Alberta that came on our side. What a courageous man. He should get the Canada Medal. "Of course," he said, "I am for it one day," and two seconds later they booted him out. That is how democracy works in Tory Alberta. However, it was refreshing. We can now claim we have got representation even out of Alberta.

Senator Tremblay: We want a free vote.

Senator Steuart: I do not say the provincial governments do not have that right or responsibility to speak for their provinces. But, unfortunately, taking on the federal government, bashing the federal government, in season and out, has lately become a Canadian sickness, and I think it's a national disgrace.

• (2110)

Senator Smith: It's the other way around.

Senator Steuart: I will tell you something: The proposed Constitution that is now before us is aimed at unifying the country; but, unfortunately, not all of the proponents but far too many of them, especially in western Canada, are using this to spread disunity.

Some Hon. Senators: Shame.

Senator Steuart: I don't point the finger at anyone, but they are guilty and they are out in western Canada. This Constitution is not aimed at one part of Canada or another; it is not aimed at one section or one set of individuals—

Senator Flynn: It is aimed at Quebec.

Senator Steuart: If the honourable senator does not like the Constitution, if he is against it, of course, that is his privilege; but I do not think it is your privilege, at least as a good Canadian, to say that this is another something brought up by the Liberal government to spread disunity. That, in fact, is not true. This Constitution is the fairest and most equitable formula that has yet been devised, and if honourable senators opposite know a better one, a fairer and more equitable one, even at this late hour, let them bring it forward. Look at the premiers—the gang of six.

An Hon. Senator: It is eight now; read the newspapers.

[Senator Steuart.]

Senator Steuart: No, no, not unless they announced it at 6 o'clock. The last word I had from my friend Allan Blakeney was that they were still wavering. If there are eight, then there are eight without him. He isn't in it, let me tell you frankly. Whether it's the gang of six or the gang of eight, it is still just as tacky and as seedy. Every time I think of them getting down there and cavorting with the Premier of Quebec, a man dedicated to tearing this country apart—

Some Hon. Senators: Hear, hear.

Senator Steuart: —I wonder what kind of Canadians they are. I say this—

Senator Flynn: What about Mr. Ryan and the Union Nationale? All the parties in Quebec are opposed.

Senator Steuart: You don't see him cavorting with the premiers. They would just put him out of office. He may disagree with the package—

Senator Flynn: He disagrees entirely.

Senator Steuart: What about Prime Minister Trudeau? All the Liberals got elected there. They won the last election. The last election in Quebec was a federal election.

Some Hon. Senators: Hear, hear.

Senator Steuart: I say that Prime Minister Trudeau speaks for Quebec.

Some Hon. Senators: Hear, hear.

Senator Flynn: You never sought a mandate in the last election.

Senator Steuart: I tell you—

Senator Flynn: You never sought a mandate in the last election.

Senator Steuart: I am saying that I tell you—

Some Hon. Senators: Order, order.

Senator Riley: Honourable senators—

Senator Flynn: When a senator rises—

Some Hon. Senators: Order, order.

Senator Flynn: I said your party never sought a mandate in the last election.

Senator Riley: Resume your seat.

Senator Steuart: Honourable senators, I am aware that the Premier of Quebec takes a stand against the Constitution—

Senator Tremblay: May I ask a question?

Some Hon. Senators: No.

Senator Steuart: Not at this moment. Let me finish first.

Senator Tremblay: Have you observed—

Senator Steuart: Try to contain yourself for a moment. If you wait until I have finished, I will gladly answer your question.

Now, there may be someone who speaks for Quebec, but I tell you there is no question about who does not speak for Quebec, and that is the Tories.

Some Hon. Senators: Hear, hear.

Senator Roblin: Who speaks for western Canada?

Senator Steuart: If the premiers have a better idea, a better way than that put forward, why don't they come up with it? They say, "Come back to the table". They cannot even agree among themselves when they are over here, knowing that it is going to go to London, trying desperately to stop it, going to this court and that court. Why don't they come up with a better plan? Because they couldn't agree even on a death-bed repentance—and you know it, if you are honest. They have not had a new idea about the Constitution of this country. They are bankrupt of new ideas, and that's a fact. We are engaged in building this country—

Senator Flynn: Everyone is wrong but you.

Senator Steuart: —we are engaged in moulding the future of this country; we are engaged in laying out a new framework to make a greater, better and a more unified Canada. You people are missing the opportunity to take part. I tell you that history will say that you did the wrong thing—and if you are honest, you will admit it. You are not part of the solution; you are a great deal of the problem.

All of us wish—there is not anyone who does not wish that we could develop this constitutional package with unanimity. Of course, we wish that. All of us wish that all the questions of all Canadians were answered. I will tell you something: I am convinced that most Canadians support the proposed constitutional package now and will continue to support it, and that support will grow just as it did for the flag and for medicare. Every time the Liberal government has broken new ground, the Tories have run into their shells and said, "No, no, it won't work; it will split the country; it's terrible, it's a disaster; it's the end of the world"; and five years later they are getting up and waving the flag, or they are saying, "Well, really we weren't against medicare, and really we weren't against old age pensions." You have been on the wrong side of every issue since Confederation almost.

Some Hon. Senators: Hear, hear.

Senator Steuart: History will prove that what we are doing is sound; history will judge that what we are doing is right. I say this is the time for courage, for positive thinking—

Senator Flynn: You did not invent medicare.

Senator Steuart: I intend to support it, and I urge every member of this chamber to do the same.

Some Hon. Senators: Hear, hear.

Senator Flynn: Will the honourable senator permit a question? Did he indicate that he is going to move an amendment with regard to human rights?

Senator Steuart: I said that the way you were acting I was almost going to move an amendment to bring back clause 44; but you have cleaned up your act a little at the end.

Senator Asselin: Go ahead.

Senator Flynn: That would dampen the enthusiasm of your colleagues, who very much like noise in order to—

Senator Tremblay: May I ask a question? I think I had permission from the honourable senator a moment ago to ask one or two questions. My first is a question of fact.

Senator Smith: He won't know any.

Senator Tremblay: Indeed, they are both questions of fact. Did the honourable senator say in his speech that the provinces can take the initiative of the referendum provided for in clause 46—

Some Hon. Senators: No, no.

Senator Tremblay: I think the honourable senator said that.

Senator Asselin: He said "yes" during his speech.

Senator Steuart: I may have lapsed into Irish, and so the honourable senator may have misunderstood me. I didn't say it, but I will check the text. I am sure I didn't say it; but if I did say it, I didn't mean it.

Some Hon. Senators: Hear, hear.

Senator Steuart: But, anyway, I am right and you are wrong.

Senator Tremblay: I was not sure that I had understood the honourable senator correctly. However, the record will show what he said.

My second question is as follows: Is it a fact that the honourable senator received the loudest applause on his side when he attacked the legitimate Government of Quebec?

Senator Steuart: The answer is no, absolutely no. If you listen, I will tell you. I got the loudest applause from this side when I said I was not sure all the time who represented the people of Quebec; the one thing I was sure of was that you Tories didn't.

Senator Asselin: My good friend Senator Steuart seems to be very brave and courageous tonight. He made a fairly good speech. He said at the beginning that he was ready to put forward, to table, an amendment in order to bring back clause 44.

Some Hon. Senators: No, no.

• (2120)

Senator Asselin: You said that at the beginning of your speech. Are you ready to do it, if you are so brave and courageous?

Senator Steuart: I am very brave and very courageous, but I am not crazy. I just said that when I see the way senators like you behave I wonder sometimes if we should have taken it out, and think that perhaps we should put it back. No, I never suggested bringing it back; you may rest assured that I will not bring it back.

Hon. Nathan Nurgitz: Will the honourable senator entertain one last question?

Senator Frith: Is that a promise?

Senator Nurgitz: Senator Steuart was very clear that the Tories were not speaking for Quebec. Could he tell us what Liberals speak for the province of Saskatchewan?

Senator Steuart: D. G. Steuart.

Senator Nurgitz: I trust, honourable senator, that you speak alone.

Senator Steuart: I did not say they agreed with me. I said I speak for them.

[*Translation*]

Hon. Yvette Rousseau: Honourable senators, due to circumstances, I have had the privilege of attending, as a more or less permanent member, many sittings of the Joint Committee on the Constitution. I shall not spend too much time dealing with the excellent work of this committee and the marvelous experience this was for me. I considered it my duty to become involved in its proceedings, for the same reason that I wanted to speak today. As is the case with my intervention today, my presence at the committee sittings was motivated by the conviction that I was serving the cause of the constitutional debate. I voluntarily limited myself to listening to what was being said. I considered this much better to ensure my own objectivity. I wanted to make sure first of all that the solution put forward to solve the constitutional problems of Canada was not only in agreement with my own deepest beliefs, but also to the advantage of Canadians. This objective having been reached, I set myself to the task of summarizing my views on the main points.

Before outlining them, honourable senators, I would like to pay tribute to the two co-chairmen of the committee, Honourable Senator Hays and Mr. Serge Joyal, for having done such a good job as the foremost representatives of the Senate and the House of Commons respectively. I also wish to congratulate all the Committee members and the participants for the high quality of their contributions. They have helped me better understand Canada and consolidate my own beliefs.

If I may, I would also like to draw your attention to the fact that, as a woman, I am somewhat at a disadvantage in this debate. Very few women have had the privilege of sitting in this house in the last 114 years. In fact, I am only the eighteenth woman to be appointed to the Senate and one of the nine to be able today to join with all of you for this historic debate. In short, few women have acquired much experience in Parliament, with respect to constitutional matters, of course. Moreover, previous to the positive contribution of women to the referendum campaign in Quebec and this constitutional debate, very few women have had the chance to voice their interest and express their views.

The submissions of the Canadian Advisory Council on the Status of Women and other women's groups have shown that women do have relevant opinions, that these organizations have a role to play in this type of debate and that they should be taken into account. Besides, subsequent developments at the Advisory Council even if they will require the restoration of its credibility and its ability to act and to provide leadership, have shown that women felt that they were in an unfavourable situation, that they wished to have their own forum and take an active part in the debate.

I appeal to you, of course, not as a former president of that council, but as a senator. Even in that capacity and in spite of my involvement in the Quebec referendum campaign and in the committee meetings, my approach to the constitutional debate is that of a greenhorn. I like to believe that my speech is primarily the personal testimony of a Canadian from Quebec expressing a vision of Canada essentially oriented towards the future and the solution to our constitutional dilemma. I want to state my views and to explain the consequence and meaning of my support.

I, for one, intend to support the resolution even if some arguments have led me to make some reservations on the applicability and constitutionality of some of the provisions. I therefore listened carefully to the arguments put forward by various groups, provincial representatives and members of the committee. I still feel that we should proceed with this exercise.

Basically, I think that the time has come for us to bring Canada's anachronistic constitutional situation to an end and that we should all join in the effort to provide Canada with its own Constitution. Our country's honour, that of its people and political institutions, especially on the federal level, are at stake.

Above all, this updating of our Constitution should provide us with the opportunity to rethink our federation and realize the urgency and necessity to find a new balance between a provincial neo-federalism and a centralist neo-federalism, in order to achieve our potential and meet the aspirations of our fellow Canadians, our ethnic groups, our nations and cultures.

I have found, on the basis of a number of polls, that a proportion of Canadians are not apparently in favour of unilateral action. When trying to interpret the results of these polls, we must keep in mind that their main purpose is to assess public opinion. They are very useful only as a means to take the pulse of the people and not as a means to know its will.

● (2130)

If we wanted to run a country on the basis of poll results, we would have to develop more adequate questionnaires. For the moment, since polls are not alternative to the democratic voting process, no one can be sure that a majority is opposing Parliament's move because many interviewed people only answered questions without considering alternatives, unlike voters when they have to make choices.

Nor am I surprised to see that some provinces and political parties are opposed to it. Obviously, in the shorter term, they are the ones benefitting from the situation. What they seem to object to the most is the unilateral procedure which they see as a distortion of a certain perception they have of our federal system. Carried to extremes, it would mean we have a system of ten principalities of a sort which could only be ruled by unanimous decisions.

I do not think it would be wise to view the present and future federal system of our country and of our democracy on the basis of absolute unanimity among the provinces. That notion would lead to a provincial neo-federalism which might be the everlasting source of stagnation of our system and quite possibly the dismemberment of our country.

In my opinion, that notion derives from an incomplete interpretation of the evolution of our system towards the quest for a consensus, and a tendentious appreciation of the implications of the principle of unanimity for the operation of our system.

It is important to assess the basis of the principle of unanimity, its necessity and its implications for Canada, among other things the possibility of seeing the country backing up deeper into a constitutional deadlock and progressing towards provincial federalism.

I leave it to those among you who have that historic knowledge of Canada and of its constitutional process to set the facts straight in the course of this debate. The people will be particularly interested to note that the process of constitutional evolution towards the need to achieve a federal-provincial consensus has reached today's extent only over the last 30 years, that is since our federal system has been increasingly oriented towards decentralization and enhanced economic opportunities for the provinces. For the time being, I will limit myself to my judgment on the current situation and especially on the federal balance sought for the future.

It is very likely that our federal system has been decentralized to such an extent that it is altogether tricky to maintain a balanced decentralization of the forces. In a system such as ours, the lack of progress and co-operation as well as the ever-diverging views on the priorities and the operation of the country are indications that we are at the limit of decentralization and that the sharing of powers has been too hazy for us to maintain a functional federalism.

The citizens must understand the stakes of the theses and the forces, both federal and provincial, to appreciate properly that the actualization project advocates a balanced solution aimed at preventing a severe dismemberment of the country.

Too many federal actions are invariably seen and qualified as interventions in fields of provincial jurisdiction, not to indicate the development of a new provincial federalism that could easily lead to that tearing apart. In addition, it seems to me that throughout the '50s and the '60s, more progress was accomplished than in the last decade in which there were more confrontations and an increase in political tensions. In short, the fact that the federal-provincial conferences accomplish less confirms that tendency.

In addition to making a realistic assessment of the implications for Parliament and the federation, let us also have a realistic picture of provincial forces and balances.

Canada is made up of ten provinces and one central government set up in a federal system which is certainly the best framework for governing a country. The federation would fare better if the provincial forces were more balanced, and the role of the central government would be that much simpler. You are aware of how tremendously different things are, as a result of the disparities between the provinces which have always required arrangements or interventions to allow our federation to function.

I cannot see, in the years to come, any elements that would lead me to believe that the relative balance between those forces will change. Quite the contrary: the imbalances will increase and the current push for provincial powers and decentralization will surely grow.

Even if a consensus was reached today, it could be so superficial and weak that the country would be at exactly the same point as without a consensus. The state of interprovincial relations, the balance of power among the provinces as well as their overall political make-up could make us seriously question their consensus and see it as a marriage of reason with political overtones. It would be difficult to assess the scope and basis of any provincial consensus.

At this time, we need more than a consensus, we need a strong desire to succeed for Canada. While assessing this proposal, let us consider realistically the federal political forces as well as those of our institutions. Honourable senators, you are well aware of the political events of the last 15 years and of their consequences.

Personally, I do not think that we can afford to wait, as we did in the past, that new forces capable of leading to a negotiated solution appear on the federal and provincial scene, because provincial neo-federalism is already in the making.

The options open to us and the time remaining are also limited, when we consider that the Parliament's privilege is confined to sending a resolution to another Parliament asking it to enact this proposal. Honourable senators, you are well aware of the extent of political authority and you realize that even if we decide to wait any longer, we will have to go through the same exercise over again. Parliament will always have to use its options and powers to their maximum allowable limit to put an end to a constitutional anachronism which tears away at unity and limits the action that our Canadian federation can take, because we do not have absolute control over its development. The Kershaw report makes that aspect of our constitutional situation perfectly clear. Although it is offensive, we must nonetheless find satisfaction in the fact that it was written, because it allows Canadians to look at themselves as in a mirror and to measure the limitations of their Parliament.

The possibility of seeing the resolution blocked would exacerbate the frustrations in some areas of the country because it would mean powerlessness and reinforce one of the causes of Quebec nationalism which stems partly from the ambiguity of our constitutional status. Despite the minority status of Quebecers in the country and a strong, lasting and undoubtedly irreversible nationalistic movement among them, a majority of them opted for Canada and the resulting ties under the Statute of Westminster. Let there be no mistake: that choice was far from a confirmation that they want to retain an ambiguous

status and as deep a relationship as the majority of Canadians with the motherland. They want most of all a country to call their very own, a balanced federalism and control over their province.

Jean Lesage's brillant slogan "Masters in our own house" during the "quiet revolution" could mean here in Canada as well as here in Quebec, as indicated by the support of federalist forces to his cause in 1960 and, twenty years later, by the choice made through the referendum.

Furthermore, it was the implicit wish of many during the constitutional discussions held since 1949. Then, many people hoped it would be the last time Canada would have to go to London. Those expectations were disappointed. With the opportunity we now have, I do not think it would be advisable for Canadians, present and future, to leave only memories and hopes on the record. I have no doubt that the deceived hopes explain in part the strength of the nationalist movement in Quebec and the frustration felt in other regions, because they meant powerlessness and left political and sociological vacuums.

The situation will remain the same in Quebec and in other provinces, or even worse, if we fail to take action on the commitments made explicitly or implicitly during the Quebec referendum. It is worthwhile to remember during our debates the meaning of the referendum results.

The percentage of No votes included most of the anglophones and also a large segment of the Quebecers whose ethnic origin is other than French Canadian. So the No vote won by a slim majority. Our satisfaction since the night of the referendum should not make us forget that our margin of political action is not wide enough to allow any delay in renewing our Constitution.

It would have been preferable if the tremendous thrust of constitutional conferences had resulted in a consensus. They have only shown the deep differences of opinions about the future of our country and its institutions, and these were also held by other provinces than Quebec. The intentions were good but in retrospect, it seems that too much was expected from such conferences. It is now up to Parliament to act and to put the constitutional process on another track.

Some have suggested that this resolution be referred to the Supreme Court. I do not think this is a proper solution. I share the view that this constitutional change should not result from a judicial interpretation but rather from a political move.

A reference to the Supreme Court would add to our constitutional problem. I may be mistaken, but I understand that in 1867 at the time of the BNA Act, the Supreme Court of Canada did not exist. It was created by the federal Parliament in 1875, under section 101. Consequently the Supreme Court is a Canadian-made court over which our Parliament, theoretically at least, has jurisdiction. Since the Supreme Court does not yield its existence from the Constitution, it would be advisable, for the credibility of the resolution, of Parliament and the court itself, not to refer this constitutional change to it. It would be different if we had, as is the case in France, a constitutional court established by the constitution, with specified powers in this regard.

As to the Charter of Rights, I would have liked it to be even more detailed. This would only have been possible with the participation of the provinces. The Charter is a definite step in the right direction. However, it is easy to entertain reservations concerning language rights, because clause 23, while strenghtening considerably minority rights, might be the source of linguistic tensions and possible interference according to our distribution of powers. To guarantee the rights of minorities to education in their own language, I would have preferred two separate clauses, including one for Quebec, to better take into account different situations and jurisdictions.

Moreover, complete progress will be achieved only when Ontario does take action under section 133 to improve institutional bilingualism within the province. Indeed, it is not enough to offer bilingual services if the province as such refuses at the same time to legitimize bilingualism. It is more than desirable for Ontario to take part in the country's efforts to promote bilingualism as a step towards unity.

In the case of Quebec, many people consider section 23 as being a serious step backwards compared with the principles previously advocated. I do not believe this to be true. Our main concern must not be for minority rights, but for the way they are respected. This is why I hope that we shall be wise enough to respect provincial jurisdictions, especially where education is concerned. This is one risk for Quebec which could be neutralized.

• (2140)

Even though some people might question this, Quebecers should not think that the francophone character of their society would be changed by the new charter, because its evolution is irreversible and our modern society allows not only for assimilation, but also for effective promotion of the language. It will probably be necessary to set a new linguistic balance. If this is done wisely, it can be as profitable as the one which has prevailed in the last ten years and allow the French language in Quebec to enjoy its acquired maturity, even though the minorities will have also acquired specific rights. As other than linguistic factors have contributed to this evolution, it is doubtful that the new minority rights can effect a reversal of the present trend. It is up to the Quebecers to see to it.

The extent of the linguistic rights could have been different if the Quebec government and the main opposition party in the province had committed themselves, if they had explained their future policies concerning rights and languages and taken appropriate political action. In this way, they would have established that they had no other priorities and were not relying only on the intepretation of the courts. The efforts in the field of communication and politics were not necessarily adequate.

As to the third part of the proposed resolution, the amending formula, I entirely agree with it. Indeed, it is inconceivable that the Constitution could be brought back and put under

Canada's control without an amending formula. Many people have questioned some aspects of the proposed formula. It is valid and functional even when we consider the problems arising from the use of the referendum and the use of the present formula in our parliamentary system.

My experience with political institutions and democratic process have always led me to believe that the only real source of power for parliament stems from the sovereignty of the people. The major enforcement mechanisms have always been representation by means of elections or direct consultation as with a referendum. Any amending formula based on direct consultation, recognizes the sovereignty of the citizenry. That is consistent with the democratic spirit of our country while it is a major change in our representation system and parliamentary decision-making process.

The amending formula will improve our federal system by granting a veto right to the provinces on a regional basis, by taking from the federal government the right to unilateral amendment and transferring it to the people, and by allowing any one of the two founding races to exist politically and, in the long term, by granting a veto right to the Province of Quebec.

I would hope that the provinces will come up with an amending formula that can produce a consensus, inter-provincially, capable of solving the basic problems. But even then, a referendum process will no doubt be required, because we must retain in our Constitution a means to ensure not only that deadlocks will be broken, but also that a balance will be reached between the legal and the political aspects and between the central government and the provinces.

Because there was no such mechanism, Canada took a long time to become a truly sovereign nation. This was a drawback, and the unification within a workable federalism has but partly been achieved. Future generations must be freed from the hindrance of rigid structures and insufficiently rapid change.

Fifty years ago, and even 25 years ago, we could afford to take the time needed to reach a consensus. Things are quite different now, and will be much more so in the forthcoming decades. We should not forget that under the technological and political forces at play in our society the process of change has accelerated tremendously, and clearly this is beyond our control.

We must therefore provide the nation with institutions that will allow for quick changes and evolution, if this country is not to be perceived as Voltaire perceived it. It is to accommodate the future rather than the past that we must change the decision-making process in our democracy, using a referendum procedure that leaves no doubt and gives citizens the supremacy over Parliament and other levels of government.

Let me conclude by being more specific about the need for adequate institutions in this country because it is not good enough, although it is essential, to have a mechanism for breaking deadlocks and for solving conflicts, both with respect to national and federal issues.

It is more and more likely that the realization of the opportunities and possibilities of this country will require some changes. Many political personalities at all levels will have different views or will support other theories. But if you think about the impact of tehnological developments, in the communications field for instance, you will better understand the need for considering some changes. In particular, it will surely be necessary to establish a more specific distribution of responsiblities, so as to prevent overlapping and to allow a more direct provincial participation in some national institutions, in order to better achieve a more functional federalism which was not possible through federal-provincial consultations and negotiations.

Priority will probably be given to matters concerning the Senate, provincial representation in the Supreme Court and the feasibility of representation by population. It would be rather speculative to try to imagine what the other issues should be, but people will realize without any difficulty that the actualization of the 1981 Constitution should only be one step. It will not be very difficult to figure out the character of the relations between the provincial governments and the courts, if their attempt falls through completely. It will be just as easy to enunciate the implications for those who want a balanced federalism, in the opposite case.

For these reasons, I am sure that many Canadians, and many Quebecers, do hope that this constitutional debate will allow for other changes.

I have no doubt that following this debate we will have given the future generations a permanent solution to our constitutional problem, and to the Canadians of today, the pride to say "Long live Canada" on the 1st of July, 1981, for they will then be in possession of the missing element that will give the word Canada the meaning of country. For the Quebeckers, these words could be as sweet as saying "Long live Quebec" and they will not be questioning their motto "Je me souviens".

• (2150)

[*English*]

On motion of Senator Doody, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 4, 1981

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem,* in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Order in Council P.C. 1981-259, dated February 2, 1981, approving a supplementary Capital Budget permitting Petro-Canada to undertake or commit to share purchase investments to an amount of $1,500,000,000, including the undertaking of external financing commitments for that amount as required, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I should like to comment on our future sittings, if I may have leave to do so.

On Monday it was our intention to sit five days this week—that is, on Monday and Tuesday evenings, on Wednesday and Thursday afternoons and on Friday morning. The plan for next week's sittings was the same.

I am speaking now, under Notices of Motions, because I had a motion prepared that calls for a sitting at 11 o'clock on Friday morning of this week. That is necessary because the rules require us to sit at 2 o'clock on Friday afternoon. I also had a motion prepared that would require the Senate to sit at 8 o'clock on Monday evening.

I wish to advise honourable senators that because we are discussing what might be an equally effective procedure, and perhaps a more measured pace, for our debate on the motion for an Address respecting the Constitution, we have not yet decided on the hours of next week's sittings. My honourable friends opposite have assured me that if they feel they are necessary they will give leave for such motions to be moved, but I can tell the house that the plan I have just mentioned is under active consideration. I know the importance of notice in the consideration of plane schedules and other travel plans, and I am sure we will have something to report about Friday and next week's sittings no later than approximately this time tomorrow.

QUESTION PERIOD

[*English*]

ENERGY

NATIONAL ENERGY PROGRAM—POSSIBLE IMPOSITION OF COUNTERVAILING DUTIES ON CANADIAN EXPORTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Minister of State for Economic Development. The Canadian Organization of Small Business said last month in a submission to the National Energy Board that in response to the national energy policy:

> Several countries, including the United States, are giving consideration to the use of countervailing duties against manufactured imports from Canada to offset what they regard as an artificial subsidy to Canadian energy consumers.

While the Secretary of State for External Affairs has acknowledged that the U.S.A. and the E.E.C. have both expressed serious reservations about our national energy policy, we have not previously been told of any prospect of countervailing duties being levied against Canada.

Would the minister inquire and inform the Senate as to whether Canada has received any prior indication to the effect that certain countries are considering levying countervailing duties against Canada because of the national energy policy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, I have not, but I will check with the Department of External Affairs and the Department of Industry, Trade and Commerce. The Department of External Affairs is likely to be the first to know if any messages have been received. I will check into that and advise my honourable friend. I have, of course, read some of the press speculation, which has no official foundation in fact.

TRANSPORT

EAST COAST SHIPPING—DART CONTAINER LINE AND CP SHIPS

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. In recent days the minister has made several what I like to think of as vainglorious speeches with respect to proposed forthcoming development affecting shipping on the west coast.

Recent announcements of what is happening on the east coast have made me feel that, rather than development, we are going through a reverse process, that we are going through a process of under-development. Is the minister aware that Dart Container Line has joined with CP Ships and is intending to leave Halifax to operate a new container service out of Montreal?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am aware of the report. I am also aware of the media and press reports indicating the concern of the premiers. I shall have to check to find out whether any request has been made to the federal government, and, furthermore, to assist in this situation, I shall have to check as to whether there are any rights, powers or action that the federal government can properly take in interfering with a decision of private companies.

Senator Donahoe: I have a supplementary question for the minister. The minister has to some degree answered it already in his reply to my first question. I was going to ask him if he was able to confirm that despite a plea from Premier Buchanan to place a moratorium on the move, the Minister of Transport has said that it is unlikely that the federal government would attempt to block this move.

Senator Olson: Honourable senators, I have already given an undertaking that I will look into the matter, to find out if such a request has been made, and, furthermore, if such a request has been made, to see if there is any law or regulation under which the federal government can, in fact, interfere with decisions that are made by private companies in this particular respect.

Senator Donahoe: I thank the minister, and ask a further supplementary. I take it from his answer that the minister is not able to confirm, or does not choose to confirm, that the statement I spoke of has been made by the Minister of Transport?

Senator Olson: No. I want to check with ministers because, while honourable senators opposite quote my colleagues with good intentions, at times a slightly different shade of meaning creeps into what is said. Therefore, I really have to be cautious, and I will check that out before I confirm it.

Senator Donahoe: My final question is as follows: Is the minister of the opinion that moves from the Atlantic provinces, such as the one I have just mentioned, are consistent with the government's DREE policy?

Senator Olson: Honourable senators, that is like comparing apples and oranges. I do not think DREE is involved in this.

CANADA-UNITED STATES RELATIONS

BILATERAL TREATIES—RATIFICATION BY UNITED STATES SENATE

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. The *Globe and Mail* reports that U.S. officials regard as laughable the suggestion that Canada will require guarantees from the United States Senate before negotiating another bilateral treaty. Is there any substance to that report?

• (1410)

Hon. Jacques Flynn (Leader of the Opposition): I have a point of order. I am speaking for Senator Olson who does not want anybody to base questions on press clippings.

Hon. Raymond J. Perrault (Leader of the Government): I am sure that if there are supplementary questions for Senator Olson he will leap at the opportunity to reply.

Hon. H. A. Olson (Minister of State for Economic Development): Provided they are questions and not speeches.

Senator Perrault: Honourable senators, the Washington correspondent of the *Globe and Mail* has reported in a front page story that United States officials regard as "laughable" suggestions that Canada, in view of recent experiences with bilateral treaties with the United States, would require guarantees from the United States Senate before negotiating another bilateral treaty. The correspondent, whose name, I believe, is Lawrence Martin, went on to say that a senior Canadian official had agreed that this proposal amounted to subverting the Constitution of the United States.

The Canadian official referred to is our ambassador in Washington, Ambassador Towe, who yesterday gave what he felt was a background, off-the-record briefing respecting President Reagan's visit for twelve Canadian correspondents. In addition to breaking the rules of this briefing, and scooping other correspondents with details of the President's program, Martin gave a completely false report of what Ambassador Towe said. The characterization attributed to Ambassador Towe was, in fact, that of the *Globe and Mail* correspondent.

The ambassador did not agree, but referred to the frustrations experienced by Canada over the failure of the United States Senate to ratify the fisheries treaty signed two years ago this month. That is a frustration well known to honourable senators, particularly those on the east and west coasts. In view of this experience, the Secretary of State for External Affairs indicated to the press last month in New York that it would be unrealistic to expect the Canadian government to enter into other agreements without prior assurance of the support of the United States Senate.

Details of the program for President Reagan's visit will be released today in Ottawa, and a number of correspondents are being invited to hear them. Indeed, that press conference may by now have taken place.

PRESIDENT OF THE UNITED STATES

VISIT TO CANADA—PROPOSED AGENDA—ADDRESS TO PARLIAMENT

Hon. Peter Bosa: Can the Leader of the Government advise the Senate whether President Reagan is going to address both houses of Parliament?

Hon. Raymond J. Perrault (Leader of the Government): Yes, the plan is that there will be an address to both houses of Parliament. There will also be a gala performance at the National Arts Centre, and I think a coast-to-coast television broadcast of that performance is being planned. The details of the program will be made known as soon as possible.

Hon. Lowell Murray: Will there be any business sessions?

Senator Perrault: The honourable senator asks, quite properly, whether there will be business sessions during the visit. Indeed there will. We regard this as much more than a mere social occasion, however important that may be. It is also an opportunity to discuss with our friends in the United States matters that have remained outstanding over the last few months. Senator Murray may even wish to suggest items for the proposed agenda.

Hon. Martial Asselin: Are you ready to table the agenda of the working sessions that will take place between the President and the Prime Minister during the visit?

Senator Perrault: Honourable senators, if the agenda has now been released, an effort will be made to table it this afternoon. I had hoped to be in a position to table it at the outset of today's proceedings. Of course, it is important information for all honourable senators.

VISIT TO CANADA—PROPOSED AGENDA—TRANS-BORDER POLLUTION PROBLEMS

Hon. Heath Macquarrie: Honourable senators, it is always good to have the Leader of the Government here. When he is with us, this is a livelier and brighter place. I do not say we get much light, but it is certainly a brighter place.

I would like to ask about another matter that is clearly of tremendous importance. This is a matter, not a treaty, but a bilateral agreement. My question stems from the report that the minister's colleague, the Honourable John Roberts, has said that the United States government has largely ignored an agreement aimed at curbing acid rain and trans-border pollution problems.

● (1415)

He went on to say—and these are quotes, not the fault of poor Mr. Martin of the *Globe and Mail*—that he badgered officials of the Carter administration and got nowhere, and could not talk to the officials of the Reagan administration because it is so new. In the face of this pollution problem, I would like to know what the government is going to do when the President is here. Will this matter of pollution be put down as one of the major items for discussion? Clearly something has happened that should not have happened.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, reference has been made to an extremely critical and important matter, that of acid rain. I wish to provide the assurance that everything possible is being done to achieve an agreement with the United States on this point. Indeed, it would be somewhat surprising if that were not an item on the agenda for discussion between the President of the United States and the Right Honourable the Prime Minister.

Senator Macquarrie: Just on a point of clarification—and I know the minister wants to be precise and accurate in every way—the agreement with the United States has been made, but adherence to the agreement is what is lacking.

COMMUNICATIONS

ADVERTISING OF GOVERNMENT PROGRAMS—EXPENDITURES

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate. It seems to be his day, and I would not want to miss the chance to ask him a question.

During the past month some concern has been expressed in this place, in the other place, and by the public at large, about the government's advertising management group and the amounts of money that have been spent on the advertising of government programs at public expense. I understand that the estimated cost of this advertising will be in the vicinity of $60 million to $70 million. It seems to me, from what I read in the newspapers, that public acceptance of the government's approach to the problems of Canada, the government programs in terms of national unity and so on, has gone down dramatically. I wonder if the Leader of the Government could tell us if he considers these monies to be well and properly spent, or will there be a halt called to these programs?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government realizes, of course, that it has yet to achieve perfection in all of its endeavours, although it constantly attempts to do so. Some of the informational programs initiated by the government may not have resulted in the type of public support that may have been desirable, but that certainly is not criticizing the assiduous efforts made by this government to inform Canadians about the manner in which their tax dollars are spent and the services which are available to them in order for them to better their position, to launch new enterprises, to take advantage of certain programs designed to stimulate the economy, and so on. The government is constantly seeking new ways to communicate more effectively with the Canadian people.

Interestingly enough, I would say that in terms of population, budgets, and certain other criteria, provincial governments probably do far more advertising than does the Government of Canada. However, citizens must be kept aware of what governments are attempting to do.

Senator Doody: I was about to say that I have a supplementary, but it is really the same question. I appreciated the unpaid political announcement made from the other side of the chamber, and I respectfully sat and listened. However, my question is: Does the minister feel that the people of Canada have received good value for the $60 million or $70 million in advertising which has been spent on their behalf by the government? I watched with delight the flocks of geese flying across Canada, and I thought they were absolutely lovely, but

I do not really feel they are worth $60 million or $70 million. I wonder if the minister could tell us—

Senator Steuart: Maybe he can tell us the difference between the geese and the goose.

Senator Doody: —if the government intends to continue this program, add to it or subtract from it. I read that the chairman of the advertising management group is quoted as having said that the actual expenditure would depend on "how this Constitution thing goes." Perhaps the honourable minister could tell us what that means. What has the Constitution to do with how much money this fellow Zarry decides that we are to spend?

• (1420)

Senator Perrault: Honourable senators, the people of this country have the right to know the truth about certain programs initiated by the government which at times are under attack by members of the opposition.

Senator Murray: So you spend the taxpayers' money.

Senator Perrault: Honourable senators, if the question is, "Does the government believe this is money well spent?" the answer is, yes, we think it is well spent. We shall endeavour to improve our methods of media communication in such a fashion that the people of this country will regard it as eminently fair.

Senator Doody: If I may ask one further supplementary, this Mr. Zarry seems to have latched on to a rather good thing. He is quoted as saying that there will also be new advertising campaigns in areas that, right now, are not clear. He went on to say that it just keeps building.

A few minutes ago Senator Steuart made a comment about the difference between the geese and the goose. Well, I don't think that I appreciate very much the fact that this fellow Zarry is going to keep building on the taxpayers' money. I would like to know if the Government of Canada feels that Mr. Zarry is equivalent to the President of the Treasury Board, or if it considers that he is simply a contractual employee of the Government of Canada.

Senator Perrault: Honourable senators, may I say that the previous Conservative government—

Senator Doody: I want to talk about this government, not the previous government.

Senator Perrault: Oh, no, honourable senators.

Senator Doody: Oh, yes!

Senator Perrault: I want to be balanced and fair with my reply, as I always endeavour to be.

Senator Asselin: You were badly advised by your deputy leader.

Senator Perrault: The previous government—

An Hon. Senator: Let's hear about the present government.

Senator Perrault: At the time the present government was elected by the Canadian people the previous government had in the planning stages one of the largest public relations and advertising campaigns ever known in the history of mankind.

Senator Murray: An advertising campaign about what?

Senator Olson: About everything; Tory policy.

Senator Perrault: The Conservatives were going to promote—

Senator Frith: It was about government programs; that is what it was about.

Senator Perrault: The Conservatives were going to promote—

Senator Smith: Just answer the question. Are you afraid to?

Senator Perrault: They were going to promote almost every form of government endeavour, and the Liberal opposition did not criticize that effort by the Conservative government to communicate. Why this sensitivity today on behalf of the official opposition?

Senator Smith: Because it hasn't happened.

Senator Perrault: A new consortium was formed by the Conservative party, a consortium made up of advertising agencies from coast to coast. We were not really critical of that fact. There were a few comments made.

Senator Frith: Ask them about Murray Consolidated Advertising Corporation.

Senator Asselin: You are being badly advised.

Senator Perrault: I am sure that people like Senator Murray had a great deal of input into this process.

Some Hon. Senators: Oh, oh!

Some Hon. Senators: Hah, hah.

Senator Perrault: Did we stand in our places and criticize that endeavour by the Conservatives to communicate to the Canadian people?

Senator Frith: After all, they were just trying to explain their programs.

Senator Perrault: If at some point honourable senators would like to have a debate on information programs, let me tell you that we have a document in our file which indicates the total extent of the planned Conservative campaign.

Some Hon. Senators: Oh, oh!

Senator Perrault: It boggles the mind.

Some Hon. Senators: Oh, oh!

Senator Doody: If I may say so, honourable senators, in my humble and polite opinion it would not take all that much to boggle the honourable senator's mind; but that is probably irrelevant to our present discussion. The question I asked was—well, after listening to that diatribe by the Leader of the Government, I really forget what I asked.

An Hon. Senator: Maybe his mind is boggled.

Senator Doody: The Honourable Leader of the Government in the Senate delivered himself of a long dissertation on the policies and programs of the Conservative Party when it was in power last year or the year before last. We come right back to the same point again: If the government cannot answer a question properly, if it does not have the answers, if it is reluctant to give out information that might embarrass it, then the government spokesmen just weasel in behind the previous administration and slip and slide sideways and go into a verbal diatribe, refusing to give any information. As the Honourable Senator Marshall mentioned last night, Question Period is really becoming kind of ridiculous. No information is ever provided; it is merely an opportunity for honourable senators opposite to make political speeches.

● (1425)

Senator Guay: The opposition is making it ridiculous.

Senator Doody: Senator Guay is reluctant to add his voice to the conversation, although he knows that he has more information to offer to us than the honourable gentlemen to his left.

Senator Guay: That's right; I agree with you.

Senator Perrault: Honourable senators, let me put this proposal to you: How many times have honourable senators or members of the other place been approached by companies—for example, small industries—which are trying to become established so that they may become an effective taxpaying entity in our country, to learn that they were totally unaware of the government's program to help small business? Through advertising and public relations these companies are made aware of how they can become large companies and how they can employ more Canadians. How many times have we heard from senior citizens, for example, who have not been totally aware of the benefits available to them to fight against the high cost of inflation?

Senator Smith: So you fly some geese.

Senator Perrault: How many times have honourable senators heard from people in this country who are, for example, totally unaware of the veterans' benefits and programs of that kind? Is the official opposition arguing against this service?

Senator Roblin: It's the geese we do not like.

Senator Perrault: Is the official opposition arguing against informing the hard-working farmers of Saskatchewan, Alberta, Manitoba and other parts of this country of their entitlements under certain programs?

Senator Marshall: It is like the Allstate Insurance advertising in the United States; it's a lot of bull.

Senator Murray: Honourable senators, I want to say that after several months into the fiscal year 1979-80 and while the Conservative government was in power, the total advertising budget of something like—and I speak subject to correction—$58 million was cut back by some $15 million. I was delighted to have played a part in identifying some of the more wasteful areas where cuts were made. As for the fiscal year 1980-81, the plan was to spend still less than the previous Liberal administration had forecast for the fiscal year 1979-80.

[Senator Doody.]

THE ESTIMATES

MEDIA BRIEFING—ADMISSION OF OPPOSITION MEMBERS—QUESTION OF PRIVILEGE

Hon. Lowell Murray: If I may have the indulgence of honourable senators for a moment, I would like to raise a question of privilege which arises from an exchange in the Senate last Thursday between the Leader of the Government and myself when I asked him whether his colleague, the President of the Privy Council, the Honourable Yvon Pinard, had told the Canadian Press that they could consider the publication embargo on the estimates lifted. The minister gave the following answer, which is reported at page 1867 of *Hansard:*

> Honourable senators, I was asked to provide a prompt reply to a question asked earlier today as to whether the house leader in the other place had stated that he had considered the embargo to be lifted. I have ascertained that the house leader, the Honourable Yvon Pinard, made no such statement, and I am now rather mystified about the murky sources of information available to the opposition forces in the chamber. Perhaps I am entitled to ask a question: Where did such a distorted question originate?

Not with the intention of prolonging the debate, but, rather, to complete the record, I would like to say that my question was based on a report of the Montreal *Gazette* of that day, which is attributed to both the Canadian Press wire service and *Gazette* writers, which reads, in part:

> The Progressive Conservatives blocked official presentation of government spending estimates in Parliament yesterday, staging a three-hour procedural wrangle. Government House Leader Yvon Pinard authorized publication of the estimates anyway.

To be more precise, the Canadian Press wire copy for the same day reads, in part:

> —Government House Leader Yvon Pinard argued that the Conservatives had broken the embargo by quoting figures from the estimates in the Commons.
>
> "The publication of information, in my view, wouldn't be of serious consequence," he told reporters.

From the Leader of the Government's statement at page 1867 of *Hansard*, I take it that the Honourable Yvon Pinard feels that that statement—"The publication of information, in my view, wouldn't be of serious consequence"—is not an authorization to lift the embargo. Obviously, the reporters thought it was an authorization to lift the embargo, and I think that opinion would be shared by most reasonable people.

● (1430)

I simply wanted to place those matters on the record in view of the reply by the minister to my question of last Thursday, and in order to complete the record on this matter.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, obviously the source, in this case, was the Montreal *Gazette*.

Senator Murray: And Canadian Press.

Senator Perrault: It is attributed to Canadian Press, but these are fragmentary newspaper reports. I am sure Senator Murray is not challenging the veracity of a respected minister of the Crown, Mr. Yvon Pinard.

However, there is one accurate passage in that Montreal *Gazette* report. It said that for three hours the Conservatives deliberately blocked an effort by this government to table the estimates—which is a shameful thing to do. That is an accurate passage in that report.

Senator Smith: You can take what you like and leave the rest.

Senator Perrault: It does not stand to the credit of the official opposition. That was not the kind of tactic that would win commendation for anyone interested in protecting the parliamentary system.

Senator Murray: Honourable senators, I wish to say that I am not and was not challenging the veracity of the Honourable Yvon Pinard or of anyone else. We will let the record stand that Mr. Pinard said:

> "The publication of information, in my view, wouldn't be of serious consequence,"

Mr. Pinard now claims, as the minister claims, that that was not an authorization to the media to lift the embargo on the estimates.

COMMUNICATIONS

ADVERTISING OF GOVERNMENT PROGRAMS—EXPENDITURES

Hon. Raymond J. Perrault (Leader of the Government): Earlier, an honourable senator alleged that there had been a reduction in planned advertising expenditures by the previous government. This is a field in which he obviously demonstrated a great deal of interest when he was actively involved in the day-to-day activities of that government and he may have developed some expertise in the field. I must accept the figure he has cited and that, as planned, there were certain reductions in advertising expenditures.

The honourable senator, however, is equally aware of the fact that information programs must be geared to the needs of the times. If additional programs require additional amounts of money for publicity and advertising purposes, then those programs must go ahead.

The true test of a communications program, surely, is whether the content is fair and balanced and whether it represents an honest effort to communicate with the people of the country.

Senator Smith: A wild goose chase.

Senator Perrault: It is with interest that I note there is no real attack on the content of those programs.

THE SENATE

REVISION OF DESCRIPTIVE BROCHURE FOR VISITORS TO GALLERIES

Hon. Peter Bosa: My question is for the Leader of the Government in the Senate. Considering the coming tourist season, would the Leader of the Government inform this chamber whether there is any intention of updating the seating plan and distributing the brochure to visitors to the galleries of the Senate?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator has raised an excellent point. Obviously, our own communications must be improved. I hope that honourable senators will support the expenditure of a modest amount to ensure that the Senate is properly presented to the thousands of visitors who stream in here, particularly during the summer.

Hon. John M. Godfrey: Has any progress been made in considering the suggestion I made about three years ago to improve the format of the brochure we give to gallery visitors, by including more text and fewer pictures, so that visitors to this chamber will better understand what the Senate is all about?

In that connection, at least three or four years ago I gave to various people in authority a sample of the excellent brochure used in the House of Lords, but nothing has happened. Would the Leader of the Government find out if any progress has been made?

Senator Perrault: Both honourable senators make a valid point. It seems to me that there should be an updating of the literature distributed in connection with our activities here. This is a matter that the Internal Economy Committee might wish to discuss at the earliest opportunity.

Certainly, in my view, the material presently being distributed is now out-dated, and needs revision with more text being incorporated, as suggested by Senator Godfrey.

Hon. Robert Muir: I would inform the Leader of the Government that the Internal Economy Committee has discussed this and the matter is in hand. I would note that the chairman of that committee is not present today since he is away on other business. However, I am sure he will have a report for the chamber.

Senator Perrault: I am very glad to hear that; that is good news. I was not present at the meeting when that was discussed.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. C. William Doody: Honourable senators, before I begin my very few and very brief comments, I would be remiss if I did not add my voice to those who have congratulated the members of the special joint committee, from both sides of both houses, on the magnificent job they did during the long and arduous weeks of hearings and debate. People who watched the proceedings on television could not but be favourably impressed by both the conduct and the ability of the committee members. We, in the Senate, indeed all the people of Canada, owe those committee members a great debt. They have raised the public perception of the parliamentary process immeasurably, and, indeed, have raised the credibility of legislatures across Canada tremendously in the eyes of the public.

I am reasonably certain that it will come as no surprise to honourable senators to learn that I fully intend to vote against the government's proposed constitutional package that is before us. In so doing, I have the comforting knowledge that I am standing with the vast majority of Canadians who also oppose this measure—the great majority of Canadians not only in my own province or even in the Atlantic region, but in every province and territory from coast to coast of this great nation.

Many times during the course of this great debate, honourable senators, we have heard enumerated the list of those opposed to this package. Some have appeared before the committee or have submitted briefs, and their worries, fears and apprehensions are well documented. The representations of the vast majority of the Canadian people, these very concerned and articulate people, these individuals, groups, provinces and political parties, have had no effect on this government's bullheaded decision to push this package through, substantially in the form which aroused the opposition of the Canadian people as the committee sessions went on.

This government, this arrogant group of determined men, is impervious to these repeated loud and legitimate cries of protest from those very people whom they purport to represent, and by whom they were elected. Honourable senators, it is being done, we are told, for our own good. No matter that at least eight provinces are strongly opposed, and no matter that the large majority of Canadians are opposed, we are told that it must be done.

Honourable senators, it is not really being done by the government, or by a small group. We all know that the force, the drive, the obsession is that of one man who has convinced himself and those around him that this odious package must be sent to Westminster—a loathsome and shameful process—to be acted on. Despite the fact he knows full well that most Canadians, in all regions, are opposed, he persists because he says it is good for us, and we must have it, in his image and likeness, whether we like it or not, whether we want it or not. We must have it via the British Parliament. He says that the end result—the patriation of our Constitution—is good, and so the means that he employs to attain that end are unimportant. The end, in this case, justifies the means!

This has to be one of the most dangerous, wrongful lines of thought ever pursued by man. There is no end to the crimes and evils that have been inflicted on mankind down through the ages by people who have used this kind of reasoning to justify their ambitious goals. This is the same type of reasoning that allows one country to vow the liberation of another, even if it means the mutilation and misery of millions of those to be liberated; the kind of reasoning that makes a mockery of human rights of any sort, entrenched, enshrined or whatever; and the sort of reasoning that sends a Charter of Rights to the Parliament of the United Kingdom for enactment, while denying the Parliament of Canada the right to do that here in Canada.

● (1440)

We, in Canada, surely must have the right to pass our own Bill of Rights. Not so. We must, it seems, have the Parliament of the United Kingdom do it for us. We get rid of colonialism through the weird process of humbly entreating Her Majesty's United Kingdom Parliament to pass certain laws for and on behalf of her Canadian colony, much the same humiliating process that the Dominion of Newfoundland was forced to endure in the hungry thirties.

I never imagined a proud Canadian government could court this humiliation so willingly. At least, we in Newfoundland can say we were forced through debt, hunger and poverty to crawl to Westminster—a better reason than the blind ambition we witness now.

Honourable senators, I will say little on the Charter of Rights. The principle of human rights is a good one. No one, I hope, could be against this basic cornerstone of our lives. I cannot help but feel, however, that we are passing over to the courts some of the authority and responsibility of Parliament. It seems to me that the more lists of rights that are written, the more unclear and vague some of these rights seem to be. The government seems to be very proud of its inclusion of a section dealing with the rights of women, but it is quite clear that many women in Canada are not happy with this section. It does not really provide the answer to the problems that have been raised, and yet we have a section in the Charter of Rights dealing with the rights of women. Are we going to pass this section anyway, and let the courts tidy it up later, or will we tidy it up ourselves later? I don't know.

What of the aboriginal rights? We have heard a great deal of self-congratulation on the other side concerning this item, but exactly what rights are we so grandly recognizing as the rights of our native peoples? We know that the native peoples have had rights for some time. We all have rights, but the native peoples don't know any more today what those rights are than they knew before this grandiose pronouncement. What amending formula will apply to the recognition of the native peoples' rights in that Constitution? Are they to be left to the mercy of the federal government or some combination of the federal and provincial governments, or are the amendments to be made through some new process yet to be displayed or dreamed up?

Senator Steuart last evening said he hoped it would work out well and that some good arrangement could be made. We all hope some help is on the way, but is this the way to write a Constitution? The government does not know what these programs, policies or processes will be. I do not think we should be asked to vote for them.

Honourable senators, that very vital and basic question of property rights is completely ignored in the document which we are humbly sending to Great Britain. In point of fact, property rights are not even mentioned. Quite apart from the native peoples' concern regarding this item—and it is a very big concern, their concept of property ownership being quite different from the concept which most of us have been brought up with—the basic rights of Canadians to hold property is passed over completely. The reason given is that some of the provinces were opposed to the entrenchment of property rights—at least, that is the only reason that I can determine. I say it is the only reason I can determine, but surely there must be another one. There are many sections of the proposed package with which the provinces do not agree. Indeed, as has been noted time and time again, at least eight of the provinces are opposed to the package as presented.

Honourable senators, I fear that, in pursuing the course of entrenching the Charter of Rights, we will be moving toward a situation in which the United States system, or a facsimile of it, will replace our own system which, in my opinion, is by far the better of the two. But I am sure there are many who disagree with me, and to continue the arguments pro and con entrenchment is simply to distract from other principles involved.

The principle of rights, as I have said, is certainly acceptable. The principle of asking the Parliament of the United Kingdom to debate, and hopefully pass, the Charter of Rights and the other components of the Canadian Constitution for the people of Canada is totally unacceptable.

To say, as Senator Austin said in committee, that these items have been debated and discussed in Canada and are, therefore, Canadian, is irrelevant. The point is that we are asking the British to enact Canadian law for us. This is degrading! To place the nation of Canada in this abject state of colonial servility is disgraceful—and this in 1981, our year of Canadian national maturity.

On the Charter of Rights, or more precisely, on rights generally, I have one final comment. The statements and inferences that have emanated from government spokesmen during the course of these discussions seem to suggest that the federal government is the only champion of human rights. This is an unfortunate and misleading position. The recognition and protection of rights has been at least as much the concern of the provincial governments as of the federal government. Transgressions and violations of these various rights, on the rare occasions when they have occurred, found each of the two levels of government at fault.

I suspect, honourable senators, that some rare infractions of rights will continue to occur from time to time, whether or not some or all of these rights are entrenched or not. Such a violation of rights is going on right now—the rights of the people of Canada, of the provincial governments of Canada, to work within the Canadian processes and conventions to make their own Constitution here in Canada.

Some Hon. Senators: Hear, hear.

Senator Doody: It will be sent to Westminster for enactment. The will of the majority in Parliament is the only right that we witness in Canada today, and this is the majority dominated by one man.

What we are asked to do in this chamber, and in this Parliament, is to pass this resolution in defiance of the federal system which has evolved over a period of years, and which has served Canada and its people over those years. We are asked to pass this document, and in so doing, perhaps place the Canadian federation in serious peril. Honourable senators, this is folly in its extreme.

We are being asked to approve this package in the face of the deep, sincere, vocal opposition of at least eight of the eleven governments of Canada. This is not federalism. This is arrogance and autocracy, not federal democracy. The personal ambition of one man, no matter how well-meaning, cannot justify the peril in which we place our country. The fact that Mr. Trudeau tells us that this package is good for Canadians is not sufficient reason for us to support it, for approval of this package could cause strains and cracks in Canada which could cause problems for years to come.

How great those problems might be, I cannot say. I submit that no one in this chamber or the other place knows, with certainty, any more than I do, so the risk is unacceptable. There is little sense in forcing this package down the throats of Canadians if we end up with no Canada or a country ridden with distrust and bitterness. To have the Constitution in Canada is highly desirable; to have this package in Canada, via Westminster, is not only undesirable but is highly dangerous!

Honourable senators, I share the view of most Canadians that the Canadian Constitution should reside in Canada. But I also share the view of most Canadians that it should be a Canadian Constitution, made and passed in Canada, not a nationally divisive document passed by the United Kingdom Parliament, and guaranteed to cause bad feelings for years to come in our country.

I would like to say a few words on the proposed document. I realize that honourable senators have heard it all before, and from far greater orators than I will ever be. The magnificent speeches of my old friend, Senator Macquarrie, and my colleague in many constitutional intergovernmental affairs discussions over the years, Senator Tremblay, and the superbly researched speech of Senator Thompson, and others, were so profound, so forceful, and so well delivered, that I sometimes wonder at my audacity to stand in their presence. I was particularly impressed by the delightful performance of Senator Steuart last evening. In all sincerity, honourable senators—

Some Hon. Senators: Hear, hear.

Senator Flynn: It was very amusing.

Senator Doody: —the trauma of his conversion detracted somewhat from the impact of his speech.

Senator Perrault: Remember St. Paul.

Senator Doody: I remember him well and he must blanch in your presence.

I respectfully implore your indulgence and your tolerance, honourable senators, for a few more minutes as I conclude, otherwise I might be provoked into becoming partisan. Heaven forbid!

● (1450)

Senator Frith: Is that possible?

Senator Doody: In present company, extremely likely.

Honourable senators, let me speak for just a few moments to the proposed Constitution itself. I wish to look at the principle of having two types of province, which is embedded in the document before us. There is the image of two types of province presented to us, and I do not consider it to be an acceptable proposal. There are some provinces with greater value, greater wealth, greater status, greater potential than others. That principle is enunciated very clearly in the amending formula: two provinces with absolute veto, and the other provinces with lesser status. You might say that those two provinces are big and powerful, and perhaps, when my own second-class province grows up and gets in with the crowd, we may be allowed to sit above the salt too; we may be allowed to evolve from the common herd of lesser provinces and become one of the big ones; and the people of P.E.I., British Columbia, Nova Scotia and those other provinces can also aspire to the big leagues. But, honourable senators, under the set of rules—

Senator Frith: They are first-class senators.

Senator Doody: Most senators in this chamber are first-class senators. I hesitate to make exceptions.

Senator Murray: Unless provoked.

Senator Doody: My modesty compels me to reply that I do not include myself in the second class. I can assure honourable senators that if they cease interrupting, I will get through my speech more quickly and everyone will be much more comfortable; so, if you will just bear with me for a few moments, I will continue my diatribe.

The set of rules that we play with in Canada today is different from the set of rules which would allow provinces to aspire to the top rank. As an example, I would describe the condition in Newfoundland as it is now set forth. Newfoundlanders may not at this point in time aspire to greatness. We can aspire to move from dependency to mediocrity, but never can we aspire to joining the elite; for, you see, we have been told in a public statement by the present government—

Senator Olson: I don't agree with that.

Senator Doody: Just bear with me for a second. If the honourable senator agreed with me, I would think there was something wrong with my logic.

[Senator Doody.]

We have been told by the present government—of which the minister who has just spoken is one of the more articulate and intelligent, and God help the country—that we may keep our own provincial income, for the purpose of public expenditure, the revenue from the Hibernia discoveries and the possible revenue from other such resource finds in the offshore area; and Newfoundland may continue to get that revenue in total until, and only until, we reach the national average. Then, honourable senators, the revenue is to be diverted to Ottawa. If we fall below the national average, presumably we get some more cash.

An Hon. Senator: It is shared.

Senator Doody: That is not the last offer.

Senator Frith: Yes, it is.

Senator Doody: That is a public statement that was made, that we will be allowed to retain all the revenue from the Hibernia find until we reach the national average—

Senator Olson: That is where it remains at 100 per cent.

Senator Doody: —and then, when we reach the national average, once again we are allowed to stay there. This concept of built-in national average is absolutely repugnant and cannot be acceptable when we are not allowed to aspire, to reach above that level. Honourable senators can shake their heads and say, "That is not what was intended," but I am telling them that that is what was said.

Senator Olson: That is a distorted argument.

Senator Molgat: Will the honourable senator permit a question?

Senator Doody: Certainly.

Senator Molgat: Are you saying that after it has reached the national average, the province of Newfoundland would not share at all?

Senator Doody: No, I did not say that.

Senator Molgat: That is the inference.

Senator Flynn: No.

Senator Molgat: That is certainly the inference you have left, if you are saying that is where it ends. Make yourself clear.

Senator Doody: I am trying to, but I keep being interrupted.

Senator Molgat: Start off by being clear.

Senator Doody: Honourable senators will have to put their own interpretation on clarity in their own particular areas and in their own way. I can only be responsible for what I say, not for how the honourable senator interprets what I have said. What I said was that the Government of Canada has said that the total revenue from the Hibernia area will go entirely to the Government of Newfoundland until Newfoundland reaches the national average. That is right. After that, the revenues will be diverted to Ottawa.

Senator Olson: No; there are different percentages.

Senator Doody: Honourable senators will get into all sorts of trouble, physically and emotionally, if they don't relax a minute. I am saying that we then get into some kind of sharing arrangement.

Senator Molgat: Ah, all right.

Senator Doody: That does not bring us above the national average.

Senator Asselin: You are so excited.

Senator Doody: I am saying that we are guaranteed middle-class status in perpetuity; we will forever be getting the national average. That concept is insulting to everyone in Canada, everywhere in Canada, and I consider that clarification should be made publicly by honourable senators who are just as upset by this as I am. Surely, everyone in Canada should have the right to aspire to the ultimate. If it is not attainable for some reason or other, so be it; but, at least, such aspirations should not be denied in advance.

Anyway, the principle of special status is demonstrated in the amending formula itself. Special arrangements are made for Prince Edward Island and the Atlantic region—and they should be, because of the way this weird formula is designed. But the same problems are present in the Manitoba and Saskatchewan position, and no effort is made to correct that situation. That is unacceptable, and I would submit that it is unworkable.

Senator Asselin: Good enough.

Senator Doody: We cannot, in Canadian society, institutionalize inequality. I know that in a free society, in a country as huge and regionally different as ours, such differences are inevitable. In an evolving free society, such as Canadian society, total equality is impossible, even total equality of opportunity. Economic pressures, population shifts and other factors will make differences occur from time to time and from region to region. Hence, this magnificent concept of equalization—a concept which, ironically, is to be written into our proposed Constitution side by side with the elitist principle of inequality found in the amending formula. When one considers the tremendous political clout of the two provinces which are to be given the veto—political clout by virtue of their very large representation in the Commons—one must seriously doubt the motives of the framers of the document.

To further underline the inequality, the unfairness, of the proposed amending formula, we must consider the infamous referendum clause itself. Under this delightful arrangement, a referendum can be set in motion by the federal government, and only by the federal government, and that same federal government is dominated by the large representation of the two provinces which have already been given an absolute veto power. How anyone in this chamber can justify that particular arrangement is beyond my comprehension.

I fully understand, honourable senators, the sentiments and the position of Senator Cook, a fellow Newfoundlander of whom I and all Newfoundlanders, regardless of political conviction, feel justifiably proud.

Some Hon. Senators: Hear, hear.

Senator Doody: I hope that other honourable senators will find it in their hearts to demonstrate the courage of their convictions, just as Senator Cook has.

Some Hon. Senators: Hear, hear.

Senator Doody: The idea of having a referendum procedure at hand, as a standard part of the amending formula, is a dangerous one. To have it in the hands of only one of the 11 partners in Confederation is to compound the danger.

Honourable senators, I fully intended to go into more detail on the various contentious parts of the proposed package, but, as I said earlier, it has been well said before by many members of both houses. I intended to refer to the omission of God and of the family—those ill-advised and unfortunate omissions from the proposed Constitution; but my friend, Senator Macdonald, voiced my sentiments a few days ago, and I thank him for it.

In conclusion, let me ask honourable senators to consider that there is still time to think about it. A proposal was made in the committee to split the package, to ask the United Kingdom Parliament to give us simple patriation with the Vancouver formula. We know that a consensus of premiers can be found based on those items. If we do that, which is simplicity itself, Canada will be the better for it. If we persist in the course that we are now following, it could very well be a very dangerous and perhaps disastrous course.

• (1500)

Hon. Royce Frith (Deputy Leader of the Government): Would the honourable senator permit a question, for clarification?

Senator Doody: Surely.

Senator Frith: You used the term "national average". The purport of the agreement, or negotiation, as I understood it, was that 100 per cent of the revenue from the offshore resources would go to Newfoundland until that province ceased receiving equalization payments, at which point it would have to contribute, though the formula was never set. When the honourable senator speaks of a national average, is that what he means?

Senator Doody: When I was involved in these discussions, the offer by the Government of Canada to the eastern provinces was a 75-25 sharing split. We never could ascertain what the net was. It has always been very difficult to define what comes out of the gross before you get to the net and the 75-25.

What was perhaps even more important to the provinces, and particularly to my province, was a lack of control over the rate of development. The social factors in the province are obviously quite different from perhaps the needs of the Government of Canada in terms of the balance of payments, cash flow, and so on.

Since I got out of that scene another offer has been made to the provinces which I understand to be that 100 per cent of the revenue will go to the province until the province reaches the national average—not until it reaches the point where it is not

entitled to equalization payments. I think that with the exception of Alberta right now, under the formula, the only provinces that are really not entitled to equalization are Ontario and British Columbia; and with regard to Ontario that is only because of the act that we passed in this place a couple of weeks ago.

The national average is the basis of the formula by which equalization is distributed. The national average is the average income that is taken across Canada, and it is the average, literally, of that. It is not the highest, which is British Columbia, Alberta and Ontario; it is the average of all 10.

Senator Frith: Well, honourable senators, I had thought that during the last discussions exactly those words were used, namely, "until the province stopped receiving equalization payments." But I can always look it up, and if I am right I can put it on the record when my time comes.

Senator Doody: It could very well be. If so, it is an entirely different ball game.

Hon. Gildas L. Molgat: Would the honourable senator permit another question?

Senator Doody: Certainly.

Senator Molgat: Could the honourable senator tell us what kind of sharing there is between the provincial government and the national government after the national average is reached?

Senator Doody: My understanding of the matter is that the revenue will then go into the national revenue pot, and if there is an equalization entitlement, then Newfoundland will get its proportionate share of that equalization, like the other provinces.

Senator Molgat: And there is no direct share to the province involved?

Senator Doody: As I say, under the first arrangement, 75-25, the province involved will get a direct entitlement. Up to the equalization, or the average standard, my understanding is that the revenue will go into that common pot. I would certainly welcome an elaboration on this, because the people in Newfoundland have the understanding that I have just delivered to honourable senators.

Hon. H. A. Olson (Minister of State for Economic Development): Will the honourable senator permit one more question?

Senator Doody: Go ahead.

Senator Nurgitz: No speeches!

Senator Olson: When the honourable senator began his speech he praised the committee, which was an essential part of the process in bringing forward the resolution which is now before us.

Senator Smith: He did not praise it at all.

Senator Olson: Yes, he did. He praised the joint chairmen, all the members of the committee, and just about everything that went on in that process.

Senator Smith: Except the result!

[Senator Doody.]

Senator Olson: That is the next point. Then he agreed, as I understood him, with the content of the resolution. He concluded, however, by opposing the process. I do not understand that kind of logic.

Senator Smith: Or, we might add, any logic.

Senator Doody: What was the question? I owe you that one, from way back!

Senator Olson: The question is: Could the honourable senator give some explanation of how he arrives at the conclusion that he should oppose the process that he began his speech by praising, even praising most of the content that was delivered out of the process, and yet winds up opposing the process? I am trying to find some rationalization for that logic.

Senator Doody: The process in question is that of sending this package to the United Kingdom and having them enact Canadian laws on our behalf, to the accompaniment of the washing and airing of all this laundry that has been going on in Canada over the past years, and its exhibition for public amusement in the United Kingdom. If the honourable senator does not feel any repugnance or distaste or discomfort as a result of all this, and if he cannot see anything wrong with it, there is no point in my trying to enlighten him. Obviously, it is beyond him.

Hon. Charles McElman: Could I ask a question of the Honourable Senator Doody? It is a very simple question, Mr. Leader of the Opposition, from a very simple person.

Senator Flynn: Just at the level of Senator Langlois.

Senator McElman: Have fun.

Senator Doody, you mentioned the earlier arrangement—the 75-25—

Senator Doody: You mean the earlier proposal.

Senator McElman: —proposal. For New Brunswick it was an arrangement. New Brunswick actually signed an agreement.

My recollection of that was that it was 75 to the province and 25 to the federal authority; but out of that 25 per cent the federal government would pay all administrative costs. That is my understanding of the New Brunswick arrangement. Was that the arrangement you spoke of for Newfoundland, as it was proposed?

Senator Doody: That was the same arrangement exactly. The administrative costs were to be borne out of the 25 per cent federal share. Where the 100 per cent would come from—and that would include the royalties, taxes, lease rights, and so on—was never properly explained or given out; but New Brunswick, Nova Scotia and Prince Edward Island, in all fairness, were satisfied at that time with that arrangement. Newfoundland never did feel comfortable with it.

Hon. Harry Hays: Honourable senators, first, I would like to say how stimulating I found the experience of being one of the joint chairmen of the Special Joint Committee on the Constitution. I learned a lot about the members of the Senate, about the dedication of members of Parliament, and about the

great work that they did on this committee. The first few times we met I had the impression that the members of the committee were a group of people who did not know one another very well and who did not know exactly what was going to take place. Then, as the committee settled down to its task, I feel quite sure that many members made lasting friendships, regardless of their political stripe.

In this chamber this afternoon I see, across the way, Senator Asselin and Senator Tremblay. These two men missed very few of the meetings of the committee. They generally supported the various clauses we were dealing with, and were generally supportive of the witnesses we were examining, with the object of trying to see if we could improve upon the proposed charter.

From my side of this chamber, Senator Lamontagne, Senator Molgat, Senator Petten and Senator Lucier were present; and I could list many more. After all, 131 members of Parliament sat on the committee during the three and a half months that we discussed the resolution. No less than 51 senators—over half the Senate membership—at one time or another were around the table making their contribution. As I say, it was a stimulating experience.

Furthermore, I had the opportunity of working with a very bright young man from the House of Commons, Mr. Serge Joyal, and that was also a great experience. We sat for 306 hours, and I do not think we had one cross word. I would often say to him when he chaired a meeting, "Down on my ranch we let them have a pretty loose rope." That is the way we tried to do it. I do not think we cut anybody off if he had a contribution to make. Sometimes, when a witness was allotted one hour, we gave him three and a half hours. It just was not the case that we choked anybody off.

• (1510)

I would like to thank all the people we had an opportunity to work with. If we had not had such a group of people, it would have been an unpleasant experience; and I think it was anything but that.

Honourable senators, we are in the midst of a very important debate on a serious matter. Some say that the future of our country is at stake. The passage by the Parliament of Westminster of the resolution we are debating would at last complete the process started in 1864, that of creating a fully sovereign nation called Canada.

At that time the Fathers of Confederation, a relatively small group of men who were involved in the political process of the colonies, met and debated the future of the British colonies in North America. After much discussion they went to London, and the result was the British North America Act, the cornerstone of the Canadian Constitution.

The Statute of Westminster represented a major change and a major step forward in Canada's constitutional development. It placed into legislative form the accepted principle that members of the Commonwealth were sovereign bodies. Today, Canada alone is still not fully sovereign. Canada must go to Westminster to secure changes in its Constitution. There have been many amendments made to the British North America Act: to include new provinces in our nation and to enact amendments which are necessary from the point of view of economic and social security. Never before, though, have the Canadian people themselves been directly involved in the process. Never before have the deliberations on amendments to the Canadian Constitution been available to citizens of this country for their input.

Before proceeding further, I would like to take this opportunity to thank the clerks of the joint committee, Mr. Richard Pregent, of the House of Commons committees branch, and Mr. Paul Bélisle of our own committees branch. There were weeks when these two men and their staff worked almost 24 hours a day, preparing minutes of meetings long after the committees members and witnesses had gone home, and yet they would be back in the morning for steering committee meetings. Their services were invaluable. I would also like to thank Mr. Peter Dobell, the Director of the Parliamentary Centre, who offered his services to the committee, without remuneration, to aid in selecting a representative group of witnesses and in co-ordinating their appearance before the committee. He kept the committee creditable.

The committee heard submissions from 104 groups and individuals covering a very wide spectrum of Canadian society: women's groups; organizations representing the poor in this country; civil liberties and human rights organizations; the business community; the aboriginal peoples; the handicapped; and groups representing the multicultural aspect and heritage of our nation. The committee heard from minority language groups, churches, a group representing children, an environmental group, representatives of provincial political parties and four provincial governments.

As honourable senators who sat around the table know, the committee sat for 176½ hours with the witnesses alone, not counting the time spent with Mr. Chrétien and Mr. Kaplan—267 hours, all told. The committee listened. Its members asked questions and took note of the points presented by those concerned Canadians who appeared before it to give Parliament and all Canadians an understanding of the views, ideals and problems of fellow Canadians.

The committee listened to the criticisms of clause 1 of the Charter of Rights by Mr. Gordon Fairweather, Chief Commissioner of the Canadian Human Rights Commission; by the Canadian Civil Liberties Association; by the Canada West Foundation; by the Advisory Council on the Status of Women; by the Council for Yukon Indians; and by many other groups. And that clause was changed. The committee listened to the Canadian National Institute for the Blind, the Canadian Association for the Mentally Retarded, and the Coalition of Provincial Organizations of the Handicapped with regard to the necessity for including the handicapped in the enumeration of bases upon which there should not be discrimination.

Regarding the clause on equal rights, the committee listened to 18 organizations representing aboriginal peoples, including the National Indian Brotherhood, the Inuit Committee on National Issues, and the Native Council of Canada, and was

convinced that the rights of aboriginal peoples should now be included in the resolution, before the Constitution is patriated. All the amendments proposed, all the amendments made and all the clauses added to and included in the resolution came about as a result of the submissions of witnesses, because they did appear and because the committee did listen. One hundred and seven amendments were proposed to the original resolution, and 66 of those amendments were carried and appear in the revised resolution before us today.

It is my deepest regret, however, honourable senators, that only four provinces and two territories made representations to the committee. The committee was prepared to hear from the provinces for days if necessary, but six provincial premiers—including my own premier, Mr. Lougheed—did not see fit to send provincial delegations to give the position of their provinces, nor to represent the interests of their citizens. These same premiers can claim that the federal government singlemindedly refuses to negotiate or to discuss the package with them, but in effect is that not what these premiers have done? They have refused to represent their constituents before a committee made up of all parties in Parliament: 131 members of the House of Commons and 51 senators, at all times divided almost equally as between east and west. In fact, they have refused to make their position clear to duly elected representatives of residents of the provinces they govern. The Joint Committee on the Constitution was there to listen. It did listen. Because groups and individuals were concerned enough to appear before it and to educate the committee members, changes were made to the resolution. There is no doubt in my mind that, had the other six provinces wished to appear before the committee, we were prepared to receive them at any time, without notice, if necessary, up until the last day. So I believe that this resolution package could possibly have been improved upon.

Senator Flynn: In what way?

Senator Hays: Could you ask your question when I have finished? The Honourable Leader of the Opposition will understand that I am trying to concentrate.

As an Albertan, I am very sorry that Mr. Lougheed chose to ignore the committee. Whatever the political differences that divide us, he is the premier of my province and he does represent the interests of Albertans. I agree wholeheartedly with the principle expressed by Mr. Grant Notely, the leader of the New Democratic Party in Alberta, whose party appeared before the committee, when he said:

> We feel that there are some important changes that have to be made in the resolution and important changes, not only to the country, but from our vantage point as Albertans, crucial changes should be made, and as a consequence, we feel that Alberta's elected officials should be making representations on those changes before this Committee.

● (1520)

The people of Alberta deserved Mr. Lougheed's representations. Indeed, Mr. Lougheed had the obligation to represent before the committee the people who had elected him. As an Albertan, I was pleased to see that both the New Democratic Party, the official opposition in Alberta, and the Social Credit Party, represented by its leader Mr. Rod Sykes, saw fit to act responsibly and to express the views of the people of Alberta to the rest of the country. Instead of doing that, Mr. Lougheed chose to go to Montreal to speak to the people of Montreal. He was willing to explain Alberta's position to a province whose government is committed to breaking up this country by pulling Quebec out of Confederation, but he was not willing to represent two million Albertans before a committee which included, incidentally, six elected members from Alberta as well as myself and Senator Bielish.

Some Hon. Senators: Hear, hear.

Senator Hays: This was a committee which was trying to build a new, stronger Canada. There may be only two million Albertans, and two million Albertans does not constitute a large portion of the Canadian population, but I sincerely believe that their views, as expressed by their duly elected government, should have been presented, and I believe that Mr. Lougheed let them down.

I have noticed there is a feeling among Canadians that, because Mr. Lougheed did not appear before the joint committee, Albertans do not care about the resolution before the committee and before us. Honourable senators, 99 submissions were received from Alberta by the committee. From Ontario there were 294 submissions, and from British Columbia there were 100 submissions. In terms of the numbers of submissions by provinces, Alberta was third after Ontario and British Columbia.

The committee heard directly from the Alberta Chamber of Commerce, from the Indian Association of Alberta, from the Alberta Social Credit Party, the Alberta New Democratic Party, the Campaign for Life and the Canadian Bar Association. These were all represented by Albertans, and, in turn, these groups represented perhaps most of the people in Alberta. Albertans do care about Canada. They do care about the Constitution and about patriation. The members of the committee know that Albertans are interested in participating in the future of Canada. I only wish more Canadians were aware of that fact.

At the outset of my remarks I said that I would express my views, and I mean to do so. The committee's work has been praised by members of Parliament from both chambers and from all sides, by all parties. The committee was successful in providing a forum for discussion of fundamental changes in Canada's Constitution. Because the proceedings were televised, Canadians were given the opportunity to watch the process.

As members of this chamber are aware—and I think particularly of Senator Goldenberg—despite all the excitement about the fact that the proceedings of the committee were to be televised, it was the Standing Senate Committee on Legal and Constitutional Affairs, chaired by the Honourable Senator Goldenberg, that pioneered the use of electronic means for

broadcasting parliamentary committee proceedings, when its proceedings were televised in 1977.

I am of the opinion, however, that the broadcasting of committee proceedings is not to the benefit of any committee or its work. I want to make it clear that that is not because I believe Canadians do not have the right to know what goes on in committees. Nor am I opposed to advancement or to change. What does concern me about the broadcasting of parliamentary committee proceedings is that the mere fact of broadcasting the proceedings sets a tone to the proceedings which tends to undermine their value. Senators know that the committees on which they work operate largely without partisan bias. The ability to get on with the job of the committee without the kind of obstruction that is typical of the other place results in the tremendous productivity of our Senate committees. The latest example of the good work of a Senate committee can be seen in the report of Senator McGrand's subcommittee on childhood experiences as causes of criminal behaviour, entitled *Child at Risk*.

During the *in camera* sessions of the joint committee, all the committee members, from all parties, made contributions in the spirit of co-operation, which I think was greater than during the broadcast deliberations because they did not have anyone to impress. In saying that, I do include members of my own party as well.

Broadcasting committee proceedings tends to enhance partisanship among committee members. At the risk of offending my friends on all sides, including members of my own party, I must say that it tends to promote grandstanding. Certainly, all the members of a committee should have the opportunity to express their views, whatever those views may be; but, in my opinion, show business has no place in the decision-making process of a committee.

Despite this adverse broadcasting aspect, the Joint Committee on the Constitution was productive. The resolution before us today is substantially different from, and better than, the one we were presented with on November 6. All the changes to it were made by Canadians in Canada. Constitutional change is necessary in any country. The British North America Act of 1867 was not the same as the act we have today. Twenty-two amendments have been made to it over the years. For example, an amendment made it possible for Newfoundland to join Canada; an amendment established Medicare; amendments established the Canada Pension Plan and unemployment insurance. No one can say that those amendments were not for the good of all Canadians, and I sincerely believe that the amendments to be made to the Canadian Constitution by the passage of this resolution by the Parliament at Westminster will also be for the good of the Canadian people.

The committee, in fact, spent most of its time on that part of the resolution most directly affecting the people of Canada—the Charter of Rights. Most of the groups which appeared before the committee presented their views on how such a charter would affect that aspect of that segment of Canadian society with which they were directly concerned. The overwhelming majority supported the entrenchment of a Charter of Rights. With the patriation of the Constitution, including a Charter of Rights, all of those groups and individuals—indeed, all Canadians—will have their rights entrenched wherever they may live across this country. In my opinion, the amendments that will be made to the Constitution, including the entrenchment of a Charter of Rights, will make Canada a better place in which to live for all Canadians.

Eighteen groups appeared before the committee to represent the aboriginal peoples, and because they were able to convince the committee that they have real problems and real grievances, amendments were introduced to the resolution to better the position of the native people of this country. Personally, I am pleased that the aboriginal peoples will be recognized in the Constitution and that the native peoples of this country will have entrenched in the Constitution their treaty, their traditional land rights and their rights as a distinct cultural entity—their rights as a people.

The committee heard moving testimony from the Nishga Tribal Council. Chief James Gosnell pointed out that:

> —in the first Constitution of this country, this nation, our people, the Indian people, were never given an opportunity to express ourselves. In every one of the laws affecting our people throughout Canadian history, never at any time were our people ever approached . . . This is the first opportunity that we have had to express ourselves.

Let me repeat that last statement: "This is the first opportunity that we have had to express ourselves." Indeed, honourable senators, this is the first opportunity for all Canadians to express themselves on their Constitution.

Mr. Bill Tooshkenig, of the Association of Iroquois and Allied Indians, made the following statement—and I am sure he would agree that it would apply equally to all native peoples:

> If we had the facilities and resources to get the message across as to what Indians actually want to the people of Canada, they would support the Indian position.

I rather agree with that, honourable senators. I have lived beside two reserves since the day I was born, and yet I never really did understand the Indian problems until, on the committee, we listened to these people for days and days. I have now, at last, come to the conclusion that their problems can be resolved.

Honourable senators, their appearance before the committee resulted in the inclusion of clause 33 and the amendment of clause 24, and it represents at least the beginning of the rectification of many of the past injustices which have been suffered by these our first people.

● (1530)

Another example of an inclusion in the Canadian Constitution which will better the lot of all Canadians is clause 6 which deals with mobility rights. This clause will allow Canadians to live and work in this country wherever they choose. It will allow Canadians to take advantage of opportunities to employ their skills, which may not exist in the province of their birth or residence. Perhaps on a non-economic level it may even

have a more beneficial effect for Canadians, for such an amendment will provide the opportunity for Canadians from all parts of Canada to experience for themselves the differences that make this country.

I do, of course, understand the point which concerns our colleague, Senator Lucier, with respect to the problems which this clause may entail for disadvantaged regions or regions of this country where the cultural, economic and even ecological environment is fragile. I believe that there should be safeguards for areas which need them, such as the Yukon and the Northwest Territories. This provision smooths the way for affirmative action programs and is one aspect of the solution which must be used where possible. But, overall, if we are to be truly Canadian citizens we must have the right to be citizens of the part of this country we choose.

Clearly, the language provisions in the charter are a step forward and an improvement on the existing minority language provisions, and also on the position of both the French and English languages as official languages of this country. For the first time the French version of all constitutional documents will be prepared and will have equal authority with the English versions. Also, the entrenchment of minority language education rights is a provision which is long overdue. In an officially bilingual country, it is imperative that citizens of both language groups have the opportunity to be educated in their mother tongue.

I have already mentioned the inclusion of the rights of the handicapped in clause 15, and I must say that I welcome this amendment which will increase the standard and the quality of life of all those who suffer mental or physical disability. In his presentation on November 25, Mr. Ron Kanary, vice-chairman, Coalition of Provincial Organizations for the Handicapped, made a statement which sums up and articulates the purpose and intent of a charter:

> The Canadian Charter of Rights and Freedoms will articulate the most basic and cherished values of our society and place them in the basic legislation of our land. This alone will set a new tone which of itself will do much to redress the injuries of exclusion and prejudice which have been our inheritance.

While Mr. Kanary was referring directly to the problems of the handicapped, it is a statement that could well apply to all those who are affected by any clause of the charter. Approximately one week before the committee rose, four people—two in wheelchairs and two with seeing-eye dogs—came into the room and waited at the back until the proceedings were over, at approximately 11.30 p.m. At that point they came forward and presented Serge Joyal and myself with "handicapped" pins. With tears in their eyes they thanked us and the other members of the committee for all that we had done. I shall wear that button on my lapel for as long as I live.

Hon. Senators: Hear, hear.

Senator Hays: One cannot pick up a daily newspaper in Canada today without reading about somebody doing something for the handicapped. Usually it is something that has never been done before. Honourable senators are probably aware that six out of every hundred people are handicapped in some way. This ratio is equivalent to the ratio of people who attend university.

The entrenchment of the equalization principle in Part III, clause 34, is also for the better. While this is not a new principle, it is very important to the health of our federal system. The other day Senator Stanbury pointed out that the per capita income from all resources in Prince Edward Island in 1978-79 was $3, while the per capita income from all resources in Alberta was $1,874.

That is a big difference in revenue, and in the amount of money which a province has available to work with. In 1981-82 Prince Edward Island will receive $765 per capita in equalization payments, and even at that figure there will be a huge difference between the amount of money available to Prince Edward Island and that available to Alberta to provide services for their residents. In all, the federal government will redistribute $3,627.2 million in equalization transfer payments in 1981-82.

The enormity of the discrepancy between Alberta and Prince Edward Island has not always been so. It is not so very long since Alberta was a "have not" province which received equalization payments from the federal treasury. Few of us would have predicted 25 or 30 years ago the extent to which Alberta's wealth has grown. Few of us know what the situation in this country will be 100 years from now. How many of us would say with certainty which provinces will be "have" or "have not" even 25 years from now? It may be that Newfoundland will be in the position Alberta is in today, as opposed to being on the receiving end of equalization payments. But those equalization payments will have helped Newfoundland to attain that position, and their entrenchment in our new Constitution is of fundamental importance today and for our future.

There are other matters of equal importance, the inclusion of Part VII, clause 56, on resources will have played just as large a part, if not a larger part, in the future of all the provinces. When Mr. Blakeney—one of only four provincial premiers from whom the committee heard—appeared on December 19, he told us that in Saskatchewan:

> —resources provide more than a quarter of our provincial government revenues, which are used to finance a broad range of social and economic benefits for Saskatchewan residents. Resources represent our best hope of providing long-term stability and diversity, or ironing out the booms and busts of a very volatile economy. Resources are the key to Saskatchewan's prosperity.

If honourable senators would like the reference, I will provide it.

Of course, honourable senators, we all know that while the figures are a little different, the situation is the same in Alberta, British Columbia, Ontario and Quebec with regard to hydro power, and, perhaps soon, it will be the same in New-

foundland. Resources will not simply be the key to prosperity but will have opened the door to prosperity.

The amendment to the resolution which clarifies the provincial ownership and control of natural resources certainly puts the provinces in the best position they have ever been in to achieve prosperity. Mr. Grant Notley, Leader of the Alberta New Democratic Party, while presenting his party's brief before the committee, told us that in one year Alberta's revenue would increase by between $600 million and $700 million as a result of the amendment on indirect taxation, and the increase in revenue to other provinces would be substantial. Thus, the inclusion of the resource clause was not a minor matter, and it was accomplished, in part, because Mr. Blakeney took the time. He served the people of Saskatchewan well by appearing before the committee—and I remind honourable senators that some premiers did not appear.

As an aside, it is interesting to note that not one oil company even approached the committee, either by way of written submission or as a witness. Maybe they were afraid to come before the committee. Personally, I prefer, for various reasons, to believe that they did not see the need to come. I prefer to believe that they trusted the government and they liked the resource amendment.

The amending formula provided in the resolution is yet another example of how the people of Canada will be better off with the passage of this resolution by Westminster. We have heard the former Prime Minister, Joe Clark, say that this formula creates two classes of province, one with an absolute veto and one without. While it protects the culture of Quebec, it also takes into account a large proportion of the population of the province of Ontario. It also provides for the first time veto rights to the provinces. Presently no province has a veto over anything. I think it is important to remember that the formula provided in the resolution is an interim amending formula. If agreement can be reached within two years after patriation on a proposal for a different amending procedure, this formula will be put to the people in a referendum. The federal government has spent years negotiating an amending formula, but has been unable to get agreement. The provinces cannot agree among themselves. The situation cannot go on indefinitely. Canada cannot afford it; it cannot afford to be faced with divisive wrangling every time an amendment must be made to the Constitution to allow legislation to be passed, as in the case of the pension legislation, the unemployment insurance legislation and many other pieces of legislation.

As we are to bring our Constitution home to Canada, it is necessary to have an amending formula. This may not be the ideal formula, and as Mr. Chrétien has said:

● (1540)

> There are flaws in every aspect of it.

However, he went on to say:

> I do think there is a time in history where we have to take our responsibilities because when you want to please everybody you do not touch the problem—

Notwithstanding its imperfections, this formula, a modification of the Victoria formula, is the only one that has any claim whatsoever as one which the Prime Minister and all the provincial premiers of the day could agree upon. We need an amending formula, and this is the best that we, as Canadians, have yet drawn up.

You know, honourable senators, Canada has been without the power to amend her own Constitution since there has been a Canada. No other nation must work under this handicap. It is not only the Liberal government but the last two Conservative governments as well which have tried to reach an agreement with the provinces, and tried unsuccessfully. What are we, as Canadians, to do? The provincial premiers cannot agree among themselves on an amending formula, on a Charter of Rights, on court action, or even on a trip to England. To wait for any agreement among the provinces, let alone unanimity, will cause more delay in the patriation of the Constitution, and more frustration of the entrenchment of rights.

Honourable senators, we live in a federal state. The Parliament of Canada is the federal Parliament made up of members elected and appointed from across the country. The federal Parliament speaks for the people of Canada with as much legitimacy as the provincial governments. Should the federal institution place itself at the mercy of the provinces who wish to bargain with the rights of their residents for more power? Honourable senators, I say: no. Should the federal government let the idea of patriation die because there is not unanimous agreement? Again, honourable senators, I say: no.

It is often the case, in any endeavour, that if no one takes the initiative and tries to accomplish something, nothing gets done. Sometimes it takes someone with vision, someone with courage and determination, to accomplish things that others have not been able to. This was the case with Mr. Diefenbaker's Bill of Rights. He fought long and hard for it, and, I will admit, against opposition from members of my party both here and in the other place. This was also the case with Mr. Pearson's determination that Canada should have the best medicare system in the world, the best pension plan in the world, the closest possible to a free post-secondary education system, and a distinctive Canadian flag. The day he asked me to join his cabinet in 1963, Mr. Pearson told me that these were the dreams he had for Canada. These were the things that he wanted to accomplish for Canada as Prime Minister. He went a long way towards accomplishing them, against considerable opposition and against considerable odds and, I think, all Canadians are proud and grateful that he was able to do so.

Mr. Trudeau also has his vision of Canada. He also has something very important which he wants to accomplish for Canada—the patriation of the Constitution. Other prime ministers have made attempts at patriation, and earlier prime ministers have had other priorities. Mr. Trudeau's priority is patriation. He is the person with the courage and determination to accomplish his vision, just as Mr. Diefenbaker and Mr. Pearson did. Certainly, he has invested more time, and he certainly has put more effort than any other prime minister

into trying to reach an agreement with the provinces on the Constitution.

Since 1867, a total of 78 days have been spent on constitutional discussion at federal-provincial first ministers' meetings. Mr. Laurier spent six days; Mr. Borden spent four days; Mr. King spent fifteen days; Mr. Bennett spent eight days; Mr. St. Laurent spent eleven days; Mr. Pearson spent eight days; and Mr. Trudeau spent twenty-six days—and this does not include federal-provincial meetings at the ministerial level.

Senator Smith: That is a day and a half a year.

Senator Hays: Well, that is one-third of the time that all the prime ministers, including Sir John A. Macdonald, spent on it. Mr. Trudeau has been accused of having an obsession with patriation of the Constitution. It is, I think an unfair accusation, because, honourable senators, if one is going to accuse Mr. Trudeau of having an obsession with patriation, one must equally accuse Sir John A. Macdonald of having had an obsession with Confederation.

Actually, one might well make comparisons between Mr. Trudeau and Sir John A. Macdonald. Sir John A. Macdonald faced a revolt by five of the seven provinces demanding better financial terms and wider revenue powers for the provinces, and Constitution changes limiting the powers of the dominion government. Even then, provinces were demanding Senate reform; they wanted to be able to appoint one half of the senators and to reduce the term of the appointment to four years. Sir John A. Macdonald, the leader of the Conservative government of the day, also met the provinces in the courts in defending federal powers and jurisdiction. He was also faced with the organized opposition of the provinces to national policies and national leadership of the federal Parliament.

Professor Lovell Clark, of the University of Manitoba, has written that if Sir John A. Macdonald had acceded to the demands of the premiers in 1887, Canada would have become a mere league of states—"if indeed it continued to exist." Professor Clark agrees with that eminent Canadian historian, Dr. Arthur Lower, and I agree with both of them, that Canadians must face up to the question of where the ultimate authority resides in this country—with Parliament or with the provinces.

Professor Clark wrote, and I paraphrase:

> If the latter prevail in their view that Canada is merely a loose union of ten provinces . . . then goodbye Canada.

He went on to say that if Prime Minister Trudeau can resolve the problem:

> No name will go down in history in greater honour than his.

Some Hon. Senators: Hear, hear.

Senator Flynn: That's what he wants.

Senator Hays: This comparison of present-day conflicts with conflicts of the past is useful in another way as well. How many of us, honourable senators, remember Sir John A. Macdonald's court battles with the provinces? How many of us remember the debate on the change in the citizenship law in 1946 when Mr. T. L. Church, a member of the Conservative Party and of the loyal opposition in the other place, said of the bill, that it "invades the jurisdiction of the provinces"? He went on to say:

> This will be one of the most unfortunate measures ever brought before the House of Commons and will create more disunity in Canada than we have seen since Confederation.

Seventeen years ago many of the same arguments and charges used about the divisiveness of the resolution before us were made in another debate. Mr. Diefenbaker, during the flag debate, said:

> You cannot force a flag on the people of Canada and secure from them that mystic something which some ridicule as nationalism . . . The patriotism of men and women who love their country. A flag design is not a trick by which one group imposes upon others some evidence of Canadianism that all will not accept.

I am aware that Mr. Clark has ridiculed comparisons of our present dilemma with the flag debate. In the other place on Monday, February 13 he said:

> We are not discussing here a symbol to be seen but an institution to be used.

He went on to say that the aftermath of the patriation of the Constitution with this resolution.

> —will have us looking around to the breaking up of the Confederation and perhaps the breaking up of the nation itself.

I think that Mr. Clark has ignored the depth of feeling that surrounded the flag debate. More than this, honourable senators, I put it to you that, while the adoption of this resolution is not a guarantee of agreement and unity, it is also not the divisive tool that Mr. Clark has stated it to be. The provinces are not victims. Even a member of Mr. Clark's own party, Mr. George Hees, has realized that the division between the federal government and the provinces is, in very large part, the fault of the provinces. In an interview with the *Globe and Mail*, Mr. Hees said:

> I've given up completely on the provinces. They are just horse traders for oil and fish . . . The people are represented perfectly in this Parliament. This is where it all comes together.

This may be a little strong—

Some Hon. Senators: Oh, oh.

Senator Hays: —but it is good to know that at least some members of the opposition have accepted that the federal government is not the villain Mr. Clark sets it up to be.

Agreement on the amendment of the British North America Act has been the goal of many prime ministers. It has eluded a few and frustrated many, and Mr. Clark is one of them.

• (1550)

In the same year as the debate on the adoption of a new Canadian flag, there was debate on the amendment of the British North America Act to allow passage of pension legisla-

tion. Mr. Diefenbaker outlined a situation in the country in 1964 which was very similar to that which we find ourselves in today. He lamented that the Conservative administration had not been able to reach an agreement with the provinces to patriate the British North America Act because of the inability to agree on an amending formula. His government was unable to get an agreement to the amendment of section 94 of the B.N.A. Act that would allow the federal pension legislation to be passed. There were two conferences of attorneys general, in 1960 and 1961, on patriation of the Constitution, and many discussions went on during that time between federal and provincial officials. Mr. Diefenbaker was not able to get agreement, and he deplored the situation. In a speech on June 18, 1964, he said:

> It is ironical that we, because of the failure of our governments federally and provincially to arrive at an agreement, still have provisions that are not applicable to any other independent nation within the Commonwealth. Whatever the views of the past may have been, certainly there has been no justification for this during the last 40 years.

In the same speech he went on to explain the reasons why the problem has existed in Canada since the beginning, and why it is that we do not yet have a Constitution for Canada in Canada.

> We have to go to Westminster and say, "Will you please allow us to amend our Constitution?" Not because this is what Westminster wants, but because there is not in this country of Canada that oneness, that determination of Canadians whatever their province, to join together as one nation to make this a great nation.—

Senator Flynn: Is there that determination today?

Senator Hays: He continued:

> No nation can achieve greatness when there are divisions within it which deny the right of the Parliament of one's country to deal with one's own Constitution.

Mr. Diefenbaker was a wise man; he understood. Honourable senators opposite also understand. They had a chance to work out a solution to the constitutional dilemma, and they failed, both in 1960-1961 and in 1979-1980. As Mr. Diefenbaker said, no nation can achieve greatness when Parliament's right to deal with the Constitution is denied. I believe that this situation must be resolved as quickly as possible, and the Constitution brought home to Canada with the passage of this resolution.

As Mr. Broadbent said last week in the other place, the serious question about divisiveness is not in the short run but in the long run. He pointed out that at the time when this country was created, the very action of creating Canada was divisive, but today, despite our differences, we are all proud to be Canadians. In my opinion, the patriation of the Constitution will not be divisive in the long run. I agree with Mr. Broadbent, when he said:

> We live in one of the most difficult nations in the world to govern, one of the most regionally and culturally diverse in existence, but we are rich in natural resources and human potential. We must now use this new Constitution we are acquiring as the beginning step of a new spirit of nation building which will lead to the creation of one of the most just and exciting nations on the face of the earth. We know we can do that.

Honourable senators, this resolution is not perfect. There are, indeed, changes which I would like to see made when Canada's Constitution is patriated. I would like to see clear guidelines on the "where numbers warrant" provision in the clause on minority language education rights so that those rights will be more equally accessible to residents of all provinces. I also feel strongly that the property rights issue should be entrenched.

I certainly agree that there should be restrictions on foreign ownership of Canadian land, but I do believe that Canadians, both individuals and corporations, should have the right to own land anywhere in Canada. As a farmer, I am well aware of the concerns which the provinces have expressed, on control over land use and zoning. Therefore, I do agree that there should be limitations to property rights, but I believe that Canadians should be allowed to own property wherever they choose in this country. Canada was founded by people who came here so that they could own land and develop it. In some cases their heirs and successors find themselves forced to move from province to province to seek employment, and they should not as a result, be deprived of their inheritance, as many are now, because of provincial restrictions. The concept of property ownership is fundamental to the Canadian way of life, and I will certainly promote the amendment of the economic rights clause in the Constitution after patriation.

On October 6 the Special Joint Committee on the Constitution met for the first time to consider the resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada. After 56 days and 106 meetings, with 131 elected members of Parliament and 51 senators having taken part and having heard submissions from 104 witnesses, and having taken into account all the submissions made to the committee—a total of 1,262—I believe that the resolution before us now is better than that which the committee started with.

You know, honourable senators, for just about anything to work well in this world people have to be guided by rules. There have to be rules in the school house; there have to be rules of the road. There even have to be rules in this chamber, or senators might not accomplish anything at all.

In effect, a constitution is a compilation of rules for a country. The resolution before us now, which I hope will soon become a major part of the Canadian Constitution, is an improved set of rules for Canada. It is new and it is modern. It takes into account the changes in attitude that this country has experienced over the last 114 years. It has occurred to me, honourable senators, that it may in fact be the most modern Constitution in the world. The witnesses who appeared before the committee represented a very wide range of Canadians; probably the whole 24 million were represented.

Honourable senators, when the resolution is passed by Westminster, as I sincerely hope it will be, there will probably have been more people involved and taken account of in the writing of the Canadian Constitution than have been involved in the writing of any other country's constitution in the past.

I am, therefore, expressing my support for the resolution, for the leader of my party, the Prime Minister, and the Government of Canada in their determination for Canadians to have a constitution made in Canada.

Forty-two years ago this August, I was travelling with 12 carloads of cattle, with about 35 head in each car, and they were destined for Scotland. I rode with those cattle in the boxcar. We had a man for every other car to take care of them. On top of that train there were 500 people travelling across Canada, with no homes and with nothing to eat. That is the way it had been since 1935. I made as many as 13 trips down to Halifax and Montreal in one year. I know a little about hardships. I saw those fellows taking tomato cans and cooking up roots and making soup. In August of 1939 the first gun was fired, and those guys all climbed down off the boxcars and fought for a country that had not been too good to them. That is exactly what they did.

Some Hon. Senators: Hear, hear.

Senator Hays: One fellow from Brandon called Smokey crawled into my car. Later, he wrote to me, but that lad did not come back. At that time we did not have medicare; we did not have unemployment insurance; we did not have old age pensions; we did not have free education at the university level—we did not have any of those things. This is something new, modern and good, and it is something that everybody should support.

Some Hon. Senators: Hear, hear.

On motion of Senator Marshall, debate adjourned.

INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-54—DEBATE ADJOURNED

Hon. A. Irvine Barrow rose, pursuant to notice of Monday, March 2, 1981:

> That he will call the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of the Bill C-54, intituled: "An Act to amend the statute law relating to income tax," tabled in the Senate on 2nd March, 1981.

He said: Honourable senators, as Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, I gave notice on Monday, March 2 that I would make some brief remarks on the report on the pre-study of Bill C-54, to amend the statute law relating to income tax. At that time the report was appended to the *Debates of the Senate*. As you know, the bill was reported without amendment.

[Senator Hays.]

• (1600)

The bill contained many amendments to the Income Tax Act and related acts. Some of the amendments are relieving, some are restrictive and some are technical.

The bill reflected some recommendations made by the committee in 1976 and 1979.

The bill reflected recommendations made by the committee and undertakings given by Finance Minister Crosbie on December 5, 1979 respecting term preferred shares and income bonds.

The bill proposed, under clause 106, that ownership certificates need no longer contain social insurance numbers, and I believe that Senator Smith made an impassioned address in the house on that matter.

The balance of the report dealt with some specific issues contained in the bill which were of particular interest to the committee. These issues included the overseas employment exemption. In order to render Canadian firms more competitive on the international markets, the bill proposed an exemption of up to $50,000 in respect of income earned by Canadian employees if employed overseas for more than six consecutive months.

The committee was concerned that the purpose of this exemption would be frustrated to a degree if employers were required to make deductions at source. Officials from Revenue Canada have advised that it will be their policy to grant relief from deductions at source upon application of the "undue hardship" rules.

Regarding supplies inventory and prepaid expenses, clause 3 of the bill required taxpayers to include inventory items which were formerly considered normal business expenses in the year incurred. These items are advertising or packaging material, parts and supplies. Their value for computing the amount of the inventory must not be less than the lesser of cost and replacement cost. The committee was concerned that this may require a large number of taxpayers to maintain inventory records for minor office supplies, which would be too burdensome for many taxpayers.

Officials of the Department of National Revenue have stated that it will be their policy not to go beyond generally accepted accounting principles, and they will only insist that such items be included in inventory where the amounts are significant in relation to a taxpayer's business as a whole.

Regarding unregistered employee benefit plans, the bill, by the provisions of clause 4, removed the unintended tax advantage arising out of certain unregistered employee benefit plans. Payments made after December 11, 1979 by an employer to an unregistered plan will not be deductible until the amounts vest irrevocably in the employee. At that time they will be taxed in the hands of the employee.

With regard to small business development bonds, these bonds have been proposed as a measure to reduce the costs incurred by small business corporations while interest rates are high. The temporary measure is designed to reduce the interest

cost to qualifying small business corporations by enabling them to obtain after-tax financing.

To qualify, the bonds must be issued after December 11, 1979 and before January 1, 1982; they must have a principal amount of between $10,000 and $500,000 and a term of between one and five years; the borrower and lender must make a joint election; the borrower must be a Canadian-controlled private corporation qualifying for the small business deduction, and substantially all of its assets must be used in active business in Canada; the borrower must be in financial difficulty or the proceeds used to acquire land, certain depreciable property or to finance scientific research.

Regarding lease option arrangements, subclause 5(2) of the bill proposed an amendment to make sure that when taxpayers have been able to deduct rental payments and subsequently acquire the rented property upon exercise of an option to purchase the property, any difference between the option price and fair market value will be "recaptured" and subject to tax. Heretofore most taxpayers were only subject to tax on one half of the difference.

With reference to capital gains strips, clause 24 was added to the bill to prevent corporations from avoiding what would otherwise be capital gains subject to tax by converting such gains into tax-free inter-corporate dividends.

The report outlines the principal features of these provisions and makes reference to the printed proceedings of the committee for technical clarifications given by officials of the Department of Finance.

On resource properties of non-residents, the bill, under clause 62, will prevent certain non-residents—for example, U.S. residents—selling resource property in Canada without paying Canadian tax.

Regarding garnishment, the committee has discussed with officials of the Department of Finance and of the Department of National Revenue certain difficulties some financial institutions may have in protecting their rights and resources should they be called upon to comply with the provisions of clause 103 of the bill.

The officials have undertaken to consider the matter further and to introduce appropriate amendments with retroactive effect should circumstances so warrant. Pending introduction of such amendments, banks may have to make contractual arrangements with certain of their customers to protect their interests.

I mention these matters because it is important to the public, and particularly to tax practitioners, to know that the provisions of the bill have been given careful scrutiny by your committee.

Senator Flynn: I move the adjournment of the debate because Senator Roblin may wish to make some comments. He may feel that it is not necessary, but, just in case, I move the adjournment.

On motion of Senator Flynn, for Senator Roblin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March, 5, 1981

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem,* in the Chair.

Prayers.

[*Translation*]

THE HONOURABLE LIONEL CHOQUETTE

TRIBUTES ON RETIREMENT FROM SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am terribly sorry that because of his health condition Senator Lionel Choquette is unable to be with us today, for tomorrow he will be reaching the age of retirement, the kind of retirement he has chosen.

I had talks with him about it and I know he now feels different about it.

On one hand, as any Canadian worthy of the name—Senator Giguère will understand—he is attracted by the sound of the waves and the sandy beaches of Florida or the West Indies, in his case it is the island of St. Lucia where he owns a small property. On the other hand, after sitting in this Chamber for 22 years and observing the glibness and the gift of gab of the Liberal majority, he can only regret having to part with such expert debaters as Senators Perrault and Olson.

However, we have promised to send him the Senate *Hansard* so that he will be able to enjoy the evasive answers of Senator Olson and the irrelevant flights of oratory of Senator Perrault.

Lionel Choquette is a dear friend of mine. We have always gotten along very well together, perhaps because he did not take himself too seriously and readily laughed at himself, thinking that he would be stupid to be the only one not to do so.

Lionel Choquette has had an outstanding career here. He was appointed in 1959 and in 1962 he became the deputy of government leader Senator Alf Brooks. When the latter became opposition leader in 1963, Senator Choquette filled the position of deputy opposition leader and acted in that capacity until I was called upon to succeed Senator Brooks in 1967; this goes far back, it was a long time ago. He held that position until 1974 and gave me extremely loyal and effective support. I owe him a lot.

Our colleague is a lawyer and as such he was very successful and has always enjoyed an excellent reputation among his Ontario colleagues.

A distinguished defence lawyer and speaker—the Senate did witness that on many occasions—in private life Lionel Choquette is a fascinating story teller, a specialist of good jokes and especially plays on words, but at times a poet as well. He likes to recite Lamartine and Shakespeare. His word for word declamation of Alphonse Daudet's *La dernière classe* was always a great success. Recalling that text gives a certain melancholic appropriateness to this occasion.

I have known very few people who, like him, were equally at ease in either of our two official languages. Choquette is the true prototype of a bilingual and bicultural man.

Upon the retirement of our colleague and friend the Senate loses a member who served it well. Honourable senators are losing a most pleasant companion. We will miss him. Still, I do hope we will have many opportunities to see him again.

As we wish him a speedy recovery we express the hope that he will be able to enjoy fully the moments of leisure he will have in his retirement.

[*English*]

Hon. John J. Connolly: Honourable senators, I imagine that I have known Lionel Choquette longer than anyone else in this chamber. We were students at the University of Ottawa at the same time. He graduated in 1928; I graduated in 1927. We took many of our courses together, particularly in the later years of our stay there.

He was very active on the campus. He was a good student and a good athlete—in those days he was much thinner than he is today. He played hockey, football and tennis. Both of us were born in an area in Ottawa known as Sandy Hill, and as young fellows we spent a great deal of our time on a playing field which, in those days, was known as Varsity Oval. That was long before we ever went to the university.

At the university, Lionel Choquette was a great debater. He belonged to the French debating society and was one of their leaders. He was also a skilled actor and he, like his older brother, Falconio, was a star in the college dramatic society. Both spoke English with an Irish accent. Senator Flynn spoke of him as being the ideal bilingual Canadian. That is very true, because his French was impeccable, as was his English, which he spoke without a French accent. I believe it was because he was brought up with Irish people, as I was, that our way of speaking became his way.

Senator Flynn has said that he was a brilliant lawyer. He spent 48 years at the bar. At one stage he was President of the County of Carleton Law Association, a local association of lawyers, as I had been, so our careers were running in parallel for quite a while. Then he became the President of the Progressive Conservative Association of Ottawa East, and we parted company!

Lionel Choquette has been in the Senate for over 23 years. Senator Flynn has said that he was deputy leader on both the government and opposition sides. I shall always be grateful for the co-operation he gave me when he was Deputy Leader of

the Opposition and I had the responsibility on this side. I am sure that that co-operation, because of our old friendship, came very easily to him. I am also grateful for the favours and the help he gave me in those years when, for some reason or another, either Senator Brooks or Senator Flynn was absent.

Lionel Choquette showed great capacity for the work of this chamber. He occupied the Chair on a number of occasions with great credit to himself and to the house. He had a great capacity also for friendship, which probably was born out of the trait that Senator Flynn has mentioned, namely, his great sense of humour and the fact that he would not take himself too seriously.

I have been distressed of late to know that his health has been anything but good, but I hope that in his retirement it will improve and that he will enjoy a long and happy retirement.

[*Translation*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would like to associate myself with the sentiments expressed by Senators Flynn and Connolly. Senator Choquette has contributed continuously to this institution for over 23 years and I know that all senators on both sides of the house are grateful to him.

[*English*]

I conclude by wishing Senator Choquette every happiness in his retirement, which all of us hope he will enjoy with his wife, his children and his grandchildren.

[*Translation*]

Hon. Martial Asselin: Honourable senators, with your permission, I would also like to pay homage to Senator Choquette who was my neighbour and friend in this house for many years. After my appointment to the Senate, he gave me the benefit of his experience teaching me important procedural points so that through my interventions I might better serve the Senate.

Senator Choquette has been a noted defender of the cause of Ontario francophones in this house, as well as a promoter of the French language in that province.

As Senator Flynn and Senator Connolly indicated, he has had a busy legal practice. This was not always easy as we know that in the thirties it was not always easy for a French Canadian to make his mark in Ontario. However, he succeeded in being recognized as one of the great defence lawyers.

He raised many children to whom he gave a solid education and training, for which he must be given credit. As was already mentioned, Senator Choquette is a very witty man. He is also an excellent storyteller who could never manage to be boring.

I am sorry to know that his health has been anything but good as a result of a recent illness, but the best thing that he could do to get better quickly is to place himself in the care of his private nurse, his wife Marcelle, who has done everything in her power to give him tender loving care.

We hope that Senator Choquette will visit this house often, but even if he leaves Canada for the southern islands to enjoy a real retirement, as we have been told, we shall forgive him and remember him as a senator who always kept smiling in spite of the hardships life brings to all of us because he had a lot of confidence in the future.

• (1410)

[*English*]

Hon. George J. McIlraith: Honourable senators, I should like to join with my colleagues in this expression of appreciation to Senator Choquette on the occasion of his retirement. I have one regret, and that is that Senator Walker is not here today to participate. Senator Walker, Senator Choquette and I were classmates at law school, and I can assure you that with Senator Choquette's great ability as an orator, mixed with his delightful sense of humour and his considerable skill in presenting that humour in his remarks, Senator Walker and I came a poor second on all such occasions when discussions among law students took the form of speeches.

The three of us have been through the long period since those law school days together, as practising lawyers and as solicitors. I could never convince the other two as to the correct political position to take in public affairs. Throughout the years they persisted in supporting the Conservative Party, and I could never make them see the error of their ways in that respect.

It is interesting to note that Senator Choquette was the first of the three of us to engage in active politics, which he did when he became the candidate for Ottawa East for the Conservative Party some five years before I became a candidate for the Liberal Party and several years—I am not sure how many—before Senator Walker became a candidate for the Conservative Party.

All that aside, Senator Choquette did bring considerable delight to the law students of the day—at a time when Osgoode Hall in Toronto was the only law school in existence in the province. As I have sat across from him in this chamber, listening to him speak on occasion, I have often wondered what influence he had on his fellow law students from across the province some 50 years ago. I suspect it was a very great one, because they always ask about him when I am talking with them. I could perhaps say more, as I am sure Senator Walker would were he here, but I do not think that would be wise or discreet. I merely conclude my remarks by wishing Senator Choquette a speedy recovery and a happy, long retirement in his favourite haunts.

• (1415)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would like to take a moment, as a relative "new boy," to say something about Senator Choquette. I did not know Senator Choquette until I came here, but I did know his reputation as a lawyer who was effective and learned in the law, and who, in spite of his acknowledged abilities, never took himself too seriously.

Senator Choquette had universal respect in the legal profession but always with "no side to him." His well deserved reputation as a lawyer, as a politician, as a Canadian and as a friend can perhaps best be summed up by a French word which, to some extent, describes him physically—solide.

PRIVILEGE

HON. GEORGE VAN ROGGEN—HOUSE OF COMMONS PROTECTIVE SERVICE—TREATMENT OF VISITOR TO PARLIAMENT BUILDINGS

Hon. George van Roggen: Honourable senators, I rise on a question of privilege. Today I had occasion to have lunch with Mr. Stephen Rogers, the Minister of the Environment for the Province of British Columbia, who joined Dr. McGeer, the Minister of Science and Technology from that province, and the Leader of the Government in the Senate. Mr. Rogers told us of an extraordinary experience of his. He had not been to Ottawa before. And as he came to the centre door of the Centre Block and entered on the main level, he approached the security officers at the desk and announced that he had an appointment with Senator Perrault. He was told, "Well, you can't come in here!" They did not even have the courtesy to indicate where he should go, other than to allow him to stumble back out the door—and I am glad it was not 40 below and snowing. Another security officer was kind enough to show him the Senate entrance. He then found his way to that entrance, where he was admitted.

I hope, Madam Speaker, that you will raise with the Speaker of the other place this incredible impertinence. I am sure that this is not something that would be perpetrated by all the security guards on the Hill. However, the fact that even one or two of them could be so ill-trained and uncivil as to treat any Canadian, let alone a cabinet minister of one of our provinces, in this fashion is distressing and should be stopped.

[*Translation*]

HON. JACQUES FLYNN, P.C. –STATEMENT BY MINISTER OF CONSUMER AND CORPORATE AFFAIRS IN HOUSE OF COMMONS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am also rising on a question of privilege, but of another kind.

Yesterday, in the House of Commons, the Leader of the Official Opposition put a question to the Minister of Consumer and Corporate Affairs and Postmaster General, Mr. André Ouellet, with regard to the decision of the Director of Combines to refer the matter of the oil companies to the Restrictive Trade Practices Commission, and asked him whether or not he had consulted other members of the cabinet or even parliamentary secretaries before reaching his decision. Mr. Ouellet answered as follows, and I quote:

> I am happy to be asked this question. I was expecting it. I am glad to say that the government has not followed the bad example of the previous government. We did not consult other departments or ministers before deciding to proceed with the decision of the director. In other words, we did not consult other colleagues on the course of action taken. The Minister of Energy, Mines and Resources was not consulted, as the previous government had wrongly done when it consulted the Minister of Transport.

Obviously, Mr. Ouellet was referring to the debate we had last year, and in which Senator Frith was involved, with regard to the consultation I had had with other ministers concerning Mr. Bertrand's request that charges be laid against certain western trucking companies.

I thought we had settled the matter by concluding that the minister, the Attorney General of Canada, not only has the right but the duty to consult other ministers if he deems it appropriate and if circumstances indicate he should.

When Mr. Ouellet says that, I merely ask him to confirm that it is no longer the opinion of the Minister of Justice today—an opinion which I complied with last year in the circumstances mentioned. I simply want to say to Mr. Ouellet that it is certainly not up to him, who has been found guilty of contempt of court, to lecture me in that regard.

● (1420)

[*English*]

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Supplementary Estimates (C) for the fiscal year ending March 31, 1981.
>
> Letter addressed by the Minister of Energy, Mines and Resources to the Right Honourable the Leader of the Opposition, dated March 4, 1981, with regard to discussions between Petro-Canada and Petrofina S.A. of Belgium.
>
> Report of the Minister of Supply and Services relating to gold coins for the period ended December 31, 1980, pursuant to sections 4.1(1) and 4.1(2) of the *Currency and Exchange Act,* as amended by Chapter 35, Statutes of Canada, 1977-78.
>
> Report of the Department of Transport containing Summaries of Wharf Revenue Receipts, Harbour Dues and Leases for the fiscal year ended March 31, 1980, pursuant to sections 14 and 18 of the *Government Harbours and Piers Act,* Chapter G-9, R.S.C., 1970.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS OF COMMITTEE BUDGETS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

Foreign Affairs;

Official Languages.

(*For texts of reports, see today's* Minutes of the Proceedings of the Senate.)

TRANSPORT AND COMMUNICATIONS

PRESENTATION OF NATIONAL FARMERS UNION RE CROWSNEST PASS—REPORT OF COMMITTEE TABLED

Hon. G. I. Smith, Chairman of the Standing Senate Committee on Transport and Communications, tabled the following report:

Thursday, March 5, 1981

The Standing Senate Committee on Transport and Communications was authorized by the Senate, as recorded in the *Minutes of the Proceedings of the Senate* of February 26, 1981 "in response to a request from the National Farmers Union to receive a presentation from representatives of that Union with respect to certain issues relating to the Crowsnest Pass."

Your Committee now reports that on Tuesday, March 3, 1981, it received a large delegation from the National Farmers Union led by Mr. Ted Strain, President, Mrs. Darlene Henderson, Women's President, Mr. Wayne Easter, Vice President and Mr. Stuart Thiesson, Executive Secretary.

The main thrust of the delegation's submission to your Committee was a strong plea for the retention of the Crow rate on the transport of grain.

To this end the National Farmers Union made three specific recommendations:—

(1) That the Federal government *commit itself to the existing Crow rate structure in perpetuity.*

(2) That in order to relieve the burden of discriminatory freight rates assessed against processed agricultural products and the livestock industry in the regions affected by the Crow rate, *freight rates be adjusted in order to make such products competitive with the outward movement of grain and oilseeds under the Crow rate.*

(3) That the Federal government regard rail transportation *as an instrument for national and regional development* and that it accordingly adopt *a policy for total nationalization of the Canadian National Railways and Canadian Pacific Ltd. and its subsidiaries.* The integration and rationalization of those rail systems would permit them to be owned and operated as a public utility thereby assuring that national and regional economic social and development goals supersede the profit earning objectives of the companies.

The concluding paragraph of the Union's written brief reads as follows:—

114. We fully recognize the magnitude of this recommendation. However, the nation is less well served by continuing to invest huge volumes of financing in the rail transportation system *without even the benefit of acquiring comparable* equity, particularly in Canadian Pacific Ltd.

A complete transcript of the delegation's verbal presentation is recorded in the Proceedings of the Committee for March 3, 1981.

Your Committee was impressed by the representations made to it and recommends careful study of the submission of the National Farmers Union on the subject of retaining the Crow rate on grain.

Respectfully submitted,

George I. Smith
Chairman

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (C) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (C) laid before Parliament for the fiscal year ending 31st March, 1981.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*), that when the Senate adjourns today it do stand adjourned until Tuesday next, March 10, 1981, at 3 o'clock in the afternoon.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

● (1425)

Senator Frith: Honourable senators will remember that yesterday I explained that we are still working out a schedule for debating and disposing of the Constitution resolution. Those negotiations are ongoing. I believe we are very close to deciding upon what I hope all will agree is a sensible schedule.

Under the circumstances, it may be that honourable senators will be asked to sit four days next week, but that is unlikely. I believe we will only be sitting three days next week.

Three, and possibly four, days next week would naturally take us to Tuesday. I am asking for a sitting at 3 o'clock in the afternoon because the President of the United States will be here and arrangements are in place to receive him socially that evening. For that reason we felt it worthwhile to sit in the afternoon as an exception to our normal schedule.

The reason for sitting at 3 o'clock instead of 2 o'clock is that the Leader of the Opposition, in discussing the schedule for Tuesday afternoon, wisely suggested it was more convenient

for a number of senators to get here at 3 o'clock because of travel schedules.

Honourable senators, I hope I have explained the reasons for our next sitting being at 3 o'clock on Tuesday afternoon.

That leaves the question of committee meetings which, as honourable senators know, we try to hold on Tuesday afternoons. Senator Lafond—who has undertaken to help monitor and quarterback our committee meetings—is aware of the sitting of the house at 3 o'clock in the afternoon on Tuesday next. He has made me aware of the fact that a meeting of the Standing Senate Committee on Transport and Communications is scheduled for 4.30 that afternoon. It would be a rather difficult matter to reschedule that meeting, so we should give Senator Smith's committee leave to sit while the Senate is sitting that afternoon.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting on Tuesday, March 10, 1981, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[*English*]

CONSUMER AND CORPORATE AFFAIRS

OIL COMPANY PRICING PRACTICES—INQUIRY BY RESTRICTIVE TRADE PRACTICES COMMISSION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate and it has to do with the matter which the Director of Combines Investigation Branch of the Consumer and Corporate Affairs Department has just brought before the Restrictive Trade Practices Commission.

In the house yesterday, the Minister of Consumer and Corporate Affairs, explaining the decision, said that the director had the following courses of action, the first being to report that he had terminated his inquiry and that there was no reason to pursue it; the second being—and I quote the minister:

> —to refer his findings to the Department of Justice, and ask it to lay charges based on the evidence that he has gathered during the inquiry.

[Senator Frith.]

• (1430)

The minister was interrupted and was asked, "Was that done"? The Honourable André Ouellet replied that the director has not followed that course.

Since I was the Minister of Justice and the Attorney General of Canada at that time, and would, therefore, know whether the director had asked the Department of Justice to inquire into and report on this matter, and since the department has appointed counsel to look into the matter, would the Leader of the Government ask the Minister of Justice to confirm that counsel has been appointed and that the Minister of Consumer and Corporate Affairs was in error when he stated that this was not the course followed by the director? Would the leader also ask the Minister of Justice if he has received a report from counsel which is in accordance with this report that the director has decided to refer the matter to the tribunal?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Leader of the Opposition has posed an important question. It will be taken as notice, and his inquiries will be directed to the proper source.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question to the Leader of the Government in connection with the famous Garrison Dam problem. It is one of those matters which never seem to be resolved—certainly not in a way I like. We are informed that on December 1 last, the United States government sent a note to the federal administration in Canada proposing a meeting to consult on the matter, which, I believe, was to begin on March 2. My question is: Did the Government of Canada receive such an invitation; and, if so, was it answered and is a meeting in prospect?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have a complete reply for the honourable senator, but a reply will certainly be sought. However, I do have a statement on the subject of the Garrison project which was issued today.

The government is disturbed by reports that the United States Government is proposing an additional appropriation of $4 million for the Garrison project.

Canada has consistently held the position and made it clear to the United States that the Garrison project, as currently designed and authorized, contains features which, if constructed, would lead to violation of the 1909 Boundary Waters Treaty. In this opinion we are supported by the findings of the International Joint Commission.

We have further made clear our concern that any new funding appears to be leading inexorably towards completion of the authorized project.

The Prime Minister intends to raise the Garrison issue with President Reagan. My colleague, the Minister of the Environ-

ment, will be doing likewise when he meets with the United States Secretary of the Interior in the near future.

We intend to seek from the United States government immediate formal clarification of current and planned allocations and expenditures on the Garrison project.

I reiterate that the additional information sought by Senator Roblin will be produced as quickly as possible.

Senator Roblin: Honourable senators, I would point out to the Leader of the Government that in his reply to a question of mine on February 12 last he stated that the funds about which we are talking would not involve work that affects Canada. Now we are informed that this is not the case with respect to the $4 million in new funds which are now being allocated for this project. In fact, we find Canadian officials being quoted as saying that none of the parts of the project on which they are working will be worth a damn without the Manitoba components. In case there is any doubt, that word is spelled d-a-m-n.

Senator Frith: Coming from you, we had no doubt.

Senator Roblin: That word does not express my feelings on the subject; I would like to use something a little stronger. We find that the United States officials are now saying that they have reached the point where any new funding for Garrison would have to be spent on a part which is directly linked to Manitoba. My concern is that events have overtaken, if they have not outstripped, the negotiations. We keep asking for meetings or to be invited to meetings which, apparently, we have not attended up to the present time, but things keep going ahead as if our input was not reaching the right quarter down there. I mention this because, while I know that there are many things to be discussed during the coming visit to Canada of the President of the United States, I hope this matter will not be sloughed off.

● (1440)

I am disturbed to read newspaper reports—but, after all, they are only newspaper reports—to the effect that this is a ceremonial occasion rather than a working one and it is unlikely that much of a concrete nature will be accomplished.

Can the minister tell me that he will undertake to give us as detailed a report as he can about the Garrison discussions after the meeting is over? If no satisfactory conclusion has been reached, I would then ask the government what they intend to do to invoke the treaty on which this is all founded in order to bring this matter to a conclusion or, at least, to a tribunal or forum where the matter can be effectively resolved, and thus avoid this continuous process whereby the United States government appears to be nibbling away at this thing, regardless of anything we say, and will, undoubtedly in the not too distant future, it seems to me, confront us with a fait accompli.

Senator Perrault: Senator Roblin's concerns can be well understood. I can only provide, I hope, some degree of reassurance that the Garrison issue will be on the agenda of the proposed meetings between the Right Honourable the Prime Minister and the President of the United States. The government regards it as a most serious issue, and hopefully, a report can be provided for the Senate after those discussions have taken place. There is no question whatsoever that there are some very troubling aspects to this whole matter of the Garrison.

Hon. Joseph-Philippe Guay: I have a supplementary question. The urgent question that I asked my leader about 10 days ago contained the facts mentioned by Senator Roblin, and the leader was going to look into it. Is there any possibility that we may hear about that matter even before representations are made to the President of the United States when he is here next week? I know that it is on the agenda, and I hope that the discussions will be successful. Since I posed my question on this matter, has the Leader of the Government had an opportunity to receive the report in regard to the activities that have taken place sor far?

Senator Perrault: Honourable senators, the information I have was received only this afternoon from the office of the Secretary of State for External Affairs. Certainly, priority attention will be accorded the issue, and if certain supplementary material can be produced next Tuesday afternoon, we shall do so. I understand the great concern of Senator Guay and Senator Roblin, particularly, but this is a matter of concern to all Canadians wherever they live, and it should occupy an important place on any agenda of talks between Canada and the United States.

Senator Roblin: I have a supplementary point, honourable senators, that concerns me. Why does it appear that we have not responded to the December 1, 1980 invitation of the United States government to meet with them? This is particularly worrisome in view of the fact that I believe they invited us to meet on March 2. Did we get an invitation? What happened?

Senator Perrault: Honourable senators, I will provide as much information as it is possible to amass at this time. Hopefully, that information can be brought to the chamber, as I say, early next week. I have given all the information that is currently available.

FARM CREDIT CORPORATION

FUNDING BY PRIVATE SECTOR

Hon. Orville H. Phillips: Honourable senators, I have a question for the Leader of the Government in the Senate. The Minister of Agriculture has announced that the Farm Credit Corporation plans to raise some of its increased funding, as the Farm Credit Corporation finds it necessary, from the private sector. Other crown corporations, such as Petro-Canada and its subsidiary Petro-Canada International and Atomic Energy of Canada, are not required to raise their funding in the private sector. My question is: Why is it necessary for the Farm Credit Corporation to turn to the private sector for funding when other crown corporations are not required to follow the same pattern?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, few Canadians have demonstrated such expert knowledge and interest in the problems of the farming

community in this country as our distinguished colleague, the Honourable Hazen Argue, and I would ask him to provide the information to the honourable senator, if it is available.

Hon. Hazen Argue (Minister of State for Canadian Wheat Board): Honourable senators, I do not know that I can provide the information. I am not well acquainted at this moment with what action, if any, the Farm Credit Corporation has taken to raise private money. I am not aware that it has, but I do not tell the honourable senator that it has not.

The Farm Credit Corporation does such useful work in making money available to many smaller and younger farmers, and those farmers who do not have access to bank credit or private credit, that I think real consideration is being given to providing additional funds through what one might term the traditional method for the crown corporation, but I am not able to say what the conclusion may be. I will have to take the honourable senator's question as notice, if he wants a more definitive and accurate answer on raising money in the private sector. The honourable senator may know the answer to the question himself.

Senator Phillips: Honourable senators, perhaps I know a good deal more about the question than either the Leader of the Government or Senator Argue, but I appreciate very much his offer to obtain further information on it. The announcement was made to one of the farm groups who were visiting in Ottawa last week. I rather expected that the Minister of State for the Canadian Wheat Board would be present at those meetings, but obviously he was not. If he would inquire from his colleague and determine—

Senator Argue: Which meeting are you referring to?

Senator Phillips: The National Farmers Union.

Senator Perrault: He hosted it.

Senator Phillips: That is why he did not hear the Minister of Agriculture then. If he would inquire and determine the amount of funds that are required by the department, the percentage to be raised by the private sector, and the amount of interest to be charged on the funds raised from the private sector, I would appreciate that very much.

● (1450)

Senator Argue: I will be happy to try to obtain that information for the honourable senator. I did meet with the National Farmers Union, if that is the organization to which my honourable friend refers. I do not think I can be accused of meeting with too few farm organizations, but one cannot meet with all of them at a given time. I have been accused at times of meeting with one too many, and of perhaps having said some things which, in the view of some people, should not have been said, but I do not think that I can be faulted for not attending a large number of meetings with farm organizations. If I should receive an invitation some day to visit my honourable friend's province to speak to some farm organization that he may have in mind, I shall be happy to accept it.

Senator Phillips: Honourable senators, I should like to point out that I am not one of those who accused Senator Argue of meeting with too many farm organizations. I am not concerned about that, and I do not think he should be either. The only thing he should be concerned with is the fact that perhaps the farm organizations complain about not meeting with him. If he follows that pattern, I will give him credit.

[Senator Perrault.]

FOREIGN AFFAIRS

IRAN—RE-ESTABLISHMENT OF DIPLOMATIC RELATIONS

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Following the release from Iran of the American hostages last January, there was speculation in the press that the Canadian government was considering the re-establishment of diplomatic relations with Iran and the lifting of sanctions. Could the Leader of the Government inform the Senate as to whether any further consideration has been given to that subject?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, some information on that subject has been made available. The lifting of sanctions follows similar action by other sanctions-applying countries, including the United States of America. It has been taken in conformity with international law and practice, and in no way signifies Canadian approval of Iranian actions past or present. It is also a question that is quite apart from the reactivation of our embassy in Tehran, on which we are proceeding more deliberately.

Honourable senators, I have some late information which was received only an hour or so ago regarding trade with Iran. In 1980 Canada exported $41.3 million of goods to Iran compared with $22.4 million in 1979. Wheat worth $29.9 million was by far the largest element in that trade. Flour worth $1.3 million and pharmaceuticals worth approximately $3 million were other major items. Wheat and pharmaceuticals were among those items which were specifically exempted from sanctions at the time the export embargo was announced on May 22, 1980.

No country imposing sanctions, including the United States, placed an official embargo on the shipment to Iran of humanitarian items such as food and medicine. The remainder of the $41.3 million consisted of goods exempted from sanction or shipped before permits were required by the imposition of our export embargo.

THE ECONOMY

EFFECT OF NATIONAL ENERGY PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question asked by Senator Murray on January 21 concerning the effect of the National Energy Program.

Having reviewed the November 1980 issue of Data Resources of Canada's "Canadian Review", may I reiterate what I said when I initially replied to this question on January 21, and that is that I do not share the conclusions of their

report on the budget, energy policy, and the economy. The National Energy Program, since it was originally announced in late October, has not been without its critics, for it is a very courageous program aimed at energy security, fairness and opportunity—very clear-cut goals that will benefit all Canadians.

With specific reference to the figures quoted by my honourable colleague in his question, I would like to inform him that we have been unable to verify from Data Resources of Canada sources the estimate of $4.5 billion which he referred to as being NEP-related revenues for 1981. Insofar as direct expenditures arising from the NEP are concerned, they will be well in excess of $2 billion in that year. This amount is additional to the federal government's ongoing expenditures related to the energy activities of Energy, Mines and Resources, the National Energy Board, Atomic Energy Control Board, Atomic Energy of Canada Limited, Petro-Canada, the Northern Pipeline Agency, and the major conservation programs, including the Canadian Home Insulation Program. I would like to refer my honourable colleague to page 90 of the NEP, which will provide him with a comprehensive listing of the government's energy expenditures for the years 1980-83.

It can be certified that essentially all of the revenues arising from the implementation of the NEP will be re-invested in energy-related activities designed to achieve the objectives set out in the NEP.

ENERGY

OIL—IMPORTATION FROM MEXICO

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question asked by Senator Murray on February 18 concerning the importation of oil from Mexico, together with an analysis of many of the prices paid for various crude oil. It is a lengthy answer, but it may not be complete in the view of Senator Murray.

As I have indicated previously, Mexico has been forced to reduce crude oil exports to all purchasers, including Petro-Canada, since late last year. The major reason for this reduction can be attributed to inadequate loading facilities compounded by poor winter weather conditions. During bad weather conditions tankers are prevented from loading and as there is only limited crude storage facilities at the two ports being used, crude oil production must be curtailed. This not only results in lower crude exports but also creates a lengthy backlog of vessels waiting to be loaded. Mexico is currently attempting to resolve its technical difficulties and is hopeful of fully meeting contracted volumes in March, including Petro-Canada's 50 MB/D. It should be noted that Mexico has been reducing deliveries to all its customers equally.

To date, eastern Canadian refiners have received approximately 2.6 million barrels of Mexican crude, about 60 per cent of the total volume contracted by Petro-Canada. This has been made up of 52 per cent of the heavier Mayan crude (23° API) and 48 per cent of the lighter Isthmus (34° API). With regard to the quality variations, it is my understanding that most eastern Canadian refiners have sufficient flexibility to refine these types of crudes. Current reports indicate that refiners receiving Mexican crude have experienced no problems in maintaining their desired product yields.

With regard to price, on December 24 Mexico increased the cost of Isthmus crude by $US 4.00 to $US 34.50. These prices only came into effect for January loadings and did not apply to December deliveries as they were not originally part of the accepted program. It should be noted that Mexico traditionally maintains its official selling prices higher than those of OPEC in light of its transportation cost advantage over Persian Gulf exporters. As a result, the average landed cost of Mexican crude delivered to Canada has just been slightly higher than for other imported crudes.

NATIONAL REVENUE

CHILD TAX CREDIT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Thompson asked a question on February 12, concerning the requirement of a signature of a husband attesting to his income when his wife is applying for child tax credit.

The only information on the schedule relating to the child tax credit concerning the husband is his income, to which he is required to provide certification. The Income Tax Act very clearly requires that schedule 10 be completed jointly by the wife and the husband, which clearly implies that it is a shared responsibility. Eligibility for child tax credit is based on family income. The Department of National Revenue has therefore no choice but to enforce the requirement that the husband's signature be obtained.

It should be noted that in the event of a reassessment which would reduce the amount of the credit paid the husband is liable.

Senator Thompson appears to be under the impression that there are a great number of cases in which the child tax credit goes unpaid for lack of the husband's certification. This is not correct. When the department receives an application lacking the husband's signature, the application is returned to the claimant and in almost all cases the matter is quickly resolved.

Head office officials of the department have in fact no record of a complaint that a child tax credit was denied due to inability to obtain the signature of the husband.

PRESIDENT OF THE UNITED STATES

VISIT TO CANADA—PROPOSED AGENDA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by Senator Murray regarding the agenda for President Reagan's visit to Canada. I have received a copy of a block agenda for the President's visit, and perhaps the general points may be of interest to all

honourable senators. I will then be pleased to obtain further information, if that is desired.

The President will arrive at 9.30 a.m. on Tuesday, March 10, at Canadian Forces Base, Ottawa and will be greeted by His Excellency the Governor General. At 11 a.m. the President is scheduled to arrive on Parliament Hill, where he will be met by the Prime Minister and the Speakers of the Senate and of the House of Commons. He will be meeting with the Prime Minister in the Prime Minister's office in the Parliament Buildings. At 1 p.m. a working luncheon will be given by the Right Honourable the Prime Minister at 24 Sussex Drive.

At 3.30 p.m. there will be a continuation of meetings with the Prime Minister in the Prime Minister's office in the Parliament Buildings, followed by meetings with the Prime Minister and ministers.

At 6.30 p.m. there will be a gala performance in honour of the President and Mrs. Reagan, hosted by the Prime Minister of Canada, in the Opera of the National Arts Centre. The performance will be televised coast to coast in both languages by the Canadian Broadcasting Corporation.

Senator Flynn: Music also?

Senator Perrault: There will be music. I understand that some of Canada's finest talent will be on display.

At 8.30 p.m. a state dinner will be given by Their Excellencies the Governor General and Mrs. Schreyer at Rideau Hall.

On Wednesday, March 11, at 9.30 a.m. there will be a call on President Reagan at Rideau Hall by the Leader of the Opposition. At 10.30 a.m. there will be a tree planting ceremony at Rideau Hall, and at 11 a.m. the President will address a joint sitting of the Senate and the House of Commons. I draw to the attention of honourable senators, that at 11 a.m. on Wednesday, March 11, the President will address a joint sitting of the Senate and the House of Commons in the chamber of the House of Commons.

At 1 p.m. there will be the departure ceremony. The Governor General will bid farewell to the President and Mrs. Reagan at Canadian Forces Base, Ottawa.

That is the agenda that I had promised to bring to honourable senators.

Senator Asselin: Will there be a press conference?

Senator Perrault: I have no information with respect to a press conference. Presumably there will be joint statements at some point during the proceedings.

I was also asked questions regarding the working agenda. That is still under discussion between the two parties. It can be assumed, however—I am quoting from information that I have been provided with—that most of the important concerns between our two countries will be discussed during the President's visit.

Senator Murray: Do we have a full list of what cabinet secretaries will be accompanying the President?

Senator Perrault: Honourable senators, I do not have that information as yet. However, that information will be requested. I have not been provided with such a list up to this point.

[Senator Perrault.]

Senator Flynn: What about arrangements in the other place? No doubt they will make room for us in the House of Commons.

An Hon. Senator: For the state dinner?

Senator Flynn: No, for the address to both houses.

Senator Perrault: It is my understanding that appropriate seating will be provided for all honourable senators.

Senator Roblin: I wonder what that means.

• (1500)

CRIMINAL CODE

AMENDMENTS CONCERNING PROSTITUTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on March 3, 1981, concerning possible amendements to the Criminal Code on the subject of solicitation.

Last fall the Minister of Justice was in communication with the attorneys general on the subject, and received some different points of view from the provinces on the advisability of moving in that field at this time. Another aspect of the problem is the case on the subject that is at this moment before the Supreme Court. It is traditional for the Minister of Justice to wait until a final determination of a point of law has been made by the courts before he proposes amendments. When the Supreme Court has disposed of that case, we will advise Parliament about what steps, if any, the government proposes to take.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have just received some further information, as of today's date, on the subject of the Garrison project.

By a diplomatic note of December 1, 1980, the United States suggested the commencement of a process of consultations on the Garrison project beginning in March. That process was begun by the visit in January of Canadian scientific and technical experts to the United States for a briefing on technical developments relating to the project.

We remain willing to enter into consultations with the United States but consider that, if these consultations are to be meaningful, the question of current and planned allocations and expenditures on the project must be clarified.

Thereafter, a date for consultations will be set.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask if that statement by the government leader means that the Government of Canada is taking no further initiatives with respect to the matter but is simply waiting for the Americans to indicate whether they will broaden the scope of the discussions, or have we, by diplomatic note,

replied, saying that we wish to have a wider field of discussion available to us in order to get to the root of the problem?

Senator Perrault: Honourable senators, because of the importance and sensitivity of this issue I think it appropriate that I seek more detailed information before I hazard a reply.

Senator Roblin: May I ask a supplementary question? On a previous occasion I referred to the meeting of technical experts in January, and I asked that a copy of their proceedings be made available to us. I was told that that was not considered desirable.

In view of the fact that these new measures being proposed are concerned with whether or not the money to be spent will affect the Canadian problem in this connection or will be entirely restricted to the American aspect, it seems to me that the relevance of the proceedings of the technical experts becomes even more evident than it was before. In view of that, will my honourable friend undertake to review the matter to see if we can find out what is going on?

Senator Perrault: Yes. The full extent of the inquiry of Senator Roblin and of Senator Guay will be directed to the department, and I hope a reply can be obtained.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Jack Marshall: Honourable senators, to those of you who, with some trepidation, feel they must sit in their places listening to me at length and bearing with me, may I extend the same words of advice that I used to give myself when visiting the dentist: "If I can only get into that chair and stand the pain for the first 10 or 15 minutes, eventually it will go away."

Let me first add my words of commendation to those that have already been expressed so warmly to those of our colleagues who participated in the long and taxing proceedings of the Special Joint Committee on the Constitution. I admire all of them for their dedication. Even those on the other side, who chose a direction different from the right one taken by my colleagues on this side, acted, I am sure, in accordance with their conscience. There is no question, in any event, that all the members of the committee acquitted themselves in a manner which did them great credit, and of which they can be proud, and for which they deserve the highest marks.

At this stage of the debate, however, honourable senators, while I exercise my right to participate—because it is the right of all of us to address the constitutional question—I am not vain enough to think for one moment that what I have to say will influence anyone sufficiently to change the direction of his or her thinking, or cause anyone on the government side to change his or her position vis-à-vis the resolution. Nevertheless, it seems to me that at this moment in our history I have a responsibility to voice certain of my feelings concerning the effect that the proposed changes to the Constitution will have on some of those Canadians whom I still like to think I speak for in Parliament.

As Senator Doody explained last evening, what we have to say at this point in time will not change the direction of the government in power any more than has the action of eight of the ten premiers who have spoken for millions of Canadians; or any more than have the many members of Parliament and senators who have opposed the resolution and have already spoken against it; or any more than have the numbers of witnesses and organizations who, representing countless Canadians, appeared before the committee looking for change. If those various individuals, groups and organizations were incapable of affecting a change in the questionable and controversial direction the government has taken, it is not likely that what I have to say will make any difference. Moreover, it is obvious that the government is adamant in holding to its position, ignoring the majority of Canadians, the very people the government is proclaiming the changes in the Constitution will protect.

Honourable senators, when I first came to Parliament in 1968 I was sufficiently naive to think that I could change things for the better for the citizens of Newfoundland who had elected me. I am beginning to doubt that now. When I first came to this great capital of Canada I was proud to be a Canadian. I knew I was fortunate to have been born in Canada. During my growing-up years, as I grew older, I realized how fortunate I was, because I was born of ethnic parents who had fled from the fear of state rule in foreign countries and had come to Canada, where they found comfort and freedom in this country of great potential and opportunity.

I recollect well that as I entered a period of responsibility in my lifetime I realized that, despite being part of a minority group, I was accepted everywhere. I was accepted because of my Canadian upbringing, despite that status.

My first telling experience of Canadianism befell me when I went to war and found that there were no interprovincial boundaries to cross when one offered his services to his country. I was born a Jew in Nova Scotia. I was sent to serve in a French Canadian regiment in New Brunswick. Nobody told me that I could not serve in another province; no one told me that I was of the wrong religion; no one told me that I could not serve with comrades in another province because it was not in the Constitution; nor did anyone tell me that I could not serve alongside French Canadians because I could not speak French, or because that was not in the Constitution either or was not entrenched as part of some document of rights. But I served with those Canadians as comrades because we fought to protect our country; we fought for a common cause.

My second telling experience of Canadianism came after the war, when I decided to move to Newfoundland. Again I traversed the boundaries of another country, but I was accepted in that British colony without question. Then, after 1949, I, along with my fellow Newfoundlanders, joined Canada. Some

years later, because I had entered into the new spirit of Canadianism and had contributed towards my new community, I was able to gain enough of the confidence of my fellow Canadian citizens to represent them, as a comparative outside mainlander, as their representative in the Parliament of Canada.

Honourable senators, while I hesitate to use my own experience as a model—and I do so reluctantly—it has struck me that my own experience is part of what Canada is all about. Nobody ever stopped me to say, "You are not complying with the Constitution or with the British North America Act." I am a Canadian by the accident of birth, and the fact that I grew up in Canada was beyond my control. But I was free to move wherever I wished inside or outside the country; I was free to say what I wanted, and free to contribute to the country in which Providence had placed me.

Honourable senators, in those days I did not know much more about the subject of the Constitution than what I had been taught in the few hours given to that subject in elementary school. What I do remember, though, is that every week I stood up with my classmates and pledged allegiance to my country and to the Union Jack. I have participated almost not at all in the debate on the Constitution or the committee, other than to fill in at one committee meeting, but I have heard and read the countless words uttered by many witnesses, some with emotion, many with brilliance. However, I have heard no one who has yet convinced me that it is vital that we drop all our other responsibilities and debate patriation of the Constitution because it will better unite our country. I say that the very opposite is happening. Despite the brilliant words espoused by the constitutional experts that I have listened to, I see anger and hostility creeping amongst Canadians. The words that struck me most are those of Senator Fournier when he said that the majority of people in his area are more interested in the economy, inflation, and the cost of living. I agree with him. There are people who live in fear of losing their homes because of high interest rates on mortgages. There are people who are considered poverty stricken, who cannot bear the cost of living because of rapid increases in oil prices.

● (1510)

In 1867, honourable senators, a group of pretty smart Canadians decided to bring together the different regions or provinces and unite them into a federation. A set of rules and guidelines were drawn up which have brought us along as a nation for some 114 years. We have become a pretty proud nation. We have not succeeded, though, solely because of those rules that were written into the Constitution. We have succeeded because of the people for whom they were written—the individuals who ran away from fear and settled in a free country, Canada; the people who saw a land of opportunity, and suffered and endured to establish a way of life for their families. Here we are today obsessed with the idea that everything else must come to a halt because we must enshrine our rights in words. We must bring home our Constitution amended by Britain, because evidently our leaders do not have the faith and confidence in our own partners in Confederation to do it ourselves, for our own good. I say, "Sure, bring home our Constitution; sure, amend the Constitution," because over the years, as conditions change and the country progresses, the rules must change. But, honourable senators, by all that is right and decent, why this great obsession that all will be lost, that Canada will collapse, if we do not patriate by July 1?

In 1889, somebody by the name of Goldwin Smith said that to make a nation there must be a common life, common sentiments, common aims and common hopes. That was almost 100 years ago. Before it is too late, honourable senators, we should pay heed to those words. If we have failed to agree on a Constitution for 54 years, so what? If we must wait one, five, ten or twenty years, so be it. But let's not do it by imposition, confrontation or dictate. Let's not do it in spite of Canadians, but for Canadians, who still trust those who stand in Parliament to protect the people they represent. There is no earthly reason why continuing negotiations cannot eventually succeed, regardless of how long it takes.

Honourable senators, I ask that we make a country by human feeling, trust and faith. That trust and faith come from inside every Canadian human being, regardless of the words that exist in a paper written with the wrong intent.

During my military service I was struck by a basic and simple lesson, which was that no element of a military force could advance any faster than its slowest troops. The analogy that I extract from that lesson relative to real Canadian life is that our Canadian nation will not advance as long as one-fifth of her population exists in poverty or weakness and cannot keep up with the strong. Nothing in the Constitution will change that fact by the written word, and nobody, whether it be the Prime Minister or the Minister of Justice, will persuade anyone, let alone the British Parliament, to ensure, by patriating the Constitution, that all Canadians, regardless of race, creed, colour, origin or status in life, will be more equal. Honourable senators, that just is not so.

The one reference I want to make is to a proposition which was turned down by the government, the clause having to do with property rights. This emphasizes the doubt I have about the whole exercise. Let me quote from the Canadian Bill of Rights:

> It is hereby recognized and declared that in Canada there have existed and shall continue to exist without discrimination by reason of race, national origin, colour, religion or sex, the following human rights and fundamental freedoms, namely,
>
> (a) the right of the individual to life, liberty, security of the person and enjoyment of property, and the right not to be deprived thereof except by due process of law;
>
> (b) the right of the individual to equality before the law and the protection of the law;

What is the reality, honourable senators? Let me read from the research that I had done by the Library of Parliament;

> In Canada today little protection exists for personal or property rights, particularly against assault by government. In a free and democratic society, property rights

are regarded as a most fundamental civil right on which other rights are founded. While property rights are seen as fit for inclusion in the Constitution of many democratic countries and in the universal Declaration of Human Rights, in Canada only the Canadian Bill of Rights and several provincial bills offer limited protection for these rights. The Canadian Bill of Rights applies exclusively to federal matters and is limited in its scope, because its provision for due process has been interpreted to mean in accordance with the law. Thus any valid law, no matter how unjust, cannot be impugned through the Canadian Bill of Rights.

Honourable senators, I lived in Newfoundland for many years and represented a very poor part of the province. I saw examples of the taking away of civil liberties and the right to property.

I can remember the resettlement program, when the government, on its own, decided literally to break up and destroy whole communities. People were told that it was for their betterment that they go somewhere else. I remember an elderly couple, over 80 years of age, who moved from a little place called Current Island across 100 feet of water to a place called Pigeon Cove. I went into their house and talked with them. They were very bitter. I said to the man, "What are you going to do now, sir?" He replied, "I'm going to keep looking out that window, right across to Current Island where I grew up and my family was together, and just wait until I die."

Then the famous federal government came to Newfoundland with the idea of giving us a great national park. I was party to the advocacy for that park, but I did not realize what it would do to the small fishing villages, the small communities which were tempted by a few thousand dollars and were told that they would be better off, that there would be more jobs for them, if they moved somewhere else. They are still bitter and they will always be bitter.

People have always had traditional rights. They cut logs for firewood in the winter and gained a few dollars; they fished and they trapped; and all of that was taken away from them on account of the fact that they could no longer go to that land because the federal government wanted it for their Heritage of Canada project, and for the benefit of all Canadians.

● (1520)

A Newfoundlander does not want very much, and never did. All he ever wanted was a piece of land and a home which, because he did not trust the government or the banks, he built year by year and piece by piece until he had his home and felt secure.

Today, because of the inadequacy of government, he cannot even fish any more. If he is over 65 he cannot lay a lobster trap; and, of course, we have given away all our fish to other countries. Is this consistent with the traditional rights of Canadians?

In the city of Corner Brook, just a few months ago, I ran into a man who had a second-hand car business. The day came when the city came along, because they had acquired the right and the money from either the federal or the provincial government, and said to him, "We are taking that away from you." He said, "What right have I to object?" They said, "You have no right. We will expropriate, and you can go to appeal." Of course, he had to take what was given him rather than what he felt it was worth, in order to be able to provide for the future that he wanted for himself, and to give his children the opportunity to take over his business. Then, to add insult to injury, the city sold him a building, and provided him with a deed, but he found later, when he wanted to expand his building, that there was a city pipe under the ground on which the building was situated. This was something that was not even apparent from the plot plan that the city had provided him with. The result was that this man was filled with bitterness and mistrust because he could not do what he wanted with his property.

Honourable senators, we will never have a country if this kind of thing is going to continue. Why could we not enshrine that right to property in the Bill of Rights?

Another thing that has always disturbed me is the question of inequality in regional pay rates in this country. We have a system whereby a federal employee in Newfoundland, working for the Minister of Transport, and doing the same job as his colleague in Nova Scotia or Prince Edward Island or Quebec or Ontario, gets less money than they do. If this is not creating bitterness, then I do not know what is.

Honourable senators, we must think about how we have ruined Canada and why we have ruined it. Somebody has to tell the powers that be just what is happening in this country. I see bitterness right across the nation. I see bitterness right in my own province. I see bitterness between the premier of our province and the federal government. All they want in my province is ownership of their resources and their land and the right to the resources of the continental shelf. They also want a measure of control over their most important economic activity, the fishery, together with equal treatment with regard to energy, and the movement of electrical energy to potential markets. They want the protection of the rights of Newfoundland under the Terms of Union.

We are fighting in Canada about the cost of energy and about the price of energy and oil. There is enough hydro-electric power in Newfoundland to supply the whole of the Atlantic region, and indeed, a great part of Canada. Yet we cannot come to terms as to how that is going to be done, and as to how we are going to transfer the power across the gulf. I could cite many other examples, honourable senators, of this sort of thing, but I know that time is of the essence.

We in this Senate, however, can take up the challenge, and before anything worse happens, over the years, we should try to convince the government to get back to the negotiating table. There must be a rebirth of trust and faith between the partners in this federation, and we must make sure that we correct our mistakes so that we may continue to grow in this great country of ours.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, as all of you, I followed very closely the proceedings of the Joint Committee on the Constitution and I have been using the committee reports as a bedside book these past few days.

I would therefore like to congratulate all the honourable senators who served as regular or substitute members on this committee, as well as both co-chairmen. These honourable senators have done us credit by the quality of their interventions and regular attendance, and thanks to television, the Canadian public is now better able to understand our role in Parliament. Partly because of them also, the proposal now before us is a much improved document compared with the original proposition.

Honourable senators, as soon as I read this unilateral constitutional proposal, I felt serious apprehensions and reservations, and until the end of the proceedings, I hoped for substantial amendments as concerns both contents and procedure so that I would not find myself in this difficult position, which is probably the most difficult position I have been in since my arrival in Parliament.

My colleague, Senator Thompson, told us recently in his speech of the anguish he had gone through before taking a dissenting position. I understand his very human reaction, but for my part, my experience was quite different, and I would like to tell you about it very confidentially—and this is not for publication. Pressure was applied by my wife, who simply told me: "If you speak against this project, I believe that I shall not go back to Ottawa."

I waited to see if she would make further threats, but she kept silent for a long time, and I concluded that my wife was not only very cautious, but also that she was giving me the green light.

After much reflection, honourable senators, I shall therefore take a position which I ask you right now to respect as I respect yours.

● (1530)

This unilateral project goes against and negates everything in which I have believed, which I have supported and endorsed in all my years in Parliament. If it remains in its present form, I shall not be able to support it. In my opinion, this unilateral proposal threatens to break up, for all practical purposes, the balance of powers which has always existed between our two levels of government.

Henri Bourassa said that the Constitution of 1867 was the result of an agreement, but in spite of the difficulties brought about by this type of federalism, this Constitution, whose centennial we celebrated a few years ago, has served Canadians well and it has allowed the various provinces to retain and to develop their own identity and what we are very proud to call the Canadian mosaic.

Throughout the years, like most of you, I have had the opportunity to speak in other provinces, and I have always insisted on the fact that each province has special cultural values and traditions which must be jealously protected and that these values are an asset to Canada compared to what was then called the American melting pot.

This package, although it has some attractive aspects, seems to me because of its unilateral nature and especially because of its long term consequences to be used by the federal government to impose upon the provinces a system which will result in an increasing centralization where the federal government will always have greater powers.

This is precisely the pitfall the Fathers of Confederation avoided falling into in 1867 and which most Canadians seem to reject in 1981. With this package, we as members of the Senate, are faced with a double responsibility: our allegiance to a political party and our traditional role as senators especially when the Constitution of our country is involved.

According to the terms of our appointment, we have been summoned to come and serve in this house, in accordance with a well-established custom and tradition, the interests of our region and of our province.

On several occasions since my appointment to the Senate, in spite of some reservations, I voted according to my political allegiance. However, in this case, my convictions are so deep-rooted that I cannot sacrifice them to my party.

Senator Flynn: Hear! Hear!

Senator Deschatelets: This is such a wide package, honourable senators, with such far-reaching consequences that it would take hours just to go over the main aspects. I will restrict myself to a few points and stick to the self imposed reasonable time limit observed by previous speakers. I shall start by commenting on an allegation endlessly repeated to the effect that Canada has been faced with such a serious constitutional crisis for the past 53 or 54 years, that at any cost we must get out of that deadlock. You will say to me: "But it does not matter." On the contrary, I think that is quite important. To be able to weigh the pros and cons of a proposal, we have first to agree on clear and specific premises. If such an allegation was factual, many Canadians could be tempted to justify the unilateral action of the federal government in an effort to bring to an end what seems to be a hopeless deadlock through the extraordinary means which it has suggested.

To my mind an impartial analysis of the facts will not support such an allegation.

I have been in Ottawa as a parliamentarian, for almost 28 years, in fact since 1953. I therefore have had a rather privileged view of the main events that have taken place in Parliament over that period. Doubtless, some will claim that since the Statute of Westminster, federal-provincial relations have been subjected to conflicts, squabbles and difficulties between both levels of government.

I suggest that such problems are not only understandable but unavoidable in a federal system like ours. And we shall see worse in the future, whatever way we choose to go, finally.

There have been several confrontations between the Province of Quebec and the federal government. Those of us who were sitting in the House of Commons at the time are aware of them. There were confrontations as a result of the introduction

of joint programs for old age security pensions, the Trans-Canada highway, subsidies to the universities, and many others. Still, solutions were found to all those problems.

If my memory serves me right, my honourable colleague, Senator Lamontagne, was one of the architects if not the architect of the "opting out" formula which gives considerable flexibility to the implementation of joint programs.

Several amendments have been made to the Constitution since the Statute of Westminster. Senator Lamontagne had a list of them in his speech; those amendments were passed at Westminster at the request of the Canadian Parliament. Despite all the precedents variously quoted, not one of them can really be compared to the proposed resolution before us today.

Everyone is free to interpret events as he or she sees fit. As far as I am concerned, it is only in 1960 or 1961 that we discussed in committee, for the first time at the parliamentary level, the problem of patriation, of an amending formula, and a Charter of Rights, and in a way which, I must admit, was most superficial.

It will be remembered that, at that time, a Bill of Rights had been introduced in Parliament by the Diefenbaker government. At that time, I was a member of the Special Committee of the House of Commons in which our group was led by former Senator Paul Martin. That committee was entrusted with the task of considering that bill which was to apply only within areas of federal jurisdiction. The members of the committee wanted to look into the possibility of implementing it right across Canada.

At that point the then Minister of Justice, the Honourable Davie Fulton, who was most anxious, naturally, to see the bill passed as quickly as possible by Parliament, refused to push any further the concept of a national Bill of Rights.

That was the first time, in 1960 or 1961, as I said, that to my knowledge we became aware in Parliament of the magnitude of the constitutional difficulties involved in repatriating the Constitution, and in adopting a Charter of Rights and an amending formula.

I have not consulted the records of that period. I am speaking from memory. But I have a feeling that, at that time, the then Minister of Justice, Mr. Fulton, had drawn up a plan.

• (1540)

It is in 1964, if I remember right, when my late colleague the honourable Guy Favreau became Minister of Justice, that the patriation proposal, with an amending formula, was officially put forward. That formula became known as the "Fulton-Favreau Formula".

That was in 1964, still far away from any acute constitutional crisis, even though the process of constitutional change was not only slow but painful. In the following years confrontation became more frequent. But I do not believe that even today there can be any reference to any emergency threatening the security of the state, because otherwise the support of the people would be obvious. And this is not the case now.

I would now like to make another brief point: after close scrutiny of the resolution and the evidence given by the Minister of Justice before the joint committee, I am convinced that at this point in time, there is a serious doubt whether the proposal is legally and constitutionally acceptable.

We as senators are perfectly entitled to ask ourselves whether it is legally acceptable, and to suggest it should have been put to the test of the Supreme Court of Canada before being introduced.

Honourable senators will recall Omnibus Bill C-60, in which *inter alia* amendments to the Senate Act were proposed. During consideration by a joint committee of both Houses the legality of the proposals was questioned, and the issue was whether the Parliament of Canada could unilaterally amend the Senate Act without provincial consent.

The government then agreed to refer some questions to the Supreme Court of Canada, and I would invite honourable senators to read very carefully the ruling of that Court, as published December 21, 1979. Quoting from page 24:

> After general examination of the second question, it is felt that although Section 91.1 of the Constitution empowers Parliament to make certain changes to the Senate's present Constitution, it does not empower it to introduce amendments that would alter the basic or essential features given the Senate to ensure regional and provincial representation within the federal legislative system.
>
> The British Parliament determined the nature of the Senate based on proposals submitted by the three provinces—namely Canada, Upper Canada, Lower Canada, Nova Scotia and New Brunswick—to meet the requirements of the proposed federal system. The Senate, created by the Act was granted a legislative role under Section 91. It is our opinion that the Parliament of Canada cannot unilaterally change its basic nature, and is given no such authority under Section 91.1.

Therefore the Supreme Court found that the Parliament of Canada could not unilaterally alter the basic and essential nature or role given the Senate by the Constitution, and it is my humble submission that after this very recent judgment, one need not be a constitutional or legal expert to draw an obvious parallel.

If Parliament cannot unilaterally amend the substance of the Senate Act, it is obvious that the same principle would apply when Parliament tries to amend unilaterally exclusive rights and powers granted in the Constitution to the provinces.

In the speech he delivered in this Chamber on February 26, 1981, Honourable Senator Lamontagne recognized that if this resolution was introduced as a bill, it would be unconstitutional, therefore illegal. These are his words, and I quote from page 1873:

> I do recognize however that several sections deal with provincial jurisdictions and that as such, if the resolution was presented as a bill, it would clearly be unconstitutional. But that is not the issue for now.

I do not fully understand the logic of such a distinction because we are presently debating a proposed resolution which, I suggest, is unconstitutional, but I understand very well the purpose of the honourable senator and it becomes very obvious in the following paragraph, as recorded on page 1874, and I quote:

> In other words, there is no legal requirement and no binding convention that prevents the Canadian Parliament from adopting, without the consent of the provinces, a joint resolution asking the United Kingdom Parliament to amend the B.N.A. Act, even with respect to matters affecting federal-provincial relationships or provincial powers.

This view is akin to the statement made by the Minister of Justice before the Joint Committee, when he said that through a joint resolution of both houses, the Parliament of Canada could even ask Westminster to abolish the provinces. And the speech of our learned colleague, Senator Lamontagne, a well documented speech based on intensive research, refers to a whole series of precedents, legal advice and views from constitutional experts, to support this theory with which I do not agree: As a matter of fact, I have resisted the temptation to list also a whole series of precedents and legal opinions against the argument presented by honourable Senator Lamontagne. I should like to quote from page 1875 of the *Debates of the Senate* some remarks made by Premier McNair of New Brunswick at the 1950 conference:

● (1550)

> —in consequence the only protection the provinces have today against arbitrary invasion of their rights, powers and jurisdiction is the parliament of Canada itself.

I certainly do not share this opinion. But, for the sake of the argument, do you realize, Honourable senators, that according to this theory, not only are you the judges, but you are the sole judges when you believe that a bill interferes with the rights and privileges of the provinces. Further on, Honourable Senator Lamontagne questions whether there is a rule of law under which the provinces would have to agree to constitutional amendments. And finally, again on page 1875, he states:

> I conclude, therefore, that it is quite proper, in a legal or constitutional sense, for the Canadian Parliament to proceed unilaterally, without the consent of the provinces.

As far as I am concerned—and in this instance I am sure to echo the opinion of most Quebecers—the purely legal aspect aside, this is a new argument which goes against a solidly based concept among us. It is the absolute negation of everything which we have believed in and taught in our universities. It is contrary to all the positions publicly expressed to the federal government by all former Quebec premiers from Sir Lomer Gouin, Taschereau and others. And in case this new thesis has a basis in law, as some would like us to believe, the province which I represent here would have no right whatever, under the present Constitution, to legislate exclusively in some areas which we feel are vital for us. Therefore, since the Statute of Westminster we would have lived with illusory rights of which Parliament now wants to deprive us unilaterally, without even consulting us.

Senator Flynn: Exactly.

Senator Deschatelets: This is a most extraordinary interpretation of common law which goes against the spirit and the letter of the law. In Quebec, from the very beginning not one of our premiers has ever agreed to give up a iota of control in the fields which we consider essential to our survival namely our language, our special civil rights and our exclusive jurisdiction in education.

To support their argument my colleagues have quoted constitutional experts and legal authorities. To support my argument I hope that I shall be permitted to put on record some statements recently made by the Quebec Liberal leader, Mr. Claude Ryan, when he was adressing the National Press Club in Ottawa. This article is under the byline of Miss Michèle Tremblay, Parliamentary correspondant for the *Journal de Montréal*. This is the title of the article:

> Ryan's opposition to Trudeau's package goes beyond the procedural aspect

Here are some interesting points which I have noted:

> Firstly, Mr. Ryan strongly objects to the fact that this Charter of Rights and Fundamental Freedoms should be included in the Constitution as a result of the goodwill of the British Parliament; secondly added Mr. Ryan, the battle at this time is not fought between separatists and federalists but it revolves around two different concepts of federalism; thirdly, any constitutional deal must take place in Canada between the federal government and the provinces; it will take longer and it will be less dramatic but it will however reflect the true nature of our country which more than any other perhaps, was built and developed on the basis of the continuously renewed agreement of its people, their institutions and their regions.

Honourable senators, now a few words about section 23 of the resolution, under the heading: "Minority Language Educational Rights".

Section 93 of the Constitution gives to the provinces, subject to specific provisions guaranteeing vested rights, the exclusive jurisdiction to legislate on matters of education, and this exclusive jurisdiction is the essential element of our identity in Quebec. However, attractive section 23 of this proposal might be, I cannot accept for any reason an attempt to restrict or to even touch this exclusive jurisdiction for Quebec. I cannot accept a unilateral intervention in this area which is so important for us. Section 93 has always been our Maginot line of defence. We want to solve our linguistic and educational problems ourselves in Quebec, and this proposal is an encroachment that I cannot accept.

I have not only read very carefully the reports of the joint committee on section 23 and the following ones, but I have also reflected on their consequences and tried to determine the degree of encroachment that these sections represent for Quebec. Some people have told us that these provisions do not interfere with the exclusive rights provided under section 93. I

think that, with this project, the government is trying to apply a federal framework to this exclusive power because of which it could then tell Quebec: "From now on, you may continue to exercise your right to legislate on language and education, but you will do so within the framework that we are imposing." If we ever accept that the exercise of this power be restricted, we shall lose control over it, and I do not believe that the majority of Quebecers would agree to this.

I am intentionally foregoing making any comment or reflection on Act 101 or the situation of Ontario under section 133 of the Constitution. What I want for Quebec is section 93 to be respected and maintained, and personally, I shall never accept for any reason that it be changed.

I would like to make a brief comment about section 6 of Schedule B of the 1981 constitutional proposal concerning manpower mobility. In principle, I have no serious objection to mobility rights or manpower mobility. These are quite legitimate basic rights which normally result from the vision that we have of a nation, but I can foresee problems when my province tries to implement this new basic right which is to be entrenched in the Constitution. A basic right is not only a theoretical right; it requires a mechanism to apply it.

In some respects, Quebec is not a province like the others. Great care will have to be taken and exceptions will have to be made, if need be, in implementing this right to manpower mobility. We are all aware that in several provinces, such as Newfoundland and Quebec, there now are preferential hiring policies. I shall give as an example Hydro-Quebec, probably the major employer in the province, which finances all its projects and recruits its workers in chronic unemployment areas with unemployment rates always above the national average. Very few details were given in committee concerning the implementation of this right to manpower mobility, but I saw last week that Hydro-Quebec has announced further gigantic projects for which it expects to hire 5,000 new workers by 1985, and a total of perhaps 25,000 by 1990. We all know that because of the language barrier, our jobless in general—and I refer to those who live beyond the limits of Quebec City—are not likely to go and look for work in other provinces, and we apprehend that that right might result in a "one way street" process. I understand that at least seven provinces have ojected to that fundamental right, which if implemented would cause in several areas difficulties the scope of which cannot be clearly assessed at the present time.

Honourable senators, I apologize for taking so much of your time and I shall conclude with some general remarks.

The project before us constitutes a precedent; in parliamentary or constitutional language, a precedent is an action which is invoked afterwards to justify a similar one. It becomes unwritten law, which is as valid and as enforceable as written law. Since 1867 it has been impossible to find a precedent to justify, a project of such scope and consequence as the one before us. In particular, honourables senators, we should bear in mind that the project will not, in any way, solve the jurisdiction problem between the federal and provincial governments.

According to a view generally accepted in Quebec, if ever that project comes back from Westminster in its present form, the provinces will be deprived of many of their powers of negotiation and will be in a position of weakness when the matter of jurisdiction is debated. A status quo period is provided for after Westminster. Federal-provincial conferences will attempt to obtain a consensus and a sword of Damocles will be hanging over the table which may eventually lead to a national referendum if discussions come to a deadlock. Here again, the prospect of a new system for Canada will take us into the unknown.

Honourable senators, this unilateral project is questioned by many Canadians in all provinces, and there is not sufficient consensus among the people I think to justify its implementation, and, even if it were to receive the support of the majority in both houses and be accepted by the Parliament of Westminster, there would be a danger it might prove more divisive in the longer term.

I remember as if it were yesterday the famous professor of economics we had at the University of Montreal, surely one of Quebec's most brilliant minds, Edouard Montpetit, who said, and I think I am quoting him correctly:

> When a government introduces a piece of legislation, however imaginative and attractive it may be, which does not have support at the grass-root level, not only will it not have the expected impact, but it may become divisive.

I ask you ponder over that.

Before concluding, and this may be the more positive aspect of my speech, I want to appeal to the eight premiers who oppose this proposal with all the means at their disposal, even up to Westminster.

I am convinced that we are on a slippery slope, and in the best interests of Canada, I would ask each and every one of these premiers to state publicly that they agree on these two items: first, to the patriation of the Constitution, and second, to an amending formula, even a provisional one, in order to exert enough pressure on the federal government to return to the bargaining table.

Honourable senators, I would like to conclude by quoting the words of Serge Joyal, the honourable member for Maisonneuve-Rosemont, who did a magnificent job of co-chairing the joint committee—he is by the way one of my successors in a riding I served for many years. This is what he said at the end of his speech in the other place, and I quote:

> Ten provincial flags will never make a Canadian flag.

That is just a figure of speech, of course, but an eloquent one in terms of the resolution before us. Outside our boundaries, there is but one flag, the Canadian flag, which we are so proud to see in foreign countries, but in Canada, here is another sight to think about, the beautiful sight, at federal-provincial conferences, of eleven flags unfurled in the background side by side, first the Canadian flag followed by the flags of each province according to its date of entry in the Federation. That, for me, is the true symbol of Canada.

• (1600)

[*English*]

Hon. George van Roggen: Honourable senators, in rising to participate in this debate I am primarily concerned with the problem of addressing you following the excellent and well researched addresses we have heard from many honourable senators who have examined this matter in great detail. I am only sorry that my notes will not provide me with the ability to emulate the excellence of some of the other speeches we have had.

However, I feel as strongly as I did last fall, when speaking to this matter in October—

Senator Flynn: Surprise.

Senator van Roggen: I will come to that, Senator Flynn. Before getting to the substance of my speech, I should like to join other senators in congratulating the members of the joint committee, and particularly its joint chairmen, on the work they did and the manner in which they demonstrated so clearly to the Canadian public, through the medium of television, the work of Parliament being done in the most excellent fashion.

I had a discussion only a few days ago with a gentleman in Vancouver. He was an older man, a businessman, one of those people whom I might describe as a small "c" conservative who is inclined to damn everything to do with government and politicians generally. He had had an illness which had kept him at home for the months of December and January, and he told me that he had watched for many hours, day after day, the work of the committee, and that he was absolutely astonished at the quality of the men and women who participated in the deliberations of that committee on both sides of the table.

So, in my opinion, it was certainly a worthwhile exercise, so far as the Canadian public is concerned, to have had the proceedings televised and for the committee to have worked so diligently.

• (1610)

Last October 30, in speaking to this matter, I made reference to the fact that a large number of speakers in Canada—not all politicians, but including some politicians—had been unnecessarily shrill, in my judgement, in their condemnation and criticism of this package, using expressions such as one editorial I quoted at the time used, namely, that this would be the end of Canada, that it would destroy the country. I then dealt with four main points in the resolution: patriation; the amending formula; the ongoing referendum provisions; and the Charter of Rights. After a short discussion of each of those areas I asked whether or not they, indeed, would be sufficient to destroy this country.

Of course, I do not intend to read that speech into the record again. However, I would mention that part of what prompted me to speak at that time was what I perceived to be the history of the formation of the constitutional framework of Canada. Much of what I had to say at that time, and, indeed, more than that, the conclusions I came to prior to making that speech in support of this resolution were the result of watching on television almost the entire federal-provincial conference of last September—and I will come back to that in a moment.

Some speakers in Canada are inclined—as were the premiers at that conference—to refer to the Government of Canada as being the creature of the provinces. I was appalled to hear the premiers sitting there referring to the Government of Canada as either the creature of the provinces or the agency of the provinces of this country. I am not sure, but they may get that idea from some sort of United States parallel, that of the 13 states banding together to create their federal government. But, in my judgment, that is a totally erroneous parallel to our history. There were some British colonies in North America at the time which were somewhat concerned that the "manifest destiny" policy of the United States—which, following the Civil War, had the largest standing army in the world—would lead the United States to swamp North America. Consequently, they felt that only by forming the country of Canada could they withstand some of those pressures. At least most historians would credit that as being one of the main thrusts at the time towards the creation of a federal state here. So those colonists petitioned the British government at that time to create Canada, which it did by the BNA Act.

If you are talking about the federal government being the agent of the provinces or the creature of the provinces, why did that act, first, in dividing the powers between the provinces and the federal government in sections 92 and 93, demonstrably give to the federal government those powers that would normally go to a senior government, and to the provincial governments those powers that would quite logically devolve upon junior governments—to say nothing of the declaratory power and the power of disallowance of provincial statutes given to the federal government? This was obviously a senior government being created at that time, and to say that it is an agency of the provinces is, in my mind, absolute rubbish.

In 1931 the Statute of Westminster did everything necessary—including granting them the right to amend their own Constitutions—for Australia, New Zealand and the other then dominions, except Canada, which was left out at its own request. Since then we have been bedevilled by a total impasse in constitutional change in this country.

I have read somewhere that at the time it was mentioned that this reservation to Westminster was to be for only a couple of years while we sorted this out. Well, 50 years later we are still trying to sort it out, and I am glad that we are actually about to sort it out.

In my judgment, the reason for this impasse lasting so long is that we are always having trade-offs. We can never discuss or negotiate anything with the provinces that they do not use the occasion to say, "We will agree to that, if we can have something else over here." So you are always dealing in packages, and of course you can never get a whole package, as we have demonstrated. I think the way to amend constitutions is slowly, item by item. They have demonstrated that in the United States, even though they have a very difficult mechanism for amendment.

Coming back to the four main points, I will try to deal with them quickly in view of the lateness of the hour. Certainly, there is no difference of opinion in Canada on the subject of patriation itself. I need not deal with that point. Everyone is agreed, even down to the provincial level. However, as soon as you come to patriation you are faced with the problem that, if you patriate the Constitution without an amending formula, you will then be in an even more difficult straitjacket or block of cement than you are in now. So, at least, you cannot talk of patriation without coupling with it the discussion of an amending formula.

So, we then come to the next step: patriation with an amending formula. The government has come forward with what would seem to me to be the fairest conceivable resolution of this difficult problem, in that they have taken the Victoria Charter and have said that we will have unanimity, which everybody is talking about, for two years while we have federal-provincial conferences and try to agree on an amending formula. If at the end of that two years we are unable to agree, we will put forward the Victoria Charter—the only one, incidentally, of these various formulas which was agreed to by both the federal government and all of the provinces, albeit momentarily because one province had a change of heart—and that was formulated only about nine years ago. Furthermore, they said, if they were unable to reach an agreement with the provinces at that time, if seven of the provinces were to agree on their own amending formula, that would be put before the people of Canada and they could make their choice between the alternatives: either the provincial proposal or the federal proposal. Now, what in a democracy could conceivably be a fairer resolution of an impasse that has lasted all these years?

Senator Flynn: Are you really serious?

Senator van Roggen: I will come to the Tory position in a moment, Senator Flynn.

Senator Flynn: With respect to the referendum, if you say that the majority of the Canadian population would impose an amending formula on provinces which would not, I suppose, have any veto powers—

Senator van Roggen: No.

Senator Frith: That is not undemocratic.

Senator Flynn: Well, you mentioned seven provinces. That means three provinces would be out and the will of the majority would be imposed on them.

Senator Frith: I thought there was some relationship between democracy and the rule of the majority.

Senator Flynn: Well, you could dispense with minorities in that case.

Senator McElman: Order!

Senator Flynn: There is no problem of order. If the honourable senator does not want to entertain my question, he does not have to, and I don't think he needs the assistance of Senator McElman, either.

Senator van Roggen: I don't. I rely on the assistance of your leader, Mr. Clark, and others.

Senator Flynn: Of course.

Senator McElman: There is a question of order here because you are conducting a debate, not asking a question.

Senator Flynn: No.

Senator McElman: You are indeed.

Senator Flynn: No.

Senator van Roggen: At any rate, the government has chosen in this procedure to settle upon the Victoria formula, and the Conservative Party says, "Oh, no. You should not do that. You should settle on the Vancouver formula."

With respect to either the Victoria formula or the Vancouver formula, there seems to me to be absolutely no difference in the position of the government and the opposition at this point insofar as unilateral action is concerned, because Mr. Clark and the Conservative Party take the position that there is nothing wrong with unilateral action in patriating the Constitution and in imposing an amending formula.

Senator Murray: Nonsense!

Senator Flynn: No!

Senator van Roggen: That is the Conservative position. With respect to the Vancouver formula, of course, they can fall back on the fact that it was agreed to by all of the provinces. Well, it was not agreed to by the federal government. The Victoria formula comes closer, because it was also agreed to by the federal government.

Senator Murray: That was ten years ago.

Senator van Roggen: I wholly support the Prime Minister in his rejection of the Vancouver formula—and I said this last October—because of the opting-out procedures which would create a checkerboard of Canada over a period of years. Let me quote the Conservative spokesman in the House of Commons on the subject of the Constitution. According to the Ottawa *Citizen* of March 2:

> Epp now seems to have accepted Trudeau's argument, dropping the previous Conservative policy of support for the Vancouver formula.

• (1620)

Quoting Mr. Epp, the *Citizen* says:

> "On the charter, you can't have opting out," he told the Young Conservatives meeting.
>
> "If rights are going to be entrenched, those rights have to be universal rights across the country."
>
> Toronto's David Crombie spoke to the meeting in similar vein.

I am glad that Mr. Epp is proving to be so sensible and flexible as to realize that those provisions in the Vancouver formula are really not suitable for Canada and were properly rejected by the federal government.

Senator Flynn: No, that is not what he said.

Senator van Roggen: So we seem to have agreement at the level of the Parliament of Canada, among all parties, on patriation and patriation with an amending formula. There is some dispute as to which amending formula might be used, but the government has provided, in the two-year period with unanimity and the referendum provisions, the most democratic solution possible to a choice between the two if the parties cannot come to an agreement in that period of time. It is my contention that they will come to an agreement in that two-year period, for the simple reason that the provinces will not be in a position to trade off oil and fish against amending formulas.

Some Hon. Senators: Hear, hear.

Senator van Roggen: When you get the provinces to the table under those conditions, then you will hear the provinces beginning to talk some sense.

Senator Flynn: We have no oil or fish in Quebec anyway!

Senator van Roggen: So much for the criticism of unilateral action. It is agreed to by all parties, though there may be a question as to how many subject matters should be covered by unilateral action—the Charter of Rights being included in this and not agreed to by all as a suitable subject for unilateral action. However, the principle of unilateral action is certainly accepted.

Senator Flynn: No.

Senator van Roggen: I would suggest that the next point of major contention in this resolution is the ongoing referendum provisions, which were questioned by several of us in our speeches at the time of the introduction of this resolution last fall. A desire was expressed that the ongoing referendum provisions be tightened up; that they become demonstrably a logjam-breaking mechanism. A good deal has been done by the committee along those lines—perhaps, as Senator Steuart said in his remarks, not as much as everyone would have liked, but certainly there has been a move in the right direction. I would ask honourable senators if they really believe, after federal-provincial conferences coming to impasses on questions between the provinces and the federal government, that the federal government is going to be cavalier in running to the referendum process, when it must take that referendum to every region in Canada and have it passed by individual majorities in all of the regions, including the possibility of a total veto by a majority of the people of Quebec if there is anything contained in it that Quebec does not like.

Senator Flynn: You can by-pass the veto.

Senator van Roggen: Senator Deschatelets, only a few minutes ago, was saying that the federal government, through this mechanism, would be able to destroy the rights of Quebec. I say that is not possible under that mechanism. There has been a great deal of talk about a referendum being "un-British", not a thing we should have in the British parliamentary system, something foreign to our system, and so on. I need only refer you to Australia, which has used its referendum provisions, I think, 30-odd times, and I believe that the people have rejected the government proposals in all but four or five of those 30-odd referenda—which just proves that the public are sometimes perfectly capable of looking after themselves when governments put foolish ideas before them.

Senator Flynn: I am not too sure about that.

Senator van Roggen: Britain had a referendum on the Common Market; and we have had one before in Canada. I am not arguing with you, Senator Flynn, and saying that the referendum is something I want you to buy. I am simply arguing my position that it is not something that is going to destroy this nation, which some speakers—not you—would like to have us believe.

Senator Flynn: It could.

Senator van Roggen: Don't say, "it could". Come now, please; let's be sensible. This is a place of sober second thought, and I do not think that we should be stretching for straw men of such a remote character as that. At any rate, I do not want to belabour that point because I would like to deal with a few others.

I come now to the Charter of Rights. The premiers, as demonstrated at that conference and others, are the great opponents of entrenching rights. Of course, I need only refer honourable senators to any one of a number of provincial acts to find for them examples of depredations of human rights in province after province in this country. As many members of the press and other writers express, we have a "double standard" of political morality in this country, as between the provinces and the federal government. I argue that that is largely because we have a bicameral system at the federal level, and bills such as some I have seen being passed in some provincial legislatures would not pass in this chamber. When I made that comment last October, Senator Flynn, said, "If we are still here." Well, now we will be here—

Senator Roblin: Don't count on it!

Senator van Roggen: —and we will maintain that higher standard, I hope, at this level. At least, with the entrenchment of a Charter of Rights, some of those provincial governments may hesitate before passing the types of legislation they have passed previously and which I referred to but cannot take the time to document right now.

Senator Flynn: The War Measures Act is still on the statute books.

Senator van Roggen: I cannot hear you.

The day before I spoke last fall, Senator Nurgitz had given a very eloquent and reasonable argument on the other side of the question with regard to entrenching rights. There are many lawyers and judges in Canada who argue that rights should not be entrenched because anomalies such as occur in the United States will develop. I can find just as many lawyers and judges who will argue on the other side, that the people of Canada will be better off with rights entrenched. I am of the view that they should be entrenched, and I spoke on that in the Senate almost 10 years ago; it is nothing new for me. I am

simply saying that you can have two points of view. Entrenchment of rights will not all of a sudden destroy the country.

As regards entrenching those rights, I have a difficult time with the opposition in this house, because every time an opponent to the Charter of Rights speaks and says, "They don't have them in England; they don't have them in Australia; but they have them in Russia," all the opposition members pound their desks in great glee and delight, and barrack away over there, obviously opposed to the total concept of a Charter of Rights at all. Well, their party position is that they are in favour of a Charter of Rights. They just say that it should not be imposed unilaterally. Now let's have it one way or the other. Are you in favour of a Charter of Rights, as your party is? Then let's have a Charter of Rights. You say that it must not be implemented unilaterally. Fine, we will argue that point, but let us not argue about the merits of a Charter of Rights.

With regard to the quality of the Charter of Rights, the one brought in by the government was examined in the committee at length, and there were 67 amendments made to it by members on all sides of the house. The study entailed three months of committee work, with 100 witnesses appearing, and 1,200 briefs being submitted. In the democratic process a time eventually arrives when this comes to an end and you fish or cut bait. Some people have described this as one of the finest charters in the world. I am not for one moment suggesting that it will never need to be amended or improved.

I would like to leave the subject of the Charter of Rights now and move on, for a moment, to discuss property rights, since I am a strong proponent of property rights being included in a charter. I might just mention that property rights were included in Bill C-60. The federal Liberal government is not opposed to this proposal. Unfortunately, the NDP is strongly opposed to these rights, for reasons we can all imagine. If you fellows would just come along with us on the Constitution and the package, we will put the property rights in, and away we'll go.

Senator Roblin: Now what are you bargaining?

Senator Flynn: You are bargaining with us.

Senator van Roggen: When you are doing something important, what is wrong with bargaining in Parliament? Is that never done?

Senator Roblin: The Prime Minister doesn't like it.

Senator van Roggen: That is why they are always in the opposition, I suppose.

Senator Flynn: We are certainly too honest, by comparison.

Senator Frith: We are just trying to be bilateral.

Senator van Roggen: Again, I do not see how this Charter of Rights—which may include a few commas and "ts" crossed and uncrossed, which one person likes and another person does not like, but which is the best effort of many draftsmen in that committee and after years of work—is a thing that is going to "destroy" Canada.

• (1630)

I now come to a few general points that I will try to deal with quickly, so that we can all go home.

The first thing I would like to say is that far from taking something away from the provinces, it seems to me that we are giving the provinces something very substantial.

I believe Senator Lamontagne is correct—

Senator Flynn: A great lawyer; a great legal mind.

Senator van Roggen: —in his description of the legal situation, namely, that we have the right in the federal Parliament to amend our Constitution by joint address, as we are now endeavouring to do, as opposed to the situation as outlined by Senator Thompson, who, in a very well researched and brilliant exposition in his long speech here the other night, developed the theory of the conventions and usages which we have endeavoured to use these last 50 years to get unanimity and find solutions.

The Manitoba court has held, of course, that these conventions and usages are not the law of the land, and that the legal situation is that we can go ahead and make this amendment. I think it is demonstrably clear that once we get this amendment by means of this resolution, and our Constitution back here with either the amending formulas proposed, or those that will come out of the process two years from now, the provinces are all of a sudden going to find themselves completely in charge of their destiny, as far as amendments to the Constitution are concerned, and in a better and much stronger position than they are in today.

Senator Flynn: Not with the referendum!

Senator van Roggen: Insofar as the provinces having to give unanimous consent is concerned, I need hardly mention that I was delighted the other day to see Mr. Hees, in the other place, see the light completely, insofar as the provincial governments are concerned, and I quote a report in the *Globe and Mail:*

> "I've given up completely on the provinces", veteran Tory MP George Hees said in an interview . . . "They're just horse-traders for oil and fish."

I am sorry he used only oil and fish. I probably would have used some other things to include Quebec, but I am only quoting him. Hees went on to say that the Parliament of Canada is the place where this should be dealt with, and is the perfectly competent and proper place for it to be dealt with. And, of course, we agree with him.

Senator Flynn: He and Senator Lamontagne are two great legal minds.

Senator Roblin: One and a half.

Senator van Roggen: I want to deal with clause 44 for a moment.

Senator Connolly: You mean the old clause 44.

Senator van Roggen: Yes, the old clause 44. Firstly, under the original resolution the on-going referendum provision could not be employed by the Government of Canada without

the consent of the Senate. That was in there then, and it was in there very deliberately. I mentioned that previously, and Senator Flynn again quite properly said, "Yes, if we are still here." I think it is important to point out that the removal of clause 44 still preserves that protection for the people of Canada in so far as the on-going referendum procedure is concerned.

Senator Flynn: We have not proved that.

Senator van Roggen: In the second place, the removal of clause 44 is something that not all of us in this chamber felt necessary. I, for one, was very determined that clause 44, either in itself or under clause 51, should be amended sufficiently to guarantee that we had a bicameral Parliament permanently in Canada. Whether it would include this Senate, or an elective Senate, perhaps does not matter so long as some form of second chamber exists. I like a system of checks and balances. I think this is essential in a democracy, if we are not to have a tyranny of the majority.

I simply want to make the point that I personally would have been content with amendments to establish only that a bicameral system of government would be continued in Canada, and that the House of Commons could not simply abolish the Senate, which is accomplished by the withdrawal of clause 44, but which goes farther than I would have personally felt was necessary in order for me to support this package.

What I want to put on the record is that I hope that other senators will join with me, as one who is determined to see us introduce Senate reforms of our own in due course, rather than falling back on the removal of clause 44 from this package as an excuse for simply doing nothing about the Senate for years into the future. I want to make a firm undertaking to the public of Canada that we will see that intelligent and reasonable reforms to the Senate are proposed and introduced in this chamber.

Senator Flynn: An elective Senate?

Senator van Roggen: Again, in keeping with my promise to get Senator Flynn home on time, I am going to finish by saying that certainly we are breaking with tradition in order to break this impasse that has existed for so many years. We are doing so in a fashion that will provide for amendments in the future, in such a way that the provinces will be very well protected by either the amending formulas proposed or others that are yet to be formulated. For that reason I want to say, honourable senators—in case you are in doubt after hearing my remarks—that I will be supporting this resolution, and that I urge you all, on the other side of the house, to join me in doing so.

On motion of Senator Flynn, for Senator Smith, debate adjourned.

The Senate adjourned until Tuesday, March 10, 1981, at 3 p.m.

THE SENATE

Tuesday, March 10, 1981

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

ROYAL CANADIAN LEGION—COMMONS MESSAGE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-15, respecting The Royal Canadian Legion, and acquainting the Senate that they had passed the bill without amendment.

CANADA STUDENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-55, to amend the Canada Student Loans Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government) with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

JUDGES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-34, to amend the Judges Act and certain other Acts in consequence thereof.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-60, to amend the National Energy Board Act.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on operations under the *Cultural Property Export and Import Act* for the fiscal year ended March 31, 1980, pursuant to section 46 of the said Act, Chapter 50, Statutes of Canada, 1974-75-76.

Report of the Anti-dumping Tribunal respecting the Canadian Footwear Industry, dated February 1981.

Report on operations under the *Regional Development Incentives Act* for the month of December 1980, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the Department of Transport for the fiscal year ended March 31, 1980, pursuant to section 34 of the *Department of Transport Act,* Chapter T-15, R.S.C., 1970.

• (1505)

TRANSPORT AND COMMUNICATIONS

SCHEDULED COMMITTEE MEETING

Hon. G. I. Smith: Honourable senators, regarding this afternoon's scheduled meeting of the Standing Senate Committee on Transport and Communications, there is, in a sense, a two-fold problem.

At some considerable time in the past, the committee was scheduled to meet this afternoon at 4.30. I have been advised that four witnesses have left Toronto by plane and are scheduled to arrive here at approximately 3 o'clock.

As honourable senators know, a function is scheduled for 6 o'clock this evening which I am sure some members of the committee will wish to attend.

In addition to that, by the luck of the draw, I am scheduled to make a speech this afternoon on the Constitution. Although I am always brief, my speech is bound to take some time, so, subject to the approval of the members of the committee and other honourable senators, I have arranged that the clerk of the committee, Mrs. Aline Pritchard, will meet the witnesses at the door of the building in which her office is located; that she will escort them to the committee room when they arrive, which will probably be well before 4.30 p.m.; and that she will

inform me when they have arrived. However, in the ordinary course of events and considering the way matters are scheduled, I suspect that I shall be making a speech at that time.

At the last sitting Senator Frith was kind enough to move that the committee be authorized to sit this afternoon while the Senate is sitting, so we do, in fact, have leave to sit at any time the witnesses are available.

If it should turn out that I am engaged in inflicting my words of wisdom on the house when the witnesses arrive, perhaps the members of the committee, upon being so informed, could go to the committee room, and if Senator Langlois is available, I would ask that he, being deputy chairman, preside. Should he not be available, I would ask that the committee members select from among their number someone to preside, since there is really very little time between 4.30 p.m., and the hour at which members of the committee will have to leave if they intend to be at some other place at 6 o'clock.

I have outlined the problem, and I would ask the co-operation of the committee members and the Senate in order to resolve this dilemma, not for my sake but for the sake of the witnesses representing the Canadian Manufacturers' Association who have come from Toronto. We should see that they have the necessary time to make their presentation.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, perhaps I might offer a constructive suggestion, because I clearly see the dilemma faced by my honourable friend, Senator Smith. The principal matter between him and his speech, I believe, is the Question Period. It seems to me that we, on this side, would probably be willing to forego the priority of Question Period and proceed with Order No. 3 at this time. We could then revert to Question Period, if there are any matters of grave importance we want to discuss at that time. This would enable the debate on Order No. 3 to proceed in the normal way. All those who wish to speak could do so, and not just Senator Smith. Would that be helpful?

● (1510)

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I think that is an excellent suggestion. The only problem I foresee is that Senator Olson may not be available later in the day. He might want to say something about that. Otherwise, I think it is a good suggestion, and we support it.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure that members opposite can get along without me for one day.

Some Hon. Senators: No, no!

Senator Olson: As a matter of fact, I will be leaving the chamber at 3.30 p.m., whatever stage we reach. I would be very happy, though, to come full of great answers and information tomorrow.

Senator Roblin: Honourable senators, Senator Olson's threatened absence throws a cloud over our whole proceedings.

[Senator Smith.]

In any event, I think we could probably rely on the expectation that we will meet with him tomorrow.

The Hon. the Speaker: In view of the obvious co-operation, I take it that the suggestion made by Senator Roblin is agreed to.

NATIONAL FINANCE

ACCOMMODATION PROGRAM OF DEPARTMENT OF PUBLIC WORKS—COMMITTEE AUTHORIZED TO REVIEW RECOMMENDATIONS

Hon. Douglas D. Everett: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(e)

> That the Standing Senate Committee on National Finance be authorized to review, with the appropriate ministers and officials, the recommendations contained in the report of the said committee on "The Accommodation Program of the Department of Public Works."

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Everett: Honourable senators will recall that some two years ago the Standing Senate Committee on National Finance published a report on the Accommodation Program of the Department of Public Works which contained some 56 recommendations. It was stated at that time that it was the committee's intention, after reviewing it with the appropriate departments, to ask the departments to report on their implementation of the recommendations. The purpose of this motion is to resurrect that report.

A meeting is scheduled for this Thursday at 1.15 p.m., at which the committee will meet with the President of the Treasury Board and the Minister of Public Works to discuss the recommendations in the report.

Motion agreed to.

● (1515)

CUSTOMS TARIFF AND TRADE AGREEMENTS

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. A. Irvine Barrow: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of Bill C-50, intituled: "An Act to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, the Union of South Africa Trade Agreement Act, 1932 and the United Kingdom Trade Agreement Act, 1937", in advance of the said bill coming before the Senate, or any matter relating thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from Thursday, March 5, the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. G. I. Smith: Honourable senators, I should like to express my appreciation of your thoughtfulness and accommodating spirit in so kindly agreeing to the arrangements with respect to the committee meeting I spoke about some few minutes ago. I turn now to the words of wisdom I mentioned in those few remarks a little while ago, and as I rise to take part in this debate I emphasize that it is not, as some would have us believe, a debate on patriation of the Constitution.

I am strongly for the patriation of the Constitution and have been for many years, and so, I believe, is every member of my party in both the Senate and the other place. But it is one thing to want patriation with an amending formula agreed to by a majority of the provinces—which is, I believe, what we ought to be looking for—and it is quite another thing to do what we are being asked to do now. If the original motion had been introduced in that form, I believe it would have been passed long ago with little debate, and would now have passed the British Parliament and very likely would be the law in Canada.

But, I say again, this is not a debate about patriation. The debate we are having concerns unilaterally asking the Parliament of a foreign nation to do something to which the provinces of Canada have not consented, and which would be illegal and unconstitutional if attempted in Canada without such consent.

Honourable senators, I should like to add my words of congratulation to the many words of that nature which have been spoken about the work of the Special Joint Committee on the Constitution, which worked so hard and so long at this resolution. No matter what one's opinon may be about the merits of what has resulted from the work of that committee, there can be no doubt that its members deserve not only the thanks of the two houses of Parliament but the thanks of the country for the dedicated way in which they carried out their work.

Since one of the co-chairman of that joint committee was Senator Hays, I am glad to say to him that we are all proud of the work that he did in carrying out his sometimes onerous duties.

● (1520)

A great many speeches have been made, and I suppose there will be more. While I do not intend to refer to all of them, there are some to which I would like to make reference. For instance, I notice that in opening the debate in this house, Senator Austin, very early in his speech, said:

> —I also feel deeply the responsibility for marshalling in a clear and cogent way the desirability and, even more, the necessity of taking this critical step forward at one of the most decisive moments in Canadian political life.

It seems to me that if, as Senator Austin said, he accepted the responsibility for making a case for this proposal "in a clear and cogent way," his effort to do so was a great deal less than successful. Of course, I think he was somewhat unfair to himself in assuming the responsibility to show something that does not exist, and so I suppose that one should not judge his efforts too harshly.

Senator Austin also said in his speech that this joint resolution is evidence of the response of the rest of Canada to the Quebec referendum in 1980. Well, I am certainly not so familiar with the attitude of the people of Quebec towards this resolution as are those of my friends who live in that province. If, however, one can judge from what those friends say and from what one can observe in the press, on television and elsewhere, what the people of Quebec think of this resolution does not seem to square with what Senator Austin thinks they think. It does not seem to appear to them at all in the light in which Senator Austin refers to the matter.

What evidence is there to support Senator Austin's contention? What do the leaders of all three provincial political parties say—though I recognize, of course, as well as anybody, that one of those political parties is dedicated to leaving Canada, in any event, and that one must keep this in mind in assessing what they may say? What is the attitude of the editors of the major newspapers of either language in Quebec? As I understand from what I see, read and hear, the majority of those editors have been expressing their dissatisfaction, not only with the substance of the resolution but also with the process by which the whole thing is being handled. What do the people of Quebec themselves think? Well, I suppose that is very hard to assess, and I do not intend to do so, but I do note that some people who are skilled, or who allege they are skilled, in assessing the views of the people—and I refer to the Gallup poll—have found that 61 per cent of the people of Quebec are not satisfied, either with the substance of the resolution or the process by which it is being handled.

I also noted in the press last week that a distinguished Canadian lawyer, who was once a member of the Supreme Court of Canada and retired from it of his own volition, Mr. Yves Pratt, presided over a triumvirate of lawyers, including himself, in preparing a written opinion for the Government of Quebec as to the legality, the constitutionality or otherwise of this proposal. As I have already said, no one can deny that the Government of Quebec is not very enthusiastic about federalism. Similarly, no one can deny that Mr. Yves Pratt is a distinguished Canadian who believes in federalism and is—and I have no reason to believe otherwise—a very close friend of the Prime Minister of Canada. Yet, if one looks at the *Globe and Mail* of March 4, 1981, one can see that in the written opinion prepared at the request of the province, that a triumvi-

rate of lawyers presided over by Mr. Yves Pratt says that the charter will change the rules of the constitutional game in Canada, and goes on at some length about it.

• (1525)

All of the evidence I have been able to find does not bear out the allegation made, not only by Senator Austin but by many others, that this resolution is a response to the verdict of the people of Quebec in the referendum of May last.

I must now make mention of the splendid speech delivered by Senator Tremblay. It was comprehensive, learned and clear, and ought to be required reading for anyone who wishes to understand what this debate is about. I shall perhaps quote from it as I speak today. In any event, I am sure that Senator Tremblay deserves our very warm thanks for all the work and ability he must have put into the task of preparing it.

I listened with great interest to the learned speech delivered by Senator Lamontagne, and I certainly congratulate him on the depth and quality of his research, which must have been extremely comprehensive and must have involved a great deal of effort, although I must say that as I listened to Senator Thompson's speech I wondered whether some of the quotations or citations that Senator Lamontagne gave us were as full and complete as they could have been.

It may well be that Senator Lamontagne convinced himself and many other senators that there is no legal rule requiring the agreement of all the provinces before an Address is sent to Her Majesty asking for changes in the Constitution. It may be that in matters relating to the Canadian Constitution, just as in everything else, the British Parliament has the legal right to pass any law it pleases. I do not dispute that proposition, which I think is probably accepted throughout the common law portion of the world. It may even be that Senator Lamontagne is correct in these two assertions, but we do not know that, since the Supreme Court of Canada has not made any pronouncement on either of them.

Honourable senators, even if Senator Lamontagne is right on both these legal questions, however, that is no answer to the fact that what this proposal amounts to is an attempt to have the British Parliament deal with the rights of Canadians in a way that the Prime Minister is not prepared to leave it to Canadians to do, as and when and to the extent that Canadians may wish. This is simply an attempt to do in Britain what cannot be done in Canada.

Honourable senators, insofar as I am concerned, Senator Lamontagne can be completely right, in a legal sense, on the two points that he emphasized. I believe, however, that that is completely irrelevant to the objection which lies at the centre of my opposition to this proposal. I object, honourable senators, to the Government of Canada going on bended knee, like a subject nation, to the parliament of another country, and asking that foreign parliament to impose laws upon Canada which could not be imposed by Canadians without the consent of the provinces. To me, that is being colonial in the most objectionable sense. It is a bare-faced attempt to get Britain to do what Canada cannot do, and to circumvent the Supreme Court of Canada.

I now come to Senator Thompson's speech. It does seem to me that Senator Thompson disposed pretty thoroughly of most of Senator Lamontagne's arguments in a clear and decisive way—

Senator Flynn: He certainly did!

Senator Smith: —and I do not think they carry very much persuasive value now.

The speech of Senator Thompson must have been a very difficult one for him to make, as must have been the case with others of his colleagues who took a similar stand. I honour and congratulate them for their courage. And I congratulate Senator Thompson, too, on the extraordinary research on which his speech was based, and on the clear and eloquent way in which he marshalled his facts and presented his reasoning. I think that no one can dispute his facts, or that his conclusions from those facts are clear, logical and convincing. I intended to present some of those historical facts and arguments myself, although not in the depth that he did; but he presented them so well that all I need say is that I agree with his facts, his reasoning and his conclusion.

• (1530)

Senator Steuart entertained us with quite a lively speech a few days ago. He was very entertaining; but, honourable senators, I must say that he took great care not to let his entertainment value be diminished by either facts or reason. Indeed, as I listened to him, I could visualize him sitting in the Saskatchewan Legislature as Leader of the Opposition, participating in the debate on the Address in reply to the Speech from the Throne, or on a budget speech, and trying to divert attention from the facts in that Speech from the Throne, or budget speech, by being as lively, as witty, as vigorous and sometimes, I think, even as loud as he could possibly be, and thus restore morale to his colleagues—just as those on his side must have needed a restoration of morale after the way Senator Thompson took apart the flimsy arguments we have listened to on their behalf here over the last little while. That is about all one need say about Senator Steuart's speech. I appreciated it as a work of art, and I congratulate him upon the splendid execution of a distracting and entertaining presentation.

Senator Steuart: Bless you; bless you.

Senator Smith: I did not hear what Senator Steuart just said, but I am sure it was complimentary.

Senator Steuart: I said, "Bless you; bless you."

Senator Smith: I am afraid that blessing might not be quite the laying on of hands.

Honourable senators, a great deal has been said, earnestly and sincerely, by those who support the idea of a Charter of Rights. A great deal has been said about the wonderful improvement and the wonderful benefits that this proposed charter will bring to the lives of the people of Canada.

I believe there has been a great deal of exaggeration about the alleged benefits which will result. Indeed, I am inclined to the view that in the long run the proposed transfer of authority to the courts from Parliament and the legislatures may be very disappointing to those who are now looking forward to receiving so much from such a transfer. Certainly, such a transfer will make the process of keeping up with changing social, political and legal values much more difficult than would be the case if the authority were left in the hands of the people through their elected representatives.

Some Hon. Senators: Hear, hear.

Senator Smith: One has only to look at our great neighbour to the south—whose head of state is doing us the honour of visiting us today—to make this observation. The difficulty of getting their Constitution changed, for example, to provide for equal rights legislation for women, ought to be a clear lesson in this respect for all of us. This agitation has been going on in the United States for I don't know how many years and has not yet been brought to fruition, although a legislature could have done so very quickly.

Honourable senators, some people, in explaining the benefits which they think will flow from the Charter of Rights, make reference to the tragic experience of Japanese Canadians on the Pacific coast during the second world war, and seem to believe that the Charter of Rights would prevent such a thing from ever happening again. That argument, in my opinion, is a most misleading one. I deplore the action which was taken on behalf of the people of Canada on that occasion; but one has only to recall the extraordinary circumstances in which it took place to have the gravest doubts as to whether in similar circumstances similar action would not occur, no matter what a Charter of Rights might say. It is worth recalling too that the existence of highly praised constitutional provisions of the United States did not prevent their taking the same or, at least, very similar action to that which was taken in Canada.

I would not oppose a Charter of Rights if the process of obtaining it took proper account of the rights of the provinces; but I have very little confidence in the good it might do; and I believe there are a good many honourable senators whose views would not be greatly different from mine.

As to equalization, much has been made of the fact that the draft Constitution, in clause 34(2), commits the Parliament and the Government of Canada to the principle of equalization payments. While the principle of equalization is of vital importance to those provinces, such as my own province, which are less well off than others, this provision will neither help nor improve the situation.

The principle of equalization may be contained in the new Constitution, if and when it comes about, but if it comes about as it now reads in that draft resolution, there is absolutely no way of applying any legal sanctions to the Government of Canada, or any other government, if that principle is not followed. It does not make a jot or tittle of difference as to equalization. Who is going to say to the Government of Canada, "The equalization payment you are now giving us is not in conformity with what you were committed to in the Constitution," and enforce it? I can envisage the present Government of Canada saying, "Well, that's all right. If you don't like it, see if you can get us dislodged from office at the next election;" and they will go on and do whatever they please, whether or not it is in the Constitution.

As I said on an earlier occasion, equalization without some sanction or some means of enforcing it is no more valuable or useful than are the present arrangements. I emphasize again that equalization, whether or not it is in the Constitution, will be carried out exactly the way the Government of Canada decides, insofar as federal funds are concerned, unless there is some legal way to enforce that principle.

All we have to do is turn to the provision in the resolution, which simply reads:

> Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

That is the principle, if honourable senators will pardon a personal reference, that I have been arguing in Ottawa for well over 20 years. That is the principle on which equalization is now based, and that is the extent of the proposed provisions of the Constitution. One has only to read it and look at the present situation to know that it is not, in the slightest, any more or any less than what is now happening, and that there is no way to enforce it under the provision as we see it.

Honourable senators, I now turn to the question of a referendum. Firstly, I should like to refer to the referendum provisions which appear in Part V under the heading "Interim Amendment Procedure and Rules for its Replacement," clauses 36 to 44.

• (1540)

Clause 42 is under the "Interim Amendment Procedure" heading, but, according to my reading of the resolution, by that provision a permanent amendment may be made—or, at least, an amendment as permanent as any other that can be made. According to that clause, within two years of the coming into force of the act, the legislatures of seven or more provinces having at least 80 per cent of the total population may make a proposal to be substituted for the permanent amendment proposal under clause 45(1)(b) which, of course, is essentially the Victoria formula. If seven or more provinces do that, then the Government of Canada shall cause a referendum to be held to decide whether that provincial formula, agreed upon by seven or more provinces having 80 per cent of the population, "or paragraph 45(1)(b)"—the Victoria formula—"or any alternative thereto approved by resolutions of the Senate and House of Commons . . . shall be adopted."

In the first place, instead of encouraging the provinces to agree on a formula in the hope that it would be accepted, it would seem to me that this would drive them away from any agreement. How can you expect seven or more provinces to

agree on a formula and propose it, knowing full well that the Government of Canada can hold a referendum as to whether that proposal will be adopted or any other proposal passed by the Senate and House of Commons will be acceptable and become our Constitution?

This referendum would be decided by all the people of Canada, with no restriction as to majorities in any province. While I have nothing against Ontario or Quebec, I cannot help but observe that with well over one half of the population of the country in these two central provinces, they could, and in all probability would, dominate the voting, with no protection being provided for the rest of us at all. That does not seem to me to be fair or reasonable, and, I submit, will clearly be a strong incentive for the provinces not to risk getting themselves into that kind of situation by agreeing on any new proposal during the interim period. If they do agree, they then run the risk of having their agreement defeated by some as yet unknown federal alternative in a referendum which gives no protection whatever to regions or provinces. Honourable senators, I submit that this is a provision which is worse than useless, which is divisive and which ought not to be included in the proposal.

There is another referendum proposal which is found in clause 46. This is applicable after the interim period has expired. You will note that it gives some protection to the provinces. It requires that there be a national majority and a majority in Ontario, in Quebec, in two or more of the western provinces having at least 50 per cent of the western population, and in two or more of the Atlantic provinces. It is not easy to understand why the same protection is not given in a referendum pursuant to the interim procedure under clause 42, which I referred to a moment ago.

I agree with the preceding speakers who have argued that the referendum has no place in the Canadian system of government. A referendum is bound to be divisive. It is likely to be decided partly by the feeling of the moment about some particular subject, and partly by the most efficient propaganda rather than by the intrinsic, long-term merits of the questions. It is inconsistent with our parliamentary system of government, and I repeat that it has no place in our Constitution.

I will now turn to the question of the Parliament of the United Kingdom. A few days ago my colleague, Senator Macquarrie, made reference to the deplorable situation which seems to have developed between the Government of Canada and the Government and the Parliament of the United Kingdom. Senator Macquarrie did so eloquently, clearly and in a most interesting way, and I shall not try to repeat what he said. He expressed my views better than I could have done, and I commend them to honourable senators.

I cannot refrain, however, from saying how reprehensible I find the conduct of the Prime Minister of Canada and the Secretary of State for External Affairs in making the insulting threats they have been about what Canada is going to do if the United Kingdom Parliament does not do what Canada wants. I do not find such conduct consistent with the dignity of Canada or with the dignity with which I believe relations between Canada and any foreign country should be conducted. I feel that the Prime Minister reached the very epitome of insulting nonsense when he threatened that if Britain did not look out Canada would consider excluding her from the Commonwealth. His threats were almost equalled by the silly words of the Secretary of State for External Affairs when he threatened the Parliament of the United Kindgom with "grave consequences" if it did not do what Canada wanted.

One might well ask how the Prime Minister intends to go about excluding Britain from the Commonwealth. After all, Canada, important, vigorous and growing though she is, is just one member of the Commonwealth, with only 24 million people. The Commonwealth consists of over 40 countries with many hundreds of millions of people, approaching, I believe, a billion. What is the Prime Minister going to do as he sets about excluding Britain from the Commonwealth? Are those the same grave consequences that the Secretary of State for External Affairs has in mind? If not, what are those grave consequences, and how does he intend to inflict them on Britain? If it came to that, it is much more likely that we would be tossed out.

Do these two honourable gentlemen really imagine that the Parliament and the people of Britain can be frightened by such bombastic threats into doing something they might not wish to do? I think you know the answer to that yourselves, honourable senators, and the answer is: Of course not. Going further, I do not think that they should be asked to do more than afford simple patriation with a temporary or permanent amending formula acceptable to a substantial majority of the provinces; but whatever they may be asked to do, they cannot be frightened into doing it. Trying to frighten them only reveals the weakness of the Canadian government's position and its own immaturity.

I turn now to the subject of federalism. It is clear that some of the things proposed in the so-called Constitution Act, 1981 are contrary to the provisions of the British North America Act. Indeed, the Prime Minister does not deny that that is so. He does not deny that some of the proposals completely ignore the rights given to the legislatures of the provinces. There are some who have argued that this really does not matter. They quote Sir John A. Macdonald and George Brown, those two great and distinguished Fathers of Confederation, to show that they would have preferred not only a central government with stronger and wider jurisdiction, but, indeed, a unitary state. I do not doubt that those two distinguished gentlemen from the central part of the country did have such preferences. I do not doubt that they argued for them while the Confederation debates were going on. The fact is that able, distinguished and influential though they were, they were not able to convince the delegates from the rest of the country to accept a union of a unitary nature or anything like it. The fact that these two able gentlemen wanted a unitary state but could not get it is the clearest possible proof, I submit, that the three other original provinces could not be persuaded to yield to a central government those rights of the people which can best be

protected and exercised by a level of government which is closer to the people.

● (1550)

No matter what Sir John A. Macdonald and George Brown wanted, what they had to accept is clearly set out, in the main, in sections 91 and 92 of the British North America Act. As all honourable senators know, section 92 specifies the matters which come under provincial jurisdiction. Section 92 begins with the words:

> In each Province the Legislature may exclusively make Laws in relation to Matters coming within the Classes of Subjects next hereinafter enumerated; that is to say,—

It then enumerates some 16 matters, the first of which is: "The Amendment ... of the Constitution of the Province, except as regards the Office of Lieutenant-Governor." Within the matters therein set out, each province has complete and sovereign jurisdiction, subject only to the power of reservation and disallowance which has fallen out of use anyway.

Honourable senators, there could and would have been no union or federation without leaving these enumerated matters to provincial legislatures. There had to be, and there was, acceptance of the view set out by Senator Tremblay at page 1833 of the *Debates of the Senate* of February 24, when he said:

> In short, the sharing of jurisdictions means that national interests are best served by assigning legislative authority to the provinces in certain matters. They are also best served in other matters when that jurisdiction belongs to the central Parliament.

I wish to give particular emphasis to one point about the division of jurisdiction between Parliament and provincial legislatures, one which I have not heard mentioned. It is that jurisdiction over all of these matters belongs to the people and not to governments, whether they be provincial governments or the Government of Canada.

Hon. Senators: Hear, hear.

Senator Smith: The allocation or division of jurisdiction, as set out in the B.N.A. Act, is merely an expression of the means by which the people will exercise their sovereign authority: that is, by means of the persons they elect to the federal Parliament, in federal jurisdictions; and by means of the people they elect to the legislatures of the provinces in which they live, in provincial jurisdictions.

It is the duty of the premiers of those provinces to protect the rights of the people for which they are responsible; and they would be found wanting in their duty if they did not protect those rights.

It has been popular, and perhaps it still is, to complain that all the premiers and the provincial governments are trying to do is to hold on to, or to increase, their own power. Honourable senators, I deny that that is so; I assert that it is not so. They are protecting, for the people of their provinces, the rights of those people to deal with certain things themselves in their own legislatures, as provided by the British North America Act, in carrying out the terms agreed upon at the time of Confederation.

One has only to look at clause 31(1)(b) of the proposed resolution to know that it intends to take away from the people of the provinces their right to have their legislatures deal with the matters given to them under the British North America Act. This provision reads:

> 31. (1) This Charter applies ...
>
> (b) to the legislature and government of each province and to all matters within the authority of the legislature of each province.

The fact that it is being passed, if it is passed at all, by the parliament of a foreign country, does not make it any better; indeed, it makes it much worse. This is the kind of provision that could not get by the Supreme Court of Canada, if it were being passed by the Parliament of Canada, without the consent of the provinces. It is the sort of provision which would be illegal and unconstitutional if enacted by the Parliament of Canada without the consent of the provinces. There are a number of other similar provisions in the proposed British legislation which could not be enacted in Canada.

There is absolutely no doubt whatever that the Prime Minister is intending to ask the parliament of a foreign country to do what the Parliament of Canada cannot do. He is trying to avoid and evade the rights of Canadians by asking the Parliament of Great Britain to pass legislation affecting the individual rights of every Canadian, knowing full well that the Parliament of Canada cannot legally do so.

Honourable senators, you have been very patient. I have taken a good deal of your time, and I appreciate your attention. I conclude as I began, by saying again that this is not a debate about patriation of the Constitution. It is a debate about taking to another country proposed changes in the Constitution which could not legally be made in Canada. I believe in patriation—patriation with an amending formula acceptable to Parliament and to a substantial majority of the provinces, which I believe would not be hard to find. As for the other contents of this proposal, let them be dealt with in Canada by Canadians, in a way calculated to unite the country rather than to divide it.

On motion of Senator Wood, debate adjourned.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I would ask that the remainder of the items on the order paper stand.

Hon. Jacques Flynn (Leader of the Opposition): There is agreement on this side to forego the Question Period. However, we do not want to deprive your side of the opportunity.

Senator Frith: Speaking on behalf of prospective questioners on this side, I express their thanks for that consideration. I have just sent word to Senator Perrault that Question Period is about to be called. He will be here to answer questions, but the

other ministers will not be. I will be glad to answer any questions that I can, or, alternatively, pass them along.

Honourable senators, all other items on the order paper will stand unless any senator wishes to speak to a particular item.

Before moving the adjournment, I remind honourable senators that the committee chaired by the Honourable Senator Smith is now ready to proceed with its meeting. Have the witnesses arrived yet?

Hon. G. I. Smith: I have just been informed that the witnesses are now present in the committee room, and, I would ask all members of the committee to proceed there now.

• (1600)

Senator Frith: I am sure that any other senators interested in the important matter before that committee are also welcome to attend; indeed, all honourable senators are entitled to attend.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 11, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

RONALD W. REAGAN
PRESIDENT OF THE UNITED STATES

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have the honour to move, seconded by the Honourable Senator Perrault, that the Address of the President of the United States of America, Mr. Ronald W. Reagan, to members of both houses of Parliament, delivered on March 11, 1981, together with the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches delivered by the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I support the deputy leader, especially with regard to the speech of the President of the United States of America and His Honour the Speaker of the Senate.

Senator Frith: Honourable senators, I had thought of asking Senator Flynn to second the motion, but I realized that there might be a condition or two for his total support, and, therefore, I did not do so.

Motion agreed to.

(*For text of address and introductory speeches see Appendix, p. 2013.*)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on the administration of the *Vocational Rehabilitation of Disabled Persons Act* for the fiscal year ended March 31, 1980, pursuant to section 8 of the said Act, Chapter V-7, R.S.C., 1970.

DISTINGUISHED VISITOR IN GALLERY

HIS EXCELLENCY EDWARD G. LATTER—NEW ZEALAND HIGH COMMISSIONER

Hon. Orville H. Phillips: Honourable senators, on a rather pleasant question of privilege may I draw your attention to a distinguished visitor in our gallery in the person of His Excellency Edward G. Latter, the New Zealand High Commissioner to Canada.

Hon. Senators: Hear, hear.

Senator Phillips: Over a pleasant lunch His Excellency told me how much he has been enjoying our country and, in particular, observing our political system. I hope that he can make more sense out of it than we can.

THE SENATE

MEMBERS—INVITATIONS TO STATE FUNCTIONS

Hon. Jack Marshall: Honourable senators, I have a point of order on a motion proposed yesterday by Senator Everett. I commend him on his desire "to review, with the appropriate ministers and officials, the recommendations contained in the report of the said committee on 'The Accommodation Program of the Department of Public Works,' " and ask him if he would add, when he meets with the Minister of Public Works, a recommendation respecting the National Arts Centre, so that every honourable senator is invited to those functions that honourable senators should be invited to.

Hon. Douglas D. Everett: Honourable senators, it is beyond my authority to take such a message to the Minister of Public Works. I believe that would be the job of the government leader in the Senate.

I might say, in a personal vein, that I was absolutely appalled to learn that all members of this chamber were not invited to the gala performance at the National Arts Centre last night.

Hon. Senators: Hear, hear.

Senator Flynn: This is a question of privilege.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the preparation of the guest list for the functions held in connection with the visit to Canada of the President of the United States was not done by the Leader of the Government in the Senate, the house leader, or the government whip in this place. While it is a very complex task to draw up lists of this kind, I feel that events of importance, such as the presidential gala held last night, should include, where possible, every member of both houses of Parliament.

● (1405)

Senator Marshall: I would like to point out to the Leader of the Government that in the Table of Precedence, that famous protocol list, honourable senators are seventeenth. In view of the fact that there were 1,800 people at the gala event last night, does this mean that we were taken out of our order of precedence?

Senator Perrault: I can only say that the honourable senator may find it more profitable to direct his line of questioning to those who, in the ultimate, prepared the list.

An Hon. Senator: We can't get Mr. Trudeau here.

Senator Perrault: Hopefully, in the future the system can be greatly improved.

CANADA-UNITED STATES RELATIONS

FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO ADJOURN TO WASHINGTON, D.C.

Hon. George van Roggen, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on Foreign Affairs, which was authorized by the Senate on May 1, 1980 to continue its examination of, and report upon, Canadian relations with the United States, be empowered to adjourn to Washington, D.C., U.S.A., for the purpose of such examination.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Explain.

Senator van Roggen: Honourable senators, as you know, the Foreign Affairs Committee has been studying Canada-United States relations for some years. We are concluding our hearings which will result in the final volume, Volume III, of our report later this year. There are some four or five influential agencies conducting certain studies in the United States. While they may not have precisely the same terms of reference, their studies and ours are along parallel lines. I am thinking of the task force set up by the President as a result of the 1979 Trade Act of the United States, whose report is required to be finalized by July of this year, under the provisions of the legislation. There is a report on the same subject by the U.S. Chamber of Commerce, a report by the Canada-America Committee, and research being done by the National Governors' Association.

We have not firmed up the arrangements because we require the approval of the Senate to go to Washington, but we have made tentative arrangements to meet with those groups and, in addition, to have a joint meeting with the Subcommittee on International Trade of the Finance Committee of the United States Senate. These are the types of things we would be doing there in anticipation of preparing our final report.

As far as the committee's travel is concerned, I might say that the last time this committee went anywhere outside Ottawa was in 1973. The dates contemplated are in late April, namely, April 28 to 30.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

CANADA-UNITED STATES RELATIONS

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Jacques Flynn (Leader of the Opposition): Before directing my question to the Leader of the Government, I should like to say that all those who listened to the speeches delivered this morning by the President of the United States, the Prime Minister of Canada, the Speaker of the Senate and the Speaker of the House of Commons were most impressed.

It does seem that the President's visit has gone a long way towards restoring a better understanding of some questions under discussion between our two countries.

My question deals with a problem which, if I am not mistaken, has not been mentioned and relates to the Law of the Sea Treaty. It seems that at the New York meeting, they were about to reach an agreement and that the U.S. government has now ruled out any possibility of agreeing to sign a treaty.

● (1410)

[*English*]

Senator Olson, I thought you were informing me of something.

Senator Asselin: He will never do that.

Senator Flynn: Well, occasionally, by accident, he might give us some information.

However, my question to the Leader of the Government—Now I hear the distant voice of my good friend, Senator Langlois. Pardon me?

Senator Langlois: I am pleased to know that you are interested in what I say.

Senator Flynn: I am always interested in what you say. You will notice that I am in a good mood today. Even Senator Guay is trying to get into the fray because I am in a good mood.

Who is asking for something? Senator Hastings, I have great admiration for you, but I do not think I should take the trouble to make any comment.

My question is: Did the Prime Minister secure from President Reagan an explanation as to why the U.S. has scuttled the treaty, and as to how long his government intends to review the treaty before, if ever, it decides to sign it?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, no recent information has been received on this point. Of course, negotiations and discussions continued until as late as this morning. The question will be taken as notice, and perhaps information can be provided tomorrow.

Hon. Jack Marshall: Despite the reports in the paper that President Reagan has told Canada that the East Coast Fisheries Treaty has been withdrawn because it could not pass the U.S. Senate, I would like to ask the leader if that was indeed the rationale given by the President for the withdrawal, and if he could confirm that the President did withdraw the treaty because it could not pass the U.S. Senate.

Senator Perrault: Honourable senators, I have a body of information with respect to the East Coast Fisheries and Maritime Boundary agreements, provided to me by the Honourable Mark MacGuigan before the meetings with the President. It is rather lengthy. I would be pleased to incorporate this material in the record of today's proceedings. I think it could be helpful to honourable senators who are interested in this question.

The first question is:

> Was the Government consulted prior to the U.S. Administration's decision to abandon the East Coast fisheries agreement and ratify only the boundary settlement agreement?

The answer is:

> We were informed but not consulted. Over the past month Canadian and U.S. officials have discussed the East Coast situation on a number of occasions. On the Canadian side, we continued to urge that both agreements should be ratified, with the fisheries agreement being amended only as to its duration. On the U.S. side, they reviewed with us all the various options they thought were available to them. Late last week we were informed of Secretary Haig's recommendation to the President on this issue, and of the President's decision last Friday. As I have already made clear, this decision was a matter of profound regret and disappointment for me.

The next question is:

> Was ratification only of the maritime boundary settlement agreement one of the options reviewed with Canada?

The answer is:

> I have already indicated that U.S. officials reviewed with us all the options they thought were open to them. This does not mean that we in Canada considered all of these options valid. Our position throughout remained the same, namely that the U.S.A. should ratify *both* agreements, which had been negotiated as a package.

The next question is:

> Will Canada ratify the Gulf of Maine boundary settlement agreements?

The answer is:

> We will make our positions known in due course. Obviously we are determined to do everything possible to safeguard the interests of Canadian fishermen, including the vital interest in the maritime boundary.

The next question is:

> Will the failure of the fisheries agreement leave the Georges Bank fisheries unprotected in terms of conservation?

The answer is:

> That is one of our chief concerns. Without the fisheries agreement, there will be a serious threat of depletion of the scallop stocks and other fisheries resources of Georges Bank. This is one of the concerns we will be pursuing with President Reagan and Secretary Haig.

The final question is:

> Could this situation lead to a "fish war" between Canada and the U.S.A.?

The answer is:

> President Reagan has made known his intention to order the U.S. Coast Guard to forbear from the enforcement of U.S. laws against Canadian fishing vessels in all the areas claimed by Canada on Georges Bank. I believe that we would also be prepared to forbear from enforcing Canadian laws against U.S. vessels in these same areas. These actions would certainly go a long way towards avoiding conflict.

I would also hope to bring supplementary information on the situation to the chamber tomorrow, further information which may have resulted from the talks between the President of the United States and the Right Honourable the Prime Minister.

• (1415)

As I say, there is a substantial body of information stating the Canadian position which it may be helpful to have placed on the record of today's proceedings, if honourable senators would agree.

Senator Marshall: Yes, I think we would agree; but, as it is a matter of urgency, I hope you will confirm that that will be put into the Senate proceedings tomorrow.

Senator Perrault: Yes, but, as honourable senators understand, it is a delicate matter and I am waiting for a firm statement from the Secretary of State for External Affairs so that the question can be answered properly and officially tomorrow.

Hon. Lowell Murray: With great respect, the Secretary of State for External Affairs said yesterday that he has no hope at all of salvaging that treaty.

The question I should like to put to the minister is: What is the intention of the government at this point with regard to resuming discussions with the American authorities?

Senator Perrault: I can tell honourable senators that I have not yet received information on that point, and I want to make sure that the chamber is not misled.

INDUSTRY

CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

Hon. Guy Charbonneau: Honourable senators, I should like to address a question to the Minister of State for Economic Development. Upon returning from a visit to Washington, the minister, in a delayed answer which he gave on July 9, 1980, addressed the following statement to me:

> It is the intention of this government to negotiate better operation of the auto pact, and while it is not desired, nor is there any intention, to seek a total renegotiation of the pact, there will be some changes to it.

Did the government pursue the negotiation of those changes yesterday, and will the Minister of State for Economic Development indicate when an announcement of those changes, which were promised eight months ago, may be expected?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my honourable friend knows that there have been some discussions in the intervening eight-month period, and, indeed, there have been some statements of progress in those discussions during that period of time. I could gather all of those together and put them into one package, but I am sure the honourable senator is just as capable of doing that review as I am, if he wishes to.

Regarding the specific question as to on what date we will reach an official renegotiated position, that I cannot say today. I know that the Minister of Industry, Trade and Commerce has had discussions with his counterpart over the last day and a half, but I am not sure that they have reached a definitive position with respect to revising the terms and conditions of the auto pact. I think it would be fair to say at the outset that the discussions that were held over the last day and a half were not for the purpose of negotiating specific agreements other than those announced respecting NORAD and social development policy; but, certainly, the discussions accomplished a number of other useful things, such as both governments putting a number of agreements on the table, including the auto pact. Consequently, we should be able to begin in a more intense way, with the officers of the new administration, to reach a point where we can answer the two questions that were put more specifically.

Senator Charbonneau: Can the minister give us some idea of when those negotiations might be concluded to the benefit of Canadian workers? What will be the length of time? Will it be another eight months, or can the minister give us any idea at all?

Senator Olson: Honourable senators, I learned a long time ago that you should not try predicting the time at which someone else will make up his mind. In any event, I hardly think it fair to ask me to try to predict precisely when there will be a conclusion of negotiations that obviously involve give and take on both sides. We know very well that the auto parts industry and, indeed, the whole North American auto industry have experienced some severe difficulties in the past eight months, and even prior to that. Obviously, therefore, it would be extremely difficult for either myself or even the minister directly responsible to attempt to indicate a specific date now.

● (1420)

ENERGY

ALASKA HIGHWAY GAS PIPELINE—FINANCING OF UNITED STATES SECTION

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. The minister is also responsible for the Northern Pipeline, and in that capacity he has assured us many times that the United States is firmly committed to the Alaska Highway gas pipeline. I believe I am correct in saying that the previous President of the United States, President Carter, sent a letter assuring the Government of Canada of the commitment of the Government of the United States to the project. I do not believe that a similar undertaking has been received from President Reagan. Did the government use the opportunity—

An Hon. Senator: Did you hear his speech this morning?

Senator Doody: Perhaps the honourable senator will bear with me. Did the minister of the government take the opportunity of the President's visit to obtain the same sort of written assurance which was given by President Carter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, this matter was discussed during President Reagan's visit. President Reagan gave his assurance when he said earlier today:

> Our governments have already discussed one of the largest joint private projects ever undertaken by two nations—the pipeline to bring Alaskan gas to the continental United States. We strongly favour prompt completion of this project based on private financing.

The word "we" is in reference to the new administration. That assurance or commitment is at least of the same nature as the commitent given by the previous administration.

Senator Doody: Honourable senators, I have a supplementary question. Did President Carter place the same caveat, that the pipeline was subject to private financing only, which caveat has the effect of disassociating the U.S. government from responsibility for the financing?

Senator Olson: Honourable senators, it should be made clear that the sponsors of the pipeline, both in Canada and the United States, have not asked either government for public underwriting of the financing of this project. There has been speculation from time to time that such underwriting may occur because of concern about cost overruns and so on. However, there is a significant incentive to keep the cost overruns at a minimum because of the rate of return. Certainly, we are confident that the Canadian section can be financed in the private sector. The qualification with regard to private financing was also made last July when we received the assurance from the previous administration and both houses of Congress.

Hon. Jack Austin: Honourable senators, I have a supplementary question. I would like to ask Senator Olson whether, in the discussions held by Prime Minister Trudeau and Canadian officials with President Reagan and United States officials over the past two days, the President or any of his responsible officials indicated that they are prepared to change, or to propose a change to, the existing legislation in order to allow the producers in Alaska to participate as equity holders in the financing of the United States portion of that pipeline.

Senator Olson: Honourable senators, I can give my friend, Senator Austin, the assurance that this subject was discussed. However, I would like to wait until tomorrow, or perhaps early next week, for the official statement of the United States on this matter. I would like to make it clear, with regard to the possible amendment of equity provisions in the legislation, that it could well fall within the ambit of private financing.

• (1425)

Hon. John M. Godfrey: Honourable senators, I should like to ask another supplementary question. Does the expression "private financing" exclude the possibility of government guarantees?

Senator Olson: Honourable senators, we are getting down to some pretty fine lines now.

Senator Flynn: As far as you are concerned, they may be.

Senator Olson: Honourable senators, as Senator Godfrey has pointed out, there is a difference between a guarantee and actual financing directly out of the treasury.

I think we should take the President's words at their face value. He said, "this project based on private financing." That, according to my interpretation, does not mean government underwriting or guaranteeing.

Senator Flynn: It is a fine point. It is very clear.

Senator Olson: It is very clear after I have explained it.

Hon. Guy Charbonneau: Given the ideological bent of the United States government as compared to this government, does the Minister of State for Economic Development feel that the President was giving a message to this government when he mentioned free enterprise?

Senator Olson: Honourable senators, I believe there was a great deal of substance in what the President had to say, not only earlier today but on other occasions also.

I will dismiss the clandestine attempt by my honourable friend to interpret what the "message" might be. I believe that the information and the assurances to Canada contained in that speech were both useful and beneficial to this country, in that we know, in much clearer terms, what the prospective activities of the Government of the United States are in relation to trade and other matters between our two countries.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question is for the Leader of the Government in the Senate. Realizing that important and urgent matters were brought to the attention of the President of the United States, would the Leader of the Government report whether or not one other important matter, affecting both Saskatchewan and Manitoba, the Garrison Dam project, was discussed?

Hon. Raymond J. Perrault (Leader of the Government): The important Garrison matter was discussed at length during the meetings of the President of the United States and the Right Honourable the Prime Minister. Assurance was provided by President Reagan that any recent actions with respect to Garrison in no way affect Canadian waters or the interchange of waters between Canada and the United States.

My colleague, the Honourable Bud Olson, may wish to add some remarks, since he is aware of the economic aspects which were discussed.

Senator Flynn: I doubt that he can add much.

GRAIN

RAIL TRANSPORTATION IN WESTERN CANADA

Hon. Earl A. Hastings: Honourable senators, my question is for the Minister of State for the Canadian Wheat Board, and refers to a press release issued by his office on March 6 which states:

> The Revelstoke situation has eased since the beginning of the year.

Would the minister explain what he was referring to when he referred to "the Revelstoke situation"? If he is referring to a labour dispute, would he outline to the Senate the exact resolution of that problem?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators—

Senator Flynn: He has a speech ready.

Senator Argue: —all I can say to the honourable senator is that the situation has greatly improved. In the months of January and February deliveries to the west coast totalled 1.64 million tonnes, as compared to the previous record of 1.58 million tonnes set in 1972-73.

The current situation regarding deliveries to the west coast is that in the week of March 2 to 7 there was a total of 3,452 cars. Of that number, 1,525 were CP cars and 1,901 were CNR cars.

The railways, and especially the CPR, have been concentrating on the delivery of grain in the areas in southern Alberta and southwestern Saskatchewan. These areas are now up to their "C" quotas, which means that quotas to date total some 9 bushels an acre. Therefore, the situation has greatly improved.

• (1430)

I understand the labour situation at Revelstoke with regard to the CPR has greatly improved. The question of hot coffee, hot lunches and the availability of warm food for CPR employees has been solved. With a happy and contented group of workers on the CPR, performance has gone up a great deal. It is a very satisfactory state of affairs at this time, and I want to congratulate both railroads and their employees for an excellent job being done at this time.

Senator Hastings: Honourable senators, I should like to commend the minister on a remarkable record of delivery of grain in southern Alberta.

My supplementary question is: Has this record been achieved through the co-operation of your department, the railroads and the Wheat Board without the services of the $75,000 a year Grains Transport Co-ordinator?

Senator Argue: I do not want to apportion credit, and I do not suppose I am able to apportion it.

Hon. Lowell Murray: You will never apportion it.

Senator Argue: I have taken an interest in this, and tried to say I hope the situation will improve. The Grains Transport Co-ordinator, under the Minister of Transport, has an important role, and I believe he is fulfilling his duties very well. The railways are doing a good job, and let us say that I do not take any credit at all. I am not looking for credit.

An Hon. Senator: Oh, come on! You are just too much.

Senator Argue: The job is being well done, and I am prepared to give credit where it is due. We give credit to everybody but the opposition.

Senator Flynn: Bravo!

Senator Murray: Honourable senators, the minister almost, but not quite, anticipated my supplementary, which was to ask whether it is the intention of the government to appoint a successor to Dr. Horner as Grains Transport Co-ordinator, and if so, when they intend to do it. I wonder if they had Jack Horner in mind for that position.

Senator Argue: That is in the hands of the Minister of Transport, the Honourable Jean-Luc Pepin. There is an acting co-ordinator at the moment, Mr. Radke, who, I believe, is doing an excellent job. I have been reading *Hansard* of the other place and the minister said if he could obtain the "pearl"—the best person for that position—he would name such a person. I do not know when a so-called successor will be appointed, but the job is being done. Everything is going along satisfactorily.

REPRESENTATION OF NATIONAL FARMERS UNION RE CROWSNEST RATES AND NATIONALIZATION OF CPR

Hon. Stanley Haidasz: Honourable senators, I should also like to ask a question of the great fighter for economic justice for Canadian farmers, the Minister of State for the Canadian Wheat Board. We have heard a great deal about the visits to the minister of representatives of the farmers of western Canada. Would the minister care to inform this house of the way he responded to the briefs of those Canadian farmers, especially the National Farmers Union, with regard to the nationalization of the Canadian Pacific Railway and the present status of the Crowsnest freight rates?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, we both had some comments to make at the meeting with the National Farmers Union, and I will see if I can obtain a copy of the remarks I made. If I cannot, I will try to paraphrase them as accurately as I possibly can. That is not the only meeting, of course, that we had. I believe, if my memory serves me correctly, I did not comment on their preferred solution, namely, nationalization of CP Rail.

EMBARGO ON SALES TO U.S.S.R.—COMPENSATION TO FARMERS

Hon. Stanley Haidasz: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. Some time ago the government made a commitment to pay western grain farmers for the loss of revenue because of the embargo on the sale of grain to the Soviet Union. Can the minister comment on that?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I thank Senator Haidasz for the attention he is giving to this important question. The question is still under active consideration. No final decision has been made.

Hon. Lowell Murray: Delayed decisions.

Senator Argue: I am still confident there will be a decision favourable to the producers, and that a payment will be made. Again, I have been reading *Hansard* of the other place, and the Prime Minister has made it clear that a commitment has been made by the government. It is a question of determining the exact amount of money that will be paid out to cover that commitment.

Hon. Jacques Flynn (Leader of the Opposition): I thought it was the exact amount of the loss.

STATUS OF WOMEN

REMARKS BY MINISTER OF EMPLOYMENT AND IMMIGRATION

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. The minister who inexplicably retains responsibility for the status of women last week dismissed lobbying by the ad hoc committee of Canadian women for changes in the Canadian Charter of Rights by saying, "I think they are getting pretty tiresome," and, "Frankly, whatever they say at this point I couldn't care less."

Could the Leader of the Government in the Senate tell us if it is his view and that of his government not to care less about the views of the ad hoc committee?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I may be wrong, but there appeared to

be a political edge to that question. I do not want to be unfair to the honourable senator.

Senator Nurgitz: Just the answers. I could try and rephrase it.

Senator Perrault: First of all, the remarks attributed to the Honourable Lloyd Axworthy, who is a very effective minister, were taken out of context.

Hon. Jacques Flynn (Leader of the Opposition): What is that?

Senator Perrault: I know the honourable senator would not wish to be unfair to anyone who serves in either this chamber or the other place. I have not seen the full text of Mr. Axworthy's alleged remarks. I do know that Mr. Axworthy, for some considerable period of time, has been engaged in extensive consultations with women's organizations in Canada. As a result, I think in the next few months we are going to see some remarkable advances for women in this country, which will be inspired in great part by his ministerial activities.

SCIENCE AND TECHNOLOGY

GOVERNMENT FUNDING OF RESEARCH COUNCILS

Hon. Heath Macquarrie: Honourable senators, presidents come and presidents go, but we must fight inequity and iniquity at home all the time. I am concerned about a particular and important group in Canada which might well come into this category.

I understand that the government has advised the three important research councils of our country that two of them will receive an increase in their budget, but the other one, the Social Sciences and Humanities Research Council of Canada, will have its budget frozen. Considering the extreme importance of research, scholarship and education generally in that field, I would ask the Leader of the Government if he could find out if the information which I received was based upon a firm intention of the government, or whether it was one of those trial balloons. If the latter is the case, will he assure his Senate colleagues, as a friend of the social sciences, the arts and humanities, that he will oppose any such dimunition of the status of that very important body of which Senator Lamontagne and others in this chamber are important pillars?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that information will most certainly be sought. However, the record establishes clearly the fact that this government and its predecessor Liberal governments have done more to advance science, higher education and post-graduate study than any government in history.

Hon. Jacques Flynn (Leader of the Opposition): Yes.

Senator Perrault: However, a disquieting trend has been developing with respect to the matter of financing higher education. In many provinces there has been an ever-diminishing percentage share of the cost of higher education—

Senator Flynn: Bravo!

Senator Perrault: —assumed by provincial governments.

Senator Flynn: Bravo!

Senator Perrault: Senator Flynn doesn't like to hear accurate information because he is always terrified in the face of facts. As I was saying before Senator Flynn's interruptions, there is an immediate concern about the federal portion of funding of higher education, including post-graduate studies. I think in the province of Ontario the provincial share has slipped to something around 30 per cent or less. And yet, constitutionally, education is a provincial responsibility. Higher education and grants of all sorts for post-graduate study, including science, are being reviewed. It is not an attempt by the government in any way to injure or damage higher education in this country, but an attempt to achieve a comprehensive, understandable and fair system of funding higher education and research.

Senator Flynn: Do I understand that you took the question as notice?

Senator Perrault: Yes.

● (1440)

Senator Macquarrie: Honourable senators, I hope, in the euphoria of the presidential visit and all the good news from Revelstoke, that the Leader of the Government has not misinterpreted the nature of my inquiry. I am referring to the Research Council, which is not a provincial body at all, but an important national gathering of our leading scholars in the humanities and the social sciences, upon which the educational development of the whole country depends to a considerable degree.

Senator Perrault: Honourable senators, the question will be taken as notice. I was speaking in a more general way to the question of how we finance higher education and research.

Senator Flynn: We were not asking anything about that.

AGRICULTURE

HERD MAINTENANCE ASSISTANCE PROGRAM

Hon. D. G. Steuart: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board in connection with the Herd Maintenance Assistance Program.

Senator Flynn: Strange bedfellows.

Senator Steuart: I have received complaints from several farmers that their application for assistance has been turned down, not because of their crop failure—they are qualified in that regard—but because one of the criteria is their annual rainfall, which includes the annual snowfall.

Can the minister tell us whether that is true, that in fact several hundred—perhaps it is as high as 1,000 or 2,000—of what I would consider to be legitimate applications have been turned down on that basis; and, if so, what steps can he take to correct the situation?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, it is correct that quite a number of applications have been rejected because of snowfall

and rainfall data. Of approximately 30,000 applications, as many as 4,000 have been rejected on that basis.

Ministers are giving consideration to the situation. I have had conversations with the Minister of Agriculture, who is interested in this matter, and consideration is being given to the problem. I am hopeful that a decision will be made at an early date.

This is, of course, a new program, in the sense that there has never been a program like it in the past. I believe it is correct to say that there have been some difficulties in administering the program, but it is one that is very popular. It has been well received, and to date approximately 20,000 beef producers have been paid under it. When a decision is made, I shall be happy to report to the Senate.

Senator Steuart: Honourable senators, I have a supplementary question. I am sure that a value judgment has been made, probably by some bureaucrats. However, they do not appear to have much familiarity with the snowfall situation on the prairies. I suggest that we stand a bureaucrat out there south of Regina to see how much snow he would gather on his leeward or windward side, or wherever they gather it, to judge how effective or ineffective the snowfall usually is in respect of next year's crop. One can have a tremendous snowfall on the prairies, and the people who benefit from it might be down in North Dakota.

I am sure the minister would receive support from every member representing the prairies in this chamber and the other place. I know that he is fighting to get the applications reconsidered, but no consideration seems to be given the facts as they actually exist in regard to snowfall, and the relationship between that and a good crop the following year.

Senator Argue: Honourable senators, the program has attached to it a yardstick as to whether the yield of grain on a given farm is less than 80 per cent. The program does not take into account the yield of hay or fodder. As a method, I suppose, of endeavouring to outline an area where the drought was severe, officials maintained records of rainfall and snowfall from November 1, 1979 to May 31, 1980. However, it does seem that the major question is whether a producer had a crop and therefore had feed, and the question of the amount of rainfall or snowfall in the previous winter obviously did not have any particular bearing if the crop, by this definition, was a failure. Technically I am not able to say what is the correlation between winter snowfall and rainfall on the subsequent crop—

Senator Flynn: Senator Steuart will tell you.

Senator Argue: —but I would think there is not a very close correlation. I am sure there is a close correlation between summer rainfall and the size of the crop. In any event, we are considering the question of rejected applications.

[Senator Argue.]

CANADA-UNITED STATES RELATIONS

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Robert Muir: Honourable senators, I dislike having to depend on the written and electronic media at all times regarding certain matters; therefore, I would direct a question to that great fisherman, the Leader of the Government. It is probably a fishy question. I presume there was fish on the menu for the President of the United States.

Can the Leader of the Government advise me if the matter has been discussed, up to this point in time, between the President and the Prime Minister? Are the Americans treating the subject as dead cod, or are there going to be further discussions? Are they going to destroy 10 years of work in connection with the negotiations, and is there any hope of their meeting again with our people, or is it going to be a Hollywood production, a rerun of Jaws II?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I stated earlier this afternoon that I would, with permission, incorporate a certain volume of information with respect to Canada's position on this matter. That material will appear in the record of today's proceedings.

So far as the larger question is concerned, I felt that in view of the sensitivity of this matter I would seek a formal statement from our government as a result of conversations which were proceeding even today. I feel that it is an issue where a random, ad hoc answer should not be given in the Senate. If I may take the question as notice, I will promise to bring a response.

Senator Muir: Thank you.

FINANCE

INTEREST RATES—PROFITS OF CHARTERED BANKS

Hon. Charles McElman: Honourable senators, my question is for the Leader of the Government. On December 16 last, in the midst of a highly volatile period of fluctuating bank rates based upon the prime rate of the Bank of Canada, I pointed out that when the Bank of Canada prime rate increased, the chartered banks were very slow in increasing their rates to depositors on both of savings and term deposits; but when the bank rate decreased they were most rapid in dropping those rates.

The Leader of the Government, in his reply to me on January 13, said:

> The basic policy of this government has been to avoid direct intervention in the detailed price-setting mechanisms of individual industries such as the banks, but rather to rely upon policies to ensure competitive conditions in the markets. It should be noted that the Canadian banks, the trust and loan companies, the credit unions and caisses populaires are highly competitive, and this competitiveness is the surest way of keeping these institutions efficient and interest margins as low as possible.

First, I should say that I cannot regard the banks as an industry like any other in this country, because of their situation in controlling those rates for depositors to the extent that they do.

Yesterday the first quarterly reports of some of the chartered banks were made public. Although the profits for the first quarter of 1980 had been rather good, the increases for the first quarter of 1981 over 1980 are somewhat extraordinary. The increase of the number one bank, the Royal Bank, was in excess of 80 per cent over last year. The number two bank, the Canadian Imperial Bank of Commerce, had an increase of 60 per cent plus over last year; and, although the circumstances are quite different, the Bank of British Columbia, in the leader's own province, had an increase of something in the order of 225 per cent plus over the first quarter of last year.

● (1450)

With that rather long introduction, for which I apologize, I ask: Is the government now prepared to look at this situation to determine if there is an unconscionable difference between the rates of interest paid by the chartered banks to their depositors and the rates of interest charged by the Canadian chartered banks to their customers for loans, and to report those findings and any recommendations they might have for change to the Parliament of Canada?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. Certainly, the first quarter figures indicate that the banking industry may not be one of the struggling sectors of the Canadian economy.

Senator Frith: They are succeeding in their war against poverty.

Senator Perrault: It was announced in Britain yesterday that a windfall profits tax will be levied on certain bank profits in that country. While I am in no fashion suggesting that such a measure is under discussion here, I have noted the reported profit figures, as have other senators. The question is a good one, and an answer will be sought.

TRANSPORT

VIA RAIL—REPRESENTATION OF ATLANTIC PROVINCES ON BOARD OF DIRECTORS

Hon. Charles McElman: Honourable senators, I have a second question for the Leader of the Government in the Senate, which is asked on behalf of the long-suffering travellers of the Atlantic provinces.

I have an information release from the office of the Minister of Transport for Canada, headed, "VIA Rail Board of Directors Appointments". Some 14 directors have just been appointed, one from British Columbia, one from Alberta, one from Saskatchewan, one from Manitoba, five from Ontario, four from Quebec, none from New Brunswick, one from Nova Scotia, none from P.E.I., and none from Newfoundland.

I have looked at the bona fides of the various appointees, and I find that there are no really special or different types of people among them that cannot be found very effectively, among people of great efficiency, in the Atlantic provinces of Canada. As a respresentative of the area that suffers most, I suggest, from lack of acceptable facilities for rail travel in Canada, I would urge the Leader of the Government in the Senate to inquire as to why this region has been so ignored, and as to the remedial action that might be taken to correct the situation.

Senator Flynn: Change the minister!

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it may be that the full board has yet to be named. The names provided by the Honourable Senator McElman may represent only a partial list of appointments. It could be that a further list of those who live in the Atlantic provinces is under review and future appointments will be made from that important region. Perhaps further appointments, therefore, will be made.

In any case, Senator McElman's concern will be communicated to the Minister of Transport. If the names cited by Senator McElman represent the total list of the board of directors of VIA Rail, there does appear to be somewhat of a regional imbalance.

CANADA-UNITED STATES RELATIONS

TRANS-BORDER POLLUTION PROBLEMS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address a question to the Leader of the Government in the Senate in connection with pollution?

In the special briefings made available in Washington, prior to the President's visit to Canada, it was indicated that the United States was unlikely to change its position on pollution problems affecting Canada, and that Washington will continue to work within the guidelines of the pollution agreement signed with Ottawa last summer.

In view of all the discussion that has taken place on this subject in Canada recently, I wonder if it is the opinion of the government, particularly after the recent presidential visit, that Washington is continuing to work within the guidelines of the pollution agreement that was made last summer.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this question was on the agenda for discussion between the President and the Right Honourable the Prime Minister, and I do not want to relay anything but the latest information on the subject. It may be that my colleague, the Honourable Senator Olson, has certain updated information which is not available through my other channels.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the President referred to matters of environmental concern to both countries in the speech he made earlier today. It may be that we can make a more specific and more detailed statement about that, but I would expect that after the re-affirmation, or statement, of princi-

ples, in applying resources to clear this up, it may be some days before bilateral discussions between the cabinet officials responsible for this matter, on both sides of the border, can produce a more specific and detailed plan of action.

Senator Roblin: If I may ask a supplementary question to either minister, my interest in the matter is underlined by the fact that the Environmental Protection Agency in the United States has recently issued proposed revisions in that country's Clean Air Act, which may affect Canada. They have given the public in the United States 30 days to make their views known with respect to that matter. Is it the position of the Government of Canada that these new proposals respecting environmental protection in the United States do not affect us? Or, if it is their position that they do affect us, how can that be reconciled with the statement the minister has given us?

Would the minister be prepared, in any case, to tell the Senate whether it is the intention of the government to make representations to the Government of the United States with respect to announcements of policy that have already been made in that country, and which probably affect us?

Senator Olson: Well, honourable senators, I think that my friend can recall what was said, not only this morning by the President of the United States but also in other communications during the past day and a half, to the effect that the Americans acknowledge and respect the fact that the question of clean air and the reduction of pollution emitted into the air affects both countries. That is restating things that were recognized and said a long time ago.

The new administration have given us some indication that they want to take a few days to assess some of the action that is being taken, and, indeed, the amount of trans-border pollution, for the benefit of their own clean air standards and requirements. It seems to me that we should wait until they have made that assessment.

I want to say, however, as the Leader of the Government has, that we will ask for a more detailed explanation and provide it to the Senate as soon as possible.

Senator Roblin: Honourable senators, I am really concerned lest my honourable friend be disappointed in this matter, because, regardless of the assurances he thinks he has, it is quite clear that the efforts the Government of the United States is going to make in this matter are considerably reduced, some reports say by 50 per cent, in terms of dollars, so it seems to me that it would be absolutely necessary for the government to decide whether or not it wishes to protest this matter and to enter its views. If it decides not to do so, then it should tell the people of Canada why not. If it decides it is going to, then I think it should tell the people of Canada what it is going to say.

Senator Olson: I think also, honourable senators, that we need to have some more specific indications from the Government of the United States before we say what we are going to do or decide, what degree of protest we are going to make, or carry out any of the other suggestions that have been made.

[Senator Olson.]

• (1500)

Senator Roblin: May I ask a final question? When will the minister be able to report to the house the government's policy on this matter?

Senator Olson: As soon as possible.

ENERGY

NATIONAL ENERGY PROGRAM—POSSIBLE IMPOSITION OF COUNTERVAILING DUTIES ON CANADIAN EXPORTS

Hon. H. A. Olson (Minister of State for Economic Development): I have a delayed answer in response to a question raised on March 4 by Senator Flynn concerning the National Energy Program.

I would like to reiterate an earlier answer given to Senator Asselin. The Canadian government is confident that our National Energy Program honours and is in full accord with our international obligations and commitments. Furthermore, I can assure the honourable senator that no country has initiated or given notice that it intends to levy countervailing duties against our country as a result of this program.

Hon. Duff Roblin (Deputy Leader of the Opposition): May I ask a supplementary question respecting the energy matter that was raised by the minister? Is it the intention of the minister to make any statement about the Canadian energy program—I forget the correct name of it—

Senator Olson: The National Energy Program.

Senator Roblin: —the National Energy Program? Thank you. Does the minister intend to make any statement with respect to that matter in the context of the discussions between the President and the Prime Minister?

Senator Olson: Honourable senators, I think within a few days there will possibly be a statement made by the Minister of Energy, Mines and Resources. I will make an inquiry. If that is so, I will bring it to the Senate as quickly as I can, because it was acknowledged that there were some discussions on the matter.

CANADA-UNITED STATES RELATIONS

DISCUSSION OF CANADIAN ENERGY AND FOREIGN INVESTMENT POLICIES

Hon. H. A. Olson (Minister of State for Economic Development): I have a second delayed answer in response to a question asked by Senator Asselin on February 19 with respect to Canada-U.S. relations. I would ask that the answer be taken as read.

(*The answer follows:*)

> I understand that the U.S. government is concerned that the Canadian government implement the National Energy Program in full accord with its international obligations and commitments.
>
> I would like to assure honourable senators that the federal government is confident that the National Energy

Program does indeed honour these obligations and the government has informed the U.S. of our commitment in this area.

There have been a series of exchanges between the two governments on the subject of the program. The federal government has left open the channels for communication, and is prepared to discuss U.S. concerns.

With regard to the honourable senator's questions concerning the Auto Pact he should know that last year formal consultations were requested under Article IV of the Auto Pact. A meeting was held in Washington in June between the Minister of Industry, Trade and Commerce, the Honourable Herb Gray, and the U.S. Trade representative of the day, Governor Reuben Askew.

Since that time consultations have continued at the official level. They have dealt not only with Auto Pact issues but also with questions such as offshore import penetration and the effects on the North American industry of the trend towards a "world car." Once the new administration has had time to examine the issues we expect that consultations will continue.

FINANCE

EXCHANGE VALUE OF CANADIAN DOLLAR—GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): The final delayed answer I have is in response to a series of questions raised on February 17 by Senator Doody which concerned the exchange rate and the level of inflation. I would ask that the answer be taken as read.

(*The answer follows:*)

A major factor behind the current level in the Canadian dollar, that has emerged from time to time over the past year, has been the course of short-term interest rates in the United States. These have been very volatile and the Canadian dollar has tended to weaken when U.S. interest rates have moved up rapidly. In the conduct of monetary policy, the Bank of Canada has tried to steer a middle course, moderating excessive pressures in both the money market and the foreign exchange market.

The honourable senator also referred to a statement that appears in the budget background paper on the medium-term prospects for the Canadian economy. There, it is noted that for the purposes of the projections, made at a time when the dollar was around the 86 cent level, the Canadian dollar is assumed to average slightly more than U.S.$.86 in 1980 and U.S.$.875 in 1981. As noted in that document these are technical assumptions used in producing the projections; they should not be interpreted as forecasts nor as targets.

It is not government policy to attempt to fix or achieve a particular value for the Canadian dollar; this would prevent the exchange rate from performing its essential role of promoting adjustment in the balance of payments. Official operations in the foreign exchange market are confined to promoting orderly conditions, which itself promotes adjustment. As I noted earlier, over the past years U.S. interest rates have fluctuated within a wide range. These fluctuations can have a disruptive impact on the exchange rate, and the Bank of Canada has had to take this into account in its conduct of monetary policy.

With regard to the honourable senator's questions concerning the rate of inflation, in 1980 it has turned out to be somewhat higher than predicted in the October budget. The inflation outlook for 1981 has also deteriorated somewhat. This has happened because of the larger than expected increases in food prices and the prices of imported goods from the U.S. I might add that the U.S. has also experienced a rate of inflation higher than expected. Another factor contributing to this deterioration in our inflation outlook is the relative weakness of the Canadian dollar in the face of rapidly rising U.S. interest rates.

Our government believes it would be a mistake to use stop-gap ad hoc measures to suppress inflation temporarily; what is needed is a long-term policy to tackle the inflation problem. The October budget established such a policy in the form of expenditure and monetary restraint and a reduction of the deficit over time.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

DEPUTY MINISTER—ALLEGATIONS BY NATIONAL INDIAN BROTHERHOOD

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 18 Senator Nurgitz raised a question—

Senator Flynn: What was the date?

Senator Perrault: November 18, 1980—yes, only last year. Senator Nurgitz raised a question concerning a reference to the Deputy Minister of Indian Affairs and Northern Development by the President of the National Indian Brotherhood quoted in the press.

I have reviewed the press report and have discussed the issue with the Minister of Indian Affairs and Northern Development. The comment appears to have been rhetorical in nature and does not require action.

PRESIDENT OF THE UNITED STATES

VISIT TO CANADA—PROPOSED AGENDA

Hon. Raymond J. Perrault (Leader of the Government): I have a delayed answer to a question asked by Senator Murray on March 5 concerning the American officials accompanying President Reagan to Ottawa. I would be pleased to incorporate in today's record, a list of those who visited Canada with the President, if that is satisfactory.

(*The answer follows:*)

Alexander M. Haig, Jr., Secretary of State

Donald T. Regan, Secretary of the Treasury

Malcolm H. Baldridge, Secretary of Commerce

James A. Baker, III, Chief of Staff

Michael K. Deaver, Deputy Chief of Staff

Richard V. Allen, Assistant to President for National Security Affairs

Martin Anderson, Assistant to President for Policy Development

William Brock, U.S. Special Trade Representative

Myer Rashish, Undersecretary Designate for Economic Affairs

Lawrence S. Eagleburger, Assistant Secretary for European Affairs

Ambassador Rozanne L. Ridgway

Richard J. Smith, U.S. Chargé d'Affaires

CONSUMER AND CORPORATE AFFAIRS

OIL COMPANY PRICING PRACTICES—INQUIRY BY RESTRICTIVE TRADE PRACTICES COMMISSION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Flynn just a short time ago, March 5, concerning the investigation into oil company pricing practices.

Hon. Jacques Flynn (Leader of the Opposition): Yes, and I am interested.

Senator Perrault: With respect to the appointment of counsel, the Honourable Leader of the Opposition seems to be under the impression that when this matter was referred to the Attorney General it was done pursuant to subsection 15(1) of the Combines Investigation Act to determine whether prosecutions were warranted. That is not what happened. The case was referred pursuant to section 13 of that act to appoint counsel to assist the director in his inquiry. Senator Flynn was minister at the time a number of outside counsel were appointed pursuant to section 13. These appointments have since been terminated. They served their purpose.

Senator Flynn: May I ask a supplementary question about the answer I received with regard to the referral of the matter of the oil companies to the Attorney General? What kind of assistance was the director seeking, and what kind of assistance did he receive? Whether it is in connection with section 13 or any other section of the act, what was the use of asking the Attorney General to appoint counsel?

Senator Perrault: Honourable senators, that supplementary information will be sought quickly.

FOREIGN AFFAIRS

EL SALVADOR—STATEMENT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Macquarrie on March 2, 1981, concerning the re-export of Canadian arms.

There are strict controls regulating the export of Canadian military goods to other countries, including the restriction of arms sales to countries that are at war.

However, military goods are treated no differently than other goods once they reach the country of destination. That is to say that Canada seeks no extraterritorial control over the re-exportation of Canadian goods to other countries.

FARM CREDIT CORPORATION

FUNDING BY PRIVATE SECTOR

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, on March 5 the Honourable Senator Phillips asked a question about the financing of the Farm Credit Corporation and the intention of that company to seek certain quantities of private capital.

I can say that the Honourable Eugene Whelan had indicated earlier in the House of Commons that it was the intention of the government to introduce legislation which would allow this to happen.

In response to the question raised by Senator Phillips I have some information supplied to me by Mr. Rolland P. Poirier, chairman of the Farm Credit Corporation Canada. Perhaps I might read that reply.

It is necessary for the FCC to obtain additional funding to be an effective element in the national long-term agricultural development strategy. Net funds provided by the CRF from 1977-78 to 1980-81 have averaged $290 million, which is below the $300 million approved in 1975-76 and 1977-78. The FCC has helped fewer farmers as its cash requirements have not reflected the impact of inflation. In 1974-75, FCC made 8,093 loans and only 4,700 in 1980-81. In 1973 and 1975, FCC extended 72 per cent of the total long-term credit extended in those years and this is now down to 31 per cent in 1980-81.

With the authority to borrow from the private sector, the FCC could more effectively meet the long-term credit demands of that farming sector which it has a mandate to serve. This would in the long run reduce the pressures on the demand for CRF funds. It could also allow retiring farmers the facilities to invest in FCC.

Based on the analysis of that portion of demand for long-term farm credit which it has a mandate to serve, the FCC should extend 45 per cent of the annual amount of long-term farm credit extended.

The funds raised in the private sector would be done with "Agent of Her Majesty" status. The move to private sector funding would be done gradually, and it is estimated that by 1985-86, about 60 per cent of the FCC's annual cash requirement could be borrowed from the private sector.

The cost of funds raised from the private sector would be approximately one-half per cent above the cost of CRF funding of comparable term. The interest rate charged on funds

borrowed from the private sector would be a weighted average of CRF and non-CRF borrowing of the appropriate term to which a margin of not less than one per cent would be added. This would result in interest rates to the farmer of one-half to one percentage point above the current formula rates.

Hon. Orville H. Phillips: Honourable senators, I appreciate the information supplied by the Honourable Senator Argue. I am surprised that a government that has billions of dollars with which to buy oil companies has no funds to support the primary producers of this country.

• (1510)

I know that in his reply the Honourable Senator Argue tactfully avoided that part of my question. Again I would ask him to explain why it is necessary to invest so heavily in oil companies. Perhaps the Minister of Energy would like to replace John Paul Getty, except using taxpayers' funds rather than his own; but I should like to have some indication of why so much money is available for the purchase of oil companies when so little is available to support the primary producers.

Senator Argue: Honourable senators, I do not accept the premise of the question of the honourable senator. I think it is fair to say that in the operation of Petro-Canada and other such companies there has been a mixture of capital from the public sector and loans obtained by Petro-Canada in the private sector—its own borrowings.

However, the Government of Canada does support the Farm Credit Corporation with the idea that ample funding should be made available to it. The suggestion has been made by the Minister of Agriculture that part of that funding should come from the private sector.

In the long run the main question will be whether the Farm Credit Corporation has sufficient capital to do its job and to make that capital available to farmers at reasonable interest rates. I believe the indication is that those rates will be relatively good in relation to private rates on capital that may be available.

Senator Phillips: Honourable senators, as I understood the reply of the honourable minister, the interest rate would be approximately one-half to 1 per cent above that of the CRF fund. If I am wrong in that, I am sure the honourable minister will correct me. Frankly, I rather doubt that this will work, but perhaps I might put my question this way: If it will work for the Farm Credit Corporation, why would it not work for the CMHC or the NHA funds? They could then also be reduced.

Senator Argue: I hardly think I need to go into that. If it works for the Farm Credit Corporation I guess it will stand on that ground.

Hon. Lowell Murray: Just as a matter of clarification, did I understand the minister to say that Petro-Canada avails itself of sources of private as well as of public financing?

Senator Argue: I will turn that question over to our energy expert.

Senator Murray: I am sorry, but I thought I distinctly heard the Minister of State for the Canadian Wheat Board say that, effectively, Petro-Canada goes to the private markets for financing as well as going to the public treasury.

Senator Flynn: He doesn't know what he is talking about.

Senator Murray: Perhaps the minister or his colleague would clarify that statement.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Petro-Canada has not gone to private financing for any equity.

Senator Flynn: As yet.

Senator Olson: But I do think they have acquired some financing in debt in the private sector.

Senator Flynn: Are you sure?

JUDGES ACT

BILL TO AMEND—SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-34, to amend the Judges Act and certain other acts in consequence thereof.

He said: Honourable senators, I am pleased to move the second reading of this bill to amend the Judges Act. In introducing and explaining it to honourable senators I wish to make three main points. First, I should like to speak about the purpose of the bill, indicating the wrong it seeks to right; second, to give some brief historical notes; and, third, to comment on the modalities that are set out in the bill for achieving its purpose.

Honourable senators, Bill C-34 may seem to be a mere matter of innocuous administration, but it is really of fundamental importance to the system of government we enjoy in this country. As a matter of fact, honourable senators may remember that the Judges Act is the subject of a separate section of the British North America Act imposing on us as parliamentarians the responsibility of attending to judges' salaries. In this country we have the benefit of a judicial and legal system second to none in the world. Our judiciary is endowed with standards of efficiency, competence, compassion and independence that are absolutely essential to the enjoyment of the rights and privileges of all persons in Canada.

However, federally-appointed judges have felt in recent years, I believe with justification, that their interests were being neglected and that their contributions to the character of Canadian life were being ignored, that their independence was being eroded and that, perhaps in the future, the quality of the federally-appointed bench might become diluted.

Those perceptions of the judges have been drawn from the mere fact of the inaction of Parliament in not keeping their salaries even modestly abreast of the times. Relative to other groups in society, their purchasing power has steadily diminished, particularly since 1977. The judges, understandably, have begun to feel that Parliament is not living up to the constitutional responsibility I have referred to, to provide for their salaries and benefits, and, feeling inhibited by the ethical

constraints which prevent their active involvement in the political process, they are equally, clearly, suffering from a resultant strong feeling of frustration.

For a long time the spirit of judicial detachment and propriety, of course, overrode such feelings. But it is fair to say that over the last few years there has been good reason, at least theoretically, to fear even for judicial independence, because of these conditions. Of course, the same inadequacies in salary levels can, and do, affect the process of appointment to the bench unless they are put right.

The bill before us, honourable senators, seeks to restore to their proper levels the salaries of federally-appointed judges. It seeks as well to establish a process of salary adjustment for the future to ensure that there will be no recurrence of the conditions I have referred to, and which have prevailed for the last few years.

Honourable senators, I would ask you, when you are considering this bill, to give careful consideration to the statistics that relate to the purchasing power of judges' salaries, because since 1975 the federally-appointed judges have received salary increases totalling only 7.5 per cent.

Let me refer to the industrial composite index for the same period. In the same period the industrial composite index—and honourable senators will remember that this index measures the increases in income of all occupations—rose by over 50 per cent as compared with 7.5 per cent for judges. In 1977 and in 1978 the judges received increases of $2,000 each year, which were subject to the Anti-Inflation Act. This bill will finally give the judges their first increase since the anti-inflation controls were established. Even so, the raises for that period which are proposed in the bill are in the order of 21 per cent, as compared with 50 per cent.

• (1520)

The figures speak for themselves and, if anything, the amounts proposed are modest. I have before me a table which covers the salary increases for superior court judges since 1975. Beside lines designated 1975, 1977, 1978, 1979 and 1980 the actual salaries are shown. The percentage increases are 3.8 per cent, 3.7 per cent, 11.4 per cent and 10.2 per cent for a total of 32.1 per cent, as compared to the percentage increases of all occupations in Canada which are 24.81 per cent, 5.96 per cent and so on. In the same period the consumer price index went up by 52 per cent and the industrial composite, which measures the income of all other occupations, went up by 57.49 per cent.

I ask leave to have this table printed in *Hansard* so that honourable senators may have an opportunity to study the figures.

Hon. Senators: Agreed.

(*The table follows:*)

[Senator Frith.]

SUPERIOR COURT JUDGES

SALARY INCREASES SINCE 1975

	Salaries		Consumer Price Index	Industrial Composite
	$	% Increase	% Increase	% Increase
1975 Base year	53,000			
1977 Increase	55,000	3.8	17.13	24.81
1978 Increase	57,000	3.7	8.42	5.96
1979 Increase	63,500	11.4	9.75	8.47
1980 Increase	70,000	10.2	9.20	9.77
Total Increase from April, 1975 to April, 1980	17,000	32.1	52.22	57.49
1981 Increase	74,900*	7.0*	10.0**	10.0**
Total Increase from April, 1975 to April, 1981	21,900*	39.1*	62.22**	67.49**

* These figures are based on the maximum 7% increase allowed under the indexing provisions.

** These figures are estimates.

February 16, 1981

[*Translation*]

Hon. Martial Asselin: Will you allow a question?

Senator Frith: Yes, Senator Asselin.

Senator Asselin: Does this composite index include the salaries of such other professional categories as members of the House of Commons and the Senate? Is it a comparative study that you are referring to when you quote a series of figures?

Senator Frith: The figures I have here only serve to compare consumer price index salaries with industrial composite index salaries, which take into account the incomes of all the other occupations, except some special vocational or professional occupations.

[*English*]

Is there another question?

Hon. Edward M. Lawson: I do not have a question; I merely wish to speak to the bill which the honourable senator has introduced.

Senator Frith: Honourable senators, I am introducing and sponsoring this bill and, of course, it is open for debate to all honourable senators after I am finished.

Senator Lawson: I thought you were finished.

Senator Frith: As to the second portion of my observations which, as honourable senators will recall, deals with the history, the government has received representations on judges' salaries from a number of groups. When I say "the government" I refer to the present Liberal administration and the previous Conservative administration. First in time was the report of the Casgrain committee of the Canadian Bar Association which came out in August 1978. As internal increases from 1979-80 the committee recommended increases of $5,000 for each of those years.

Then came the Dorfman committee, which was appointed by the then Minister of Justice. It reported in November 1978 with salary recommendations of $3,500 in each year for the superior court puisne judges, with additional amounts for other judges. Finally, representations were received from the Canadian Judges Conference in the spring of 1980, after Senator Flynn, who was then the distinguished Minister of Justice, indicated to the judges that he intended to implement the Dorfman recommendations.

Senator Lamontagne: Oh, oh.

Senator Frith: What is the "Oh, oh" for?

Senator Flynn: It is because you are copying Senator Perrault by referring to me as "the distinguished Senator Flynn."

Senator Frith: I am using the word "distinguished" in this context both advisedly and sincerely. There is certainly no question whatever about the distinction of Senator Flynn on this matter because he took it as a particular priority during his administration, and gave it a great deal of attention, to the appreciation of all those concerned with this long-standing problem.

Then the Canadian Judges Conference, to which I just referred, proposed increases of $7,500 for superior court puisne judges and $8,500 for the judges of the county courts and district courts, in 1979 and 1980. The judges expressed the view that the Dorfman proposals, even when taken as an element in a generally attractive compensation package, were quite outdated by the spring of 1980. I believe that Senator Flynn essentially agreed with that position. I make my remarks with regard to Senator Flynn because to some extent we are justified in calling this bill the "Flynn bill." Admittedly, it is only half of the "Flynn loaf" because the committee in the other place divided the bill, and the elements dealing with pensions remain for further study.

Senator Lamontagne: The Flynn-Frith formula.

Senator Frith: Senator Lamontagne refers to this as the Flynn-Frith formula. I accept that partnership volontiers.

With regard to the modalities, there are certain matters that follow automatically from the salary adjustment mechanism that has been proposed. The adjustment mechanism is certainly one of the most important elements that I have seen in the administration of judicial affairs. It is basically the same as the escalator clause which we in Parliament enjoy, the concept of which is intended to enhance the independence of the judiciary by removing judicial compensation from the give-and-take of the political process to the extent consistent with the principles of parliamentary democracy and ministerial responsibility for the expenditure of public funds.

This is a most beneficial step and, obviously, the success of the adjustment mechanism hinges on the adequacy of the salary base on which it is to operate. If the salary base is too low, the annual adjustments will not be able to contain the pressure to revise the salaries that will build up in the short term. The salary base must be satisfactory to avoid a repetition of a period of judicial malaise followed by legislation which puts the judges' financial affairs in the forefront of the public mind. In my estimation the bill provides a salary base which is appropriate, which will keep judicial salaries aligned with inflationary tendencies and which will ease the complexity of the judicial compensation study which will take place in 1983.

As honourable senators will notice, as well as the base salary there is included in the bill a mechanism which will have an adjusting effect, just as we have with regard to parliamentary salaries, and a review process which will occur every three years.

A number of allowances provided for the judiciary also are being increased by very modest amounts for the first time since the allowances were established. A new accountable allowance to meet the special expenses of the judicial office is being provided. This allowance is for such things as robes and any expenses which go with the office.

Clarification of certain elements of the judicial annuity system will also be achieved. On the whole, the bill rationalizes the structure of the compensation package of the federally appointed judges.

● (1530)

As I have mentioned, outside of the legislative process an advisory committee is being reconstituted by the Minister of Justice to re-examine the post-retirement security arrangements found in the Judges Act.

In short, honourable senators, we have before us what I believe is a much needed bill, essential to our social well-being. I submit that the bill, as presented to us now, should not be considered as very controversial, and that its enactment and proclamation are overdue in responding to the objectively demonstrable needs of our judges. I hope honourable senators, that our responsibilities, under section 100 of the British North America Act, and the long history of attempting to adjust this unsatisfactory situation will result in speedy and non-partisan passage of this bill.

If honourable senators agree, I shall ask that this bill be referred, for study, to the Standing Senate Committee on

Legal and Constitutional Affairs. I should also like to observe that, while the principles of the bill are very clear—and I hope that I have exposed those principles—some of the mechanics are matters which honourable senators may wish to study and raise questions about in committee.

Honourable senators, I commend this bill for favourable consideration.

Hon. John M. Godfrey: Honourable senators, I move adjournment of the debate.

If Senator Lawson wants to speak on this matter he can do so tomorrow, as I will yield to him. We had agreed that other matters should be dealt with after the debate on the Constitution, and if this debate continues it will involve postponing the debate on the Constitution.

Hon. Henry D. Hicks: Before the motion is put, may I ask a question? In an extract from the *Votes and Proceedings* of the House of Commons of February 19, 1981 certain changes in this bill are referred to, including those related to clauses 29 and 31. However, the printed bill before us ends at clause 28. Could the sponsor of the bill satisfy my curiosity in this respect?

Senator Frith: I cannot give the details now, but the clauses were renumbered because of the changes made. If required, I can provide the honourable senator with the specific renumbering.

Senator Hicks: That is fine.

Hon. Jacques Flynn (Leader of the Opposition): I cannot understand the argument of Senator Godfrey who is moving the adjournment of the debate. There was no order of the Senate that we would deal with the constitutional debate before second reading of this bill. I said that we would deal with the question as it came before us.

In any event, if the honourable senator wants to take responsibility for delaying the passage of this bill, for once it will not be my fault.

Senator Frith: Honourable senators, I ask Senator Godfrey to withdraw the motion to adjourn the debate, in the hope that the committee will study this matter tomorrow. The honourable senator might want to speak to this matter on third reading.

Senator Godfrey: I withdraw my motion to adjourn the debate.

Senator Flynn: I yield to Senator Lawson.

Hon. Edward M. Lawson: Honourable senators, I will not delay the matter, since I have only a few brief comments to make.

At the outset, I congratulate Senator Frith on the excellent presentation he has made in outlining the details and the impact of the bill. I will shorten what I have to say by identifying with Senator Frith's remarks, as far as he has gone, in support of the legislation.

As one who negotiates annual increases for groups all across the country, I believe this is something which is very long overdue. If there are any errors in the bill, they are not on the side of being overly generous. This is a modest increase, when you consider the length of time since the last increase in judges' salaries. I certainly want to support the legislation.

However, the area of my concern is the second phase which deals with the proposal to equalize and bring equity and fairness to pensions and pension payments as they affect judges. Neither this government nor the previous government, but an earlier government formed a study group which studied this matter to death in order to bring equity and fairness to the different rates of contribution by judges across the country. The "Flynn" bill—when Senator Flynn was Minister of Justice—was based on satisfaction with that study.

A study was also conducted by the Dorfman Commission which resulted in a bill which included ending these inequities and the unfairness which existed. Unfortunately, Senator Flynn's government tripped on its own sword before it was able to make that bill law.

I understand that the Honourable Jean Chrétien gave a solemn undertaking to the judges, at one meeting, that that inequity and unfairness would be removed, and that it would be encompassed in this legislation. However, the bill now comes before us without those provisions, and we are asked to refer it to committee for further study.

In the name of all the judges who are going to go on pension sometime, I would say that we need no further studies. Since it comes to us in this fashion, and since I believe the government gave a very firm undertaking, if it is not to be considered guilty of a serious breach of faith on this very important issue we must have some assurance that this study group is not just a method of setting the matter aside and prolonging this unfairness and inequity for years to come.

I will not be able to attend the committee meeting in the morning, but I should like some assurance—while I support the legislation—that this is not just a manoeuvre to set the bill aside and ignore this inequitable situation which has gone on for so long, and that it will be seriously studied and brought back before Parliament.

Other than that, I congratulate Senator Frith for his excellent presentation, and I hope I have not delayed the matter too long.

Senator Frith: Thank you for your intervention and comment.

Senator Asselin: Are you closing the debate?

Senator Frith: No, I am not closing the debate. I am dealing with the point raised by Senator Lawson.

I agree with what the honourable senator has said. My personal opinion is that the aspect of the judges' situation which he has referred to is, if possible, even more pernicious than the delays concerning the salary aspect. I believe that the differences he refers to are very undesirable, since the situation can arise where two or three judges may be sitting in a court, and one judge, for no other reason than the date of his appointment, may be making several hundred dollars a month more than his companion sitting right next to him. We can

imagine what effect that has on them. I believe that the judges have shown remarkable restraint, self-discipline and objectivity in their response to that situation.

I wish I could give assurance that we will see a bill covering this second part following closely on the heels of the first part. However, I cannot give that assurance. Certain parties in the other place were very anxious to give further parliamentary study to that aspect of the matter, in spite of the fact that studies had already been done. The government decided, without backing up one inch from its support of both elements, to get on with this part of the matter rather than have it held back by the other part.

As far as I am aware, the government is still committed to the total package.

Hon. Frederick W. Rowe: Is there anything to prevent the committee from bringing in amendments or recommendations along the lines suggested by Senator Lawson on this matter of pensions?

Senator Frith: I do not think there is any technical reason why the Senate committee could not propose an amendment, except, of course, that it is a money matter. That would be enough to question this process in itself, but it would also mean that you would delay this first part.

Senator Rowe: Perhaps I should preface my remark by saying that, inasmuch as this is a money bill—and I understand the restrictions and prohibitions attached to any recommendation that our committee may make in that connection—could our committee bring in some recommendations or amendments along the line suggested by Senator Lawson?

Senator Frith: Honourable senators, in my opinion, no.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, Senator Frith has mentioned how interested I was in the problems we are discussing today during the short period of time I was responsible for the Department of Justice. First, I would like to tell him that I agree with his explanations on the bill, and that I congratulate him on the clarity of his statement. I can also tell him that I appreciate the problems which remain unsolved.

First of all, there were the salary problems. I had suggested that the government approve the recommendation in the Dorfman Report which provided for an increase of $3,500 retroactive to April 1, 1979, plus a second similar increase retroactive to April 1, 1980, or $7,000 for the entire period. The bill provides for an increase of $15,000, which is $7,000 more for those two years. As Senator Frith has said, the salaries will also be indexed as of April 1, 1980, which means that the salaries of judges will still have to be readjusted as soon as this bill is passed.

● (1540)

I had suggested that the Dorfman Report be endorsed, first of all, for reasons of economy. Second, because I wanted to settle the pension issue with respect to the contributions from judges appointed after February 1, 1975. I wanted to solve this problem which involved the payment of a rather substantial amount of money. I considered it was more important to settle this contribution business than to grant any larger increase. In any case, as concerns salaries, I would rather be overly generous than not, as Senator Lawson said earlier, because I have always considered that our judiciary could serve as a model for the rest of the western or free world. We are very lucky to have such a good Canadian judiciary.

Senator Frith: Exactly so.

Senator Flynn: I believe that the independence of the judiciary is a principle which must concern us deeply, and if we have to be overly generous in order to maintain this independence, I shall never hesitate in that respect.

The second matter is that of subsequent readjustments. Under section 100 of the British North America Act, it is of course the responsibility of Parliament to decide upon the salaries of judges appointed by the federal authorities. I believe that the idea was that judges should not be left at the mercy of the executive. This is an excellent principle, but it stirs up problems since the matter must be referred to Parliament, and this calls for a debate in the House of Commons, and we know that all sorts of opinions concerning judges may be voiced in the other place. In this chamber, I do not know why exactly, we seem to be somewhat more respectful of the judiciary than are the members of the other place. For one thing, our judges cannot defend themselves against the criticisms which are levelled at them. Of course, there will always be judges who are not quite up to their responsibilities or even not up to them at all. But this is a problem which should be treated differently than that of the salaries of our judges who, on the whole, do a good job and fulfil their duties adequately. The Canadian Judicial Council are the people involved with this problem.

As far as salary adjustments are concerned, the bill which was printed and which was to be introduced shortly after the Clark government was defeated in December 1979, did not provide for indexing. However, we indicated at that time that a general procedure would be developed to deal with all salaries under federal jurisdiction, including those of senior officials and members of Parliament. This bill provides for the indexing system which applies to members of Parliament, and I agree with that. I would have heartily agreed in 1979, even though the government of the day wanted to deal with the problem in a much broader way. Moreover, every third year the government will have to appoint a board to inquire, independently of indexing, into the adequacy of salaries paid to judges. However, from that point of view—

Senator Frith: With authority to make recommendations?

Senator Flynn: Yes, of course. It cannot be otherwise unless section 100 of the British North America Act is amended. It is always up to Parliament to decide. A board appointed by the Minister of Justice could not impose a policy on Parliament.

As far as pensions are concerned, up until 1975 judges were not contributing towards their pensions. Besides, pensions were not automatically awarded under the law, and this was a

discretionary issue which rested with the Governor in Council. Sure enough, a rather fair system was evolved by which a judge who retired at age 75 was entitled to a pension, as was his widow subsequently—the retiring judge being entitled to two thirds and the widow or widower to one half—but I will deal with this later on.

At the discretion of the Governor in Council, the same treatment was provided, or was at least possible, in the case of a judge who died after only a few months on the bench, or who became invalid.

The widow of a judge was entitled to the pension already mentioned, and a judge who left the bench because of illness would receive a two-thirds pension. That, however, was discretionary. There was also a provision under which a judge who had been on the bench for 15 years and who was at least 65 years of age was automatically entitled to his pension. But all the rest of it was in a state of uncertainty, once again owing to the problem of the Governor in Council discretionary powers. But legislation was introduced in 1975 to deal directly with the salaries of judges. It provided for the last increases mentioned, with the result that a Superior Court justice now earns $57,000, if I am not mistaken. At that time the legislation had nothing to do with the issue of pension contributions, it merely adjusted salaries. I remember that when the bill was before the Senate there were congratulations for the Minister of Justice because he had turned down the suggestion made by the NDP, probably by Mr. Stanley Knowles, to levy a contribution from judges for their pension. It was considered that a contribution ought not to be levied because the pension came with the appointment to the bench. But what is very strange indeed is that in December 1965 we were asked to deal with Bill C-52 after we had passed the bill on judges' salaries in April. I think it was Senator Asselin who at the time extended to the Minister of Justice the congratulations I referred to a moment ago.

● (1550)

As I was saying, in December, on the last day before the adjournment for the holiday recess, we were asked to adopt Bill C-52, the main thrust of which was to remove from all statutes concerning pensions any element of discrimination againt women. This bill had been considered in committee but, as far as I know and as far as I can recall, nobody before the committee and certainly not before the Senate when it dealt with Bill C-52 on the last day before the Christmas recess, nobody, I repeat, had pointed out that the proposed legislation contained an amendment to the Judges Act whereby any judge appointed since February 1, 1975 would have to pay a pension contribution equal to 6 per cent of his or her salary.

We passed the bill on December 19, 1975, if I am not mistaken, not even aware that we were at the same time amending the Judges Act and imposing pension contributions on any judge appointed after February 1, 1975.

Naturally, a certain number of judges had been appointed in the meantime and all of a sudden they realized that they were being asked to pay 6 per cent—retroactive to the date of their appointment, if you please. As Senator Frith said earlier, that, of course, created two classes of judges: those who did not contribute towards their pension and others who paid the 6 per cent. As Senator Frith pointed out, on $70,000 it does make a difference of $4,200 a year or $350 a month. That situation has stirred up a number of problems. The strangest aspect of that provision of Bill C-52 is that while it imposed a 6 per cent contribution on judges appointed since February 1, 1975, it did not provide for any compensation nor any right to a pension. That remained the prerogative of the Governor in Council. A judge could contribute for 10 or 12 years, but if he was not 65 years of age nothing was provided for a pension.

Senator Asselin: Each case should be dealt with by the Governor in Council.

Senator Flynn: Yes. There was no relationship between the provisions concerning the judges' pensions and their contributions.

It is therefore because of this problem that when, with the help of departmental officials, I drafted the bill which was to be introduced in the House in December 1979, I realized that we had better go back to the older system whereby the pension entitlement was part of the appointment, without contributions. I intended therefore to abolish the contribution system for the judges appointed after February 1, 1975, and provide for a refund of contributions paid.

Of course, there was not general agreement on this, but such was the government's decision. Then, our government was defeated, and as Senator Frith mentioned, the new government or the new Minister of Justice, Mr. Chrétien, who succeeded me, adhered to the same point of view which met the opposition that we know of.

On the other hand, while we were considering returning to the former non-contributory system, we had submitted that there had to be an obligation on the government's part to pay a pension in some cases, instead of relying on its discretionary powers as had been the custom until then. If you look at clause 16, you will find that the new section 23 substitutes "shall grant" for "may grant" an annuity equal to two-thirds of the salary. It has become an obligation.

Even with this change in the pension system, we are still faced with the problem of judges who contribute and others who do not. On the other hand, most judges who do contribute are now getting a specific right in that, if they become incapacitated at any time after their appointment, they become eligible for a pension; also, if they die at any time after their appointment, a pension is paid to their widow; also, they become entitled to a two-thirds pension when they reach age 65, after sitting on the bench for 15 years, or to a full pension when they retire at age 75 after sitting on the bench for at least 10 years. Of course, in such cases, this pension is also paid to their widows.

At least, it can be said that those who contribute are entitled to something now, except that the judge who retires after having contributed for 10 years because he no longer wants to sit as a judge, or for other than medical reasons is not even entitled to a refund of his contributions.

I was sure the government would do it, but nothing has been provided in such cases. They are very few indeed, but as we often say, there is no solution in that respect. There is still of course the problem of the differential between judges appointed before February 1, 1975 and judges appointed from that date on. This amounts to $4,200, and with the new increases the differential will be still greater. A solution will have to be found. What will it be? I do not know. However, I am afraid that it will be quite difficult to find one, because as was suggested, contributions cannot be levied from those appointed before 1975. However, in many cases, the latter have earned their pension, if not by right at least in fact under a gentlemen's agreement which provided that any person appointed to the bench who retired at age 65 after serving for 15 years was entitled to a full pension without any contribution. It is not at all easy to require such payments from those people who have been there twenty years and who actually have earned their pension.

Senator Frith: And who accepted an appointment on this condition.

Senator Flynn:this is the problem. One judge sued the government because he was appointed after February 1, 1975, but before the act providing for the contribution was passed and enacted. In his suit against the government, he submitted that the government could not do that. He requested a refund of his contributions and denied the government the right to hold back 6 per cent for his pension.

I believe that this case has not yet been heard in the Federal Court, but it is impossible to say what will happen.

In any event, this is only a related problem which does not concern the main purpose of the bill. One thing of which you can be sure is that the judges have been under the impression in the last few years, as Senator Frith has mentioned, that both Parliament and the government have been neglecting them. Since there has not been any readjustment in over four years, especially in these inflationary times, the morale of the judiciary has not been very good.

If, in order to immediately settle at least the problem of salaries and partially the problem of pensions, we have to pass the bill in its present form, even though the provisions which I mentioned earlier have been withdrawn, I am very willing to do so. However, as Senator Frith has stated, I believe that it would be a good thing for the Senate Committee on Legal and Constitutional Affairs to examine the bill and ask the Minister of Justice questions as to the possibility of solving the remaining problems. In such a case, the bill could be referred to us tomorrow, and I for one would not object to its receiving royal assent immediately afterwards. I think that the judges have been very patient, and we should at least show them that we are concerned about their situation and that we want the Canadian judiciary to maintain the excellent reputation it has acquired.

● (1600)

[*English*]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): I move that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

I suppose that I can now ask that it be placed on the Orders of the Day for third reading tomorrow, but perhaps we should wait for the report of the committee.

Hon. Jacques Flynn (Leader of the Opposition): If you did that you would pre-empt the report of the committee, and I do not think Senator Goldenberg would like that.

Hon. H. Carl Goldenberg: Honourable senators, if I may be permitted to do so, I would like to advise those members of the committee who are here that the committee is meeting tomorrow morning at 10 o'clock, in room 356-S. There was another bill that we were going to consider, but we will consider this bill first, and the other will follow. Notices will be sent to members within a short time.

[*Translation*]

Senator Asselin: Would the chairman of the committee tell us who the witnesses are he wants to call before the committee when dealing with the bill to amend the Judges Act?

Senator Goldenberg: I could not answer that. Our advisor, Mr. du Plessis, is making the arrangements. He will advise me in a few minutes. I shall call him.

Senator Asselin: Will the Minister of Justice be there?

Senator Goldenberg: No, I do not think so. However, there will probably be an expert, Mr. Samuels.

Senator Flynn: He is one of the commissioners.

Senator Goldenberg: Yes, I think he will be the witness.

Senator Frith: And Mr. Low, an expert from the department.

Senator Goldenberg: I am told that it is Mr. Low. Do you know him, Senator Flynn?

Senator Flynn: Yes, it is Martin Low.

[*English*]

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Dalia Wood: Honourable senators, I did not intend to go beyond a token word in this debate, having had an opportunity to work with all sides of Parliament in the hearings on the Constitution of Canada, but in view of the circumstances I feel that I should do so.

The committee sessions were gruelling, but we were very privileged, since we met so many truly national organizations of Canada which made tremendous contributions towards shaping the Constitution that they and their children will want to enjoy.

When, however, I hear those with a different perspective claim that this hammered-out package is the result of the machinations of one man, or that it is as divisive as the flag debate, or is damaging to French-speaking Canadians, I feel duty-bound to review events as I understand them, but without the help of quotations from ivory-tower mentors, including constitutional lawyers.

Generally, we are divided constitutionally because we have never faced the reality of our degree of statehood. The new package will determine this once and for all, and the "one man" responsible for this is the one elected to lead a government for all Canadians. It is ironic that senators from Quebec consider it too compromising a package for French-speaking Canadians of Quebec, and incredible when you think that for the first time since 1760 a constitutional document for all Canada will have an official French version.

How much more could have been attained had the Government of Quebec yielded to the concept of Canada as the people did, in electing Pierre Trudeau and 73 Liberal members from that province.

In 1864 Macdonald and Cartier were attorneys-general for Upper and Lower Canada, with Viscount Monck as the driving force. In the 1978-79 debate we had the Honourable Jean Chrétien with 10 attorneys-general, including Ray Romanow as co-chairman for the provinces. Things were looking good until the shopping list became too big for the store. This would have been enough to make anyone say, "I tried my best and gave my everything," but he did not, and may our country and its historians forever inscribe Jean Chrétien as one of the greatest great-grandsons of Confederation. His inspiration and empathy during the hearings will remain as one of my most epic memories.

The hearings were conducted with impressive skill, tact and impartiality on the part of the joint chairmen, Serge Joyal and Senator Hays. A vote of thanks from the Senate is owed to these two men.

Jake Epp, representing the Progressive Conservatives, comes in for the highest commendation. Unlike others, he supports patriation with an amending formula and an entrenched charter.

Viewpoints differed, but revealed nothing insurmountable except, of course, the usual caveat that all was generally in order, just so long as the premiers agreed. My ensuing probe into political history will indicate this impossibility.

There was one disappointing, if not bewildering, development during this experience, emanating from the man who is quoted in *Hansard* as saying:

> Mr. Chairman, this is a major first step in the new chapter of what, I hope, is a very exciting book in the new Canada of the twentieth and twenty-first centuries.

[Senator Wood.]

A few weeks later, when Premier Blakeney reversed his position, Lorne Nystrom, the man who made that statement and who had worked so diligently with us, felt compelled to reverse his position.

Honourable senators, we could quote many sources and many personalities who throughout our history have fought for home rule and national sovereignty. It would be painful for me to review all the events involved, and even disconcerting for anyone to listen to me do so.

Let us simply recall that the first all-Canada efforts in this direction arose in the 1830s, and after some years of systematic obstruction, hangings and exilings by the colonial government, the two Canadas were granted the Act of Union of 1848 setting up legislatures and certain autonomies. You will recall that when this act was proclaimed by Lord Elgin, he was virtually pilloried by the ruling "Family Compact" because he sided with the "Reformists," unlike Governor Head who was chastised by the home government for siding with the Tories.

When, some 20 years later, the imperial government decided, for reasons of better management, security and trade, to re-organize their colonies in British North America, some 30 parliamentarians met in Quebec in 1864 and in several weeks agreed on 72 articles which were to be promulgated by the imperial government. Governor General Lord Monck, because of his untiring efforts, patience, Irish empathy and experience as a Liberal member of Parliament at Westminster, was the man most responsible for the compromise solutions of the British North America Act, prompting and motivating discussions of it in Canada and parlaying it through the corridors of the Parliament at Westminster, which agreed that national defence on our 3,000 mile border had to be paid for and organized by the colony itself. There was no Prime Minister during that period of the colony, but we have one today, a home-grown Canadian who was born in Quebec, and whether or not he is your choice as Prime Minister, he has the constitutional right to govern on behalf of all Canadians. That is a fundamental difference in the two debates.

• (1610)

These new regulations would then apply to Canada as well as to Nova Scotia and New Brunswick. History related most dramatically Nova Scotia's reaction to assuming a privileged position which dealt directly with the home office, as opposed to one which required a submission to a larger branch office. Newfoundland attended the conference as an observer and agreed to join Confederation 85 years later—that is, once they saw it starting to work for the maritimes.

In the meantime, national defence was a responsibility of the imperial government. Places like Prince Edward Island, the other island colony, had no recourse but to turn to the Canadian treasury to enable them to link up with the emerging transportation network and to provide the means to repurchase its land from the absentee landlords who had acquired it via Westminster patronage. Farmers would now have freehold tenure. This reminds me of the statement made at the last conference, a reference to their first nine inches of soil as their natural resource.

Therefore, armed with the Colonial Act of 1865, the imperial government was able to annex other land areas as they saw fit. I suppose it was very often a sink-or-swim choice, but regardless, we cannot turn back the clock. Furthermore, I could not, in hindsight, wish for or imagine a better institution to oversee our affairs of state than the mother Parliament at Westminster. In 1868 Nova Scotia instituted separation proceedings, but Westminster said no.

As time rolled along trade routes diversified, corporate marketing no longer needed flags and wars were becoming very costly. As a result, the colonies became a liability. Hence, the Statute of Westminster was enacted and we were told to fly on our own wings. But we could not make a pact among ourselves. The present youth of our great country is different from that of the thirties. Need we remind ourselves of those days? What alternatives will they have if we do not succeed this time?

We failed in 1931 supposedly because we could not produce an amending formula which was appropriate to our sovereignty then, any more than we can now, some 50 years later. No one in this chamber can spend the next 50 years on this project; and, if they could, the people of Canada would not. They want it done now, so let us do it now.

I do not agree with Senator Cook, who claims that we have been independent since 1931. We could have been, but the provinces were not ready to agree on the mandatory amending formula. But here I yield to constitutional experts, our crown lawyers. Can Senator Cook assure the Canadian people that, if we ask for simple patriation with no amending formula, certain provincial governments will not simply proclaim their autonomy in the interim? After all, it could be argued that they are in a quasi-legal position to attempt to do so. But then, I have never read law.

May I read you section 7(1) of the Statute of Westminster, 1931:

> Nothing in this Act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930, or any order, rule or regulation made thereunder.

It seemed innocent enough when we changed from a dominion government to a federal government. Most Canadians associated this with a United States type of federal government, but some conveniently saw it as an opportunity to bring Canada down to size and preferred to use the definition of a federation of states. We are not the government of a federation; rather, we are a federal government. This is not a lesson in history; it is more one in emotion and basic understanding of nationhood and security.

Respect for our degree of sovereignty with regard to both domestic and international matters has now reached a point where the world will soon be questioning our passports, our currency, our 200-mile limit, our international trade pacts and so forth.

The country to the south of us certainly must have more than a passing interest in our affairs. We know that Washington has had a Quebec desk for some time. I would imagine that they have now added a few more, pending the degree of sovereignty desired by the provincial petitioners to Westminster.

The fact that the Manitoba Court of Appeal has found the federal government in order has not dissuaded the premiers from dealing with the Colonial Office, nor has it altered the thinking of those in this House opposing the legislation on their behalf. The notion of provincial lobbyists or anyone petitioning the Colonial Office or Foreign Office of another country because they assume Westminster could obstruct is somewhat repugnant to me, as I think it is to most Canadians. Let us formally dissociate ourselves from any more of this undermining of our integrity as a people.

Unilateral action is a major hurdle in the minds of many people. It is an expression which both haunts us and rekindles our complexes as unassured Canadians. My view is that joint action with the provinces, though desirable, is just as impossible now as it was in 1867, when the British North America Act was imposed on us. Everyone was supposedly robbed then—everyone, that is, except the people who within that framework built us a nation before we could constitutionally become one. I also hold the view that we have progressed too far and have committed ourselves to too much to remain a non-nation of differing, checkerboard statehoods.

If, as suggested, we heed the advice of those who advocate trying "one more time" to achieve a joint approach, which one of the common front of premiers would compromise provincial benefits for those of value to the nation as a whole? I would not even venture a guess. As a matter of fact, in such a trade-off, we might find Ontario saying, "Enough. We will now deal directly with Westminster."

I think if you were to list all the demands and conditions of the premiers and study them, it would be obvious that, even if Westminster could grant them, we would have nothing more than a secretariat in lieu of a national government. But it seems fashionable to blame the federal government which must and does say "No." And is this national government, elected by the entire constituency of Canada, supposed to remain muzzled, lest it be considered divisive for refusing to allow one premier an exclusivity on something which belongs to all and serves to unite all Canada?

The fact that the provinces are daily undermining federal institutions is not considered by some to be divisive. The fact that one or two or perhaps three provinces want out—not for reasons of discontent but, rather, for supposed economic short-term advantages or cultural supremacy—again is not considered divisive; rather the national government, which withstands their barrages and which cannot give to one something which belongs to all, is called the divisive one.

Provincial governments have difficulties with competing interests among themselves. Most premiers will assume no responsibility in seeking a consensus for Canada at any cost to their own governments. Since their electorate is strictly provin-

cial, their strategy, as shortsighted as it may seem, can also appear to be astute, and therein lies the difficulty.

Are federal members of Parliament and senators simply an extension of the provincial members or do they represent the constituents directly? Surely the whole has to be more responsible than any one part and at the same time equal to all the parts combined. Are we, as members of the Senate, not compelled to look at matters from and within the pan-Canada concept?

Premiers whose interests and degrees of political stability vary cannot be expected to agree with anyone about anything, not even among themselves. The common front of premiers, so-called, has but one goal—to prevent the supposed encroachment of national government. Rather, they want a mishmash, checkerboard series of sovereignty associates, with some premiers being more Canadian than others.

Has anyone asked where the funds for equalization payments would come from? And yet, at present, that is an essential basis of Confederation. Have the "have" provinces made private deals with the "have-nots"? Is it the same approach as Quebec suggested for languages of education—reciprocal arrangements within a much looser federation, with perhaps a common currency, and certainly a fragmented 200-mile limit? Do we honestly expect Canada to maintain sovereignty in the Arctic, when it would not be able to proclaim jurisdiction over five or six federated states on its eastern shores? Honourable senators, before suggesting "one more time", please consider the costs in terms of anguish and national credibility. Let us for a moment look at the record of federal-provincial conferences and see if we can find a way out.

The first meeting convened to study the question of Canada's power to amend its own Constitution and that of ownership of natural resources was in 1927. The Right Honourable W. L. Mackenzie King and the Honourable Ernest Lapointe argued for that power on the basis that self-respect as a nation demanded that the dominion Parliament should have that right to self-determination. Premier Taschereau objected on the ground that, if that power were formally granted, it might lead to the endangerment of provincial jurisdiction and rights. Premier Ferguson of Ontario maintained that such a power would jeopardize the Dominion's links with the United Kingdom.

So much for the great dividers of 1927! Certainly, no aspersions can be cast on the Tories on that one!

The four western premiers reported that there was strong support in their provinces for Senate reform, but they could not agree upon the nature of such reforms. It seems that "44" has been around a long time! But then that's normal: the premiers never understood us; they still don't.

● (1620)

The 1931 conference was convened by the Right Honourable R. B. Bennett. The purpose was to give the provinces an opportunity to express their views with regard to the imperial Statute of Westminster. There was no objection in principle made to the proposed legislation, and a proposal that the provisions of the statute relating to the repeal of the Colonial Laws Validity Act should extend to the provinces was approved.

However, it was subsequently desired by some provinces that the question of powers and procedures in respect of constitutional amendments should be discussed. This was found to be impossible at the meeting, but it was agreed that a constitutional conference should be summoned as soon as possible.

Here we go again. The tragedy here was that since Canada found no amending formula, as had the other dominions, it might be argued that the Colonial Laws Validity Act was still very much in force.

Prime Minister Bennett convened another conference in 1933, and apparently the domestic state of affairs had the provinces asking the federal government to continue its assistance to the provinces in the discharge of their constitutional obligations so that they might effectively deal "with the present unprecedented economic conditions by distribution of direct relief." The minutes go on to say that the relative legislation jurisdiction of the dominion and the provinces respecting old age pensions, unemployment and social insurance were discussed without any resolution being adopted.

The next conference, which took place in 1934, was uneventful. It dealt with a petition by Quebec for permission to conduct lotteries.

The Right Honourable W. L. Mackenzie King convened the 1935 conference to study all aspects of federal-provincial relations, including a revision of the British North America Act. The subconference passed a resolution stating: first, that amendments to the British North America Act are necessary and imperative; and, second, that Canada should have the power to amend its own Constitution. New Brunswick cast a negative vote because it could not agree to all the terms.

In 1941 the Right Honourable W. L. Mackenzie King again convened a conference to obtain the views of the nine provinces on the 1940 Rowell-Sirois Report on Dominion-Provincial Relations. However, when the agenda committee made its report, Alberta, Ontario and British Columbia were opposed in principle. The conference adjourned without even a discussion of the constitutional issue.

Then in 1950 the Right Honourable Louis St. Laurent's conference brought unanimous agreement that Canada should have the power to amend its Constitution itself. There were eight points of agreement and it was suggested that a standing committee be set up. Those recommendations were adopted.

There was a second session of the 1950 conference, which reported that it was not possible to secure unanimous agreement but that there would be a continuing committee of attorneys general which would report in December 1950. At the end of 1950 it was decided to suspend that committee pending consideration of tax agreements and related matters.

There were four further meetings of attorneys general in 1960-61. The initiative for that came from Premier Lesage. It

was during those meetings that the Honourable Davey Fulton submitted his proposals to domicile the British North America Act in Canada with a permanent method of amendment. All provinces except Quebec were opposed to that. It was recorded there that the British North America Act could be frozen indefinitely, if the amending formula were not achieved before patriation.

In the September conference of that 1961 series, the Honourable Davey Fulton hinted that the federal government might seek patriation of the British North America Act, even if unanimous consent could not be achieved. That must have been most disconcerting for the Diefenbaker government.

In August 1964 the Right Honourable Lester B. Pearson presided over a conference held in Charlottetown, Prince Edward Island. Quebec issued a separate communiqué stating its reservations with respect to the 1961 formula. Premier Robichaud of New Brunswick suggested that there should be a union of maritime provinces, but Premier Shaw of Prince Edward Island disagreed with that.

The conference reconvened in Ottawa in October, again with the Right Honourable Lester B. Pearson presiding. The major achievement of that session was that the premiers approved unanimously a unanimous report issued by the attorneys general. Once again, the conference ended with the issuance of a communiqué stating that the various governments would continue to study the workings of the Canadian Constitution.

The next constitutional conference took place in 1968 and dealt with the desirability of entrenching a Charter of Rights in the Constitution. The Right Honourable Pierre Elliott Trudeau, then the Minister of Justice, argued that the division of jurisdiction between the federal government and the provinces with respect to the rights of Canadians under the present system required the entrenchment of a Charter of Rights, if those rights were to be fully protected. He argued that such an entrenched charter would not amount to a transfer of power from one level of government to another but would, instead, be a restriction of both levels of government in favour of the rights of Canadians. Provisions affecting those rights would not be subject to amendment by a government through a simple act of a legislature; rather, amendment of such provisions would require the federal Parliament and a given number of legislatures, the number to be determined by an amending formula, to agree to any changes.

Honourable senators, does that appear to you as such a divisive statement? It is somewhat painful history in retrospect, but some of you were there.

Once again, the conference ended with a proposal to establish a continuing committee of officials.

At the second meeting of that conference discussion rather centred on taxation and regional disparities. Premier Weir of Manitoba said that a discussion of these matters should take precedence over concerns for language and the entrenchment of fundamental rights. It was at that meeting that Attorney General Donahoe of Nova Scotia argued that the new Constitution should include the principle of equalization and should set out its formula. A committee was formed to study problems of regional disparities, official languages and the Charter of Rights.

Alberta stated that the concept of two languages was "objectionable and unacceptable"—a still familiar cry from the west federation.

"Quebec like any state must have increased powers," said Premier Bertrand, in order to "proportionally shoulder its responsibility." The same meeting heard the maritime provinces appeal jointly for a strong central government. It would seem, honourable senators, that we are always returning to square one.

The June 1969 conference dealt with taxing, spending, and regional disparities in the constitutional context. It was agreed then to meet again at the year's end. Well, December 1969 found Premier Bertrand disagreeing with Prime Minister Trudeau's proposals. Premiers Robarts and Bennett supported the objection in part, while Premier Bennett reiterated his proposals for a five-region Canada. Premier Smith of Nova Scotia argued that equalization powers should be the exclusive right of the federal Parliament, while the premiers of British Columbia and Alberta contended that a system of guaranteed annual incomes would be far more effective.

In retrospect, honourable senators, it seems that the more we probe, the more we find division and vacillation among the provinces.

At the conference of 1970 Premier Robarts stressed that the immediate and high priority should be to examine and agree upon an amending formula. Consequently, two additional meetings were agreed to.

At the conference of February 1971 the federal and provincial governments agreed to proceed as quickly as possible to patriate the Constitution with an appropriate amending formula. They also agreed to entrench fundamental political rights and language legislation, providing it had a sufficient-number clause. Matters concerning regional disparities and the Supreme Court were also settled. However, Premier Thatcher disagreed with Quebec in respect of the privacy of financing and administration in certain areas, and Prime Minister Trudeau noted that, if a province were to go too far in its own special way, it would not be able to have the equalization grants which are paid by the federal government to the poorer provinces.

Almost, but not quite, honourable senators; but we are getting closer.

In June 1971 the Right Honourable Pierre Elliott Trudeau called a conference at Victoria at the suggestion of Premier Bennett. The charter which had resulted from the consensus of the previous conference was presented for acceptance by the provinces. Just about everything imaginable was included. Reservations were expressed, but by the deadline of June 28 eight provincial governments had accepted, while Quebec refused to recommend the charter to its national assembly.

So close and now so far. Does anyone still think unanimity should be the criterion instead of unilateral action?

The conference that ensued in 1978—which Quebec attended only as an observer pending the referendum—did not seem unduly alarming, because by that time several provinces had studied and copied Quebec's bargaining techniques. But, in the end, those techniques have achieved nothing, either for Quebec or for them, or for Canada.

At that same conference Quebec and the four western provinces were opposed to the entrenchment of a Charter of Rights. Premiers Lévesque, Lougheed and Bennett were opposed to the official languages aspect, but the real thrust was towards having provincial sovereignty ranging from increasing powers in certain areas to having the entire power in certain areas.

In the conference of February 1979 Premier Davis argued that the federal government had the power to seek patriation unilaterally and should do so immediately. Premiers Lévesque and Blakeney, however, argued that firm agreements on constitutional change should be achieved before Ottawa sought patriation. It was at that time that Prime Minister Trudeau said he would meet *one more time* with the premiers before seeking patriation unilaterally.

● (1630)

The ensuing conference of June 1980 started in turmoil when Premier Lévesque opposed in principle the first five words of the statement, which read "We, the people of Canada" and referred to it as centralist thinking, ignoring the duality of Canada and Quebec's right to self-determination. Other premiers also rejected the statement on principle.

Honourable senators, I suppose the most crucial problem facing some legislators in Canada is, what will they do for an encore after the Canadian people have won their Constitution?

At present the rights and freedoms of Canadians are not constitutionally guaranteed, and it has become increasingly evident that more protection than the ordinary process of parliamentary democracy is required.

The amending process which we are bringing forward is a just one for all. It reflects the federal and the regional nature of Canada. For the first time it formally involves the provinces in the amending procedure, a procedure which is designed to ensure that there is substantial support for amendment to the Constitution in each of the four regions of Canada. It provides an opportunity for the provincial governments to present an alternative formula for the approval of the people of Canada, *if* the provincial governments can agree on one to be presented.

Legislative majorities should not have complete freedom to act inadvertently or deliberately against the rights of minorities. We must not forget such incidents as the Padlock Law of 1937, the asbestos strike and how it affected civil liberties, Bill 22, Bill 101, or the occurrences involving Japanese Canadians, the Manitoba schools legislation, Witnesses of Jehovah, and Italian Canadians in the second world war.

Here, I must interject a rebuke to Senator Thompson when he referred to his working in the Italian district of his riding and dressing as shabbily as he could. It takes more than shabby clothes to simulate a minority—yes, even an Italian one. I should know, because this includes me and my own parents. Can we not find better ways of identifying ourselves, for in effect we are all ethnic, even those of us from France and the United Kingdom? Rather, Senator Thompson should direct his efforts at least to the mobility clauses in the charter and use his experience to help improve them, rather than join those who would not want migrant construction workers to have every opportunity of earning a living. Let us re-instill some of that vigor that Viscount Monck, our Liberal, Irish, Governor General, gave us in the 1860s.

Travel naturally relates to mobility rights, which are guaranteed in the charter. The Newfoundlander who found a career in British Columbia will now have that right to work guaranteed. Some provinces do not like this. While it may be good for the pursuits of the individual, it may upset their power in certain jurisdictions. In other words, they put their own interests over human rights.

My personal esteem for Senator Thompson will, I hope, allow me to relate some plights of minorities in Montreal, where I have lived as one for the past 2,922 weeks. In Montreal, during the dirty thirties, neither the Irish nor the Italians went to work in tuxedos, rented or otherwise. The Italians could not gain access to French-speaking institutions, because they were "des immigrés"; nor could they gain admission to Protestant schools, because they were Papists. The Irish, on the other hand, had access to Catholic schooling, but in the French language only. The solution was interesting. When the Irish demanded Catholic schooling in English and were squelched under threat of excommunication, some of the more affluent in the community directly petitioned the Pope, whereupon they won their case. Here is an example of a home-grown Canadian problem solved in Italy. Minorities of Roman Catholic faith were now able to enter a subsection of the school system. This grew to such a point where it had to be stopped, because decreasing enrolment was causing empty classes in the schools of the majority.

The street riots of St. Leonard were the precursor of Bill 22, which was instituted to cancel Bill 63, which had allowed the parents to choose among the options available. When anyone's right of choice is removed, the removers will eventually find themselves in very deep trouble, but, in the meantime, it would be better and human not to remove acquired rights. The federal charter will make this type of legislation much more difficult to enact. Canadians should have their choice, be it schooling, religion, or domicile.

It has been said that a referendum is foreign to our system. That is not really the case. There was an epic one conducted in 1980, the results of which are manifested in our package. Referenda, I say, are here to stay, thanks to a province. The charter will also levy controls on public servants as they interpret and enforce regulations, and this in itself will humanize the process of government.

The official opposition in the Commons opposes the charter in general, just as they traditionally oppose a budget speech—

as though the people take them seriously. However, no one has yet opposed any one aspect of the charter. Rather, the whole resolution seems wrong—that is, if it is enacted with patriation; although that, too, is acceptable if it is enacted at a later date.

Honourable senators, experience over recent years should prove that provincial legislators generally are not interested in the larger constituency of Canada. They will agree with all the individual rights imaginable, but at a price, and that price is the essence of national government and our institutions needed to enforce the maintenance of these rights, let alone our impact abroad.

Courts have traditionally settled disputes between citizens and the state, and in the future they would have the charter to guide them. We all remember *Roncarelli vs. Duplessis* and the role of the Supreme Court.

The charter will guarantee mobility. Some premiers oppose this provision. I hope that no member of the Senate, regardless of provincial party affiliation, will support that opposition. The charter will protect citizens from discrimination on the basis of race, national or ethnic origin, colour, religion, age, sex, physical or mental disability. The federal and provincial governments will be given a two-year reprieve on this one, and, Heaven knows, we may need it. Aboriginal rights are to be recognized and affirmed.

Which of these new-found and guaranteed freedoms can honourable senators honestly oppose? Even if the adjustment is too much for some premiers, would honourable senators oppose these freedoms with equal zeal if Liberal premiers were obstructing?

Part I of the Constitution Act, 1981 was changed in committee. To cite an example, clause 1 of Part I was altered after representations and suggestions by the following organizations: the Canadian Jewish Congress; the Canadian Civil Liberties Association; Société franco-manitobaine; the British Columbia Civil Liberties Association; the Canadian Federation of Civil Liberties and Human Rights Associations; the Canadian Human Rights Commission; the Canadian Advisory Council on the Status of Women; the National Association of Japanese Canadians; the Ukrainian Canadian Committee; the National Association of Women and the Law; the Council of National Ethnocultural Organizations of Canada; and the Coalition for the Protection of Human Life—I could go on. I believe there are another ten organizations.

Clause 2 was amended in response to testimony from the Canadian Bar Association, the Canadian Council on Social Development, and so on.

Have the opposing senators who are members of the Canadian Bar expressed their indignation to these groups for their alleged support of Canadian nationhood? Are the honourable senators who are members of the Bar aware that their profession's spokespersons have also prepared and submitted a list of principles which could be used to describe the character, the institutions and the purpose of Canadians? To quote in part, they say, "The Canadian Constitution should sell the essential attributes of Canadian federalism." Then, they go on to mention eight essential attributes.

All told, some 97 groups of witnesses advised the Joint Committee on the Constitution. Their testimony overwhelmingly supported the principle of patriation initiatives that include a Charter of Rights. Also, some 1,280 written submissions were received. The committee held 106 meetings over a four-month period and debated the resolution for 267 hours. Then some 67 amendments were made to the original draft, many of which profoundly strengthened the position and dignity of the Canadian people, and affirm our attitude of giving when we can, but never taking any rights away from anyone. This hardly seems like unilateral action, especially when compared to actual representation by Canadians in the Statute of Westminster or the British North America Act.

These aforementioned groups, who by and large represent national memberships, made the decision to petition their Canadian Parliament, rather than lobby Westminster, as it would have been beneath their dignity. That should tell us something. Is it wrong for this house to support these people in their desire for meaningful nationhood? Is it wrong for us to release them from the restraints of the Colonial Laws Validity Act, 1865, which technically is still within the framework of our statutes? Why is there such obstruction, which is generally along party lines? Which item or aspect is offensive, and, if we, the senators of Canada, had to face an electorate rather than broad public opinion—which I will not dwell upon—which section of the charter would we eliminate on behalf of the people of Canada? Would we say that human rights and dignity are a provincial affair? Surely at some time or another, either at home or internationally, something other than the Canadian Mint has to be a national responsibility.

● (1640)

Honourable senators, would we deny our constituents—who, in our case, are the people in all of Canada—the most up-to-date Charter of Rights in the world, one which no provincial legislature can change on an *ad hoc* basis?

Federal governments will come and go, as will provincial legislatures, actually in a ratio of 10 to 1, but our Parliament and our first Canadian-born charter, our really home-grown assertion of and momentum to nationhood, must be enshrined—and this with the distinguished blessing of this chamber.

Honourable senators, have you ever considered that this package could conceivably usher in a better Canada, in so many respects? Some may have reservations, and I respect that fact, but what is the alternative? Let us assume our responsibility—which is for the common good and welfare of all regions and all the peoples of Canada.

Separatism started in 1868, with only the federal government as a bulwark. Let us not unduly weaken the fabric by shouldering the provinces who often turn one against the other. The resulting scenarios are too horrible to imagine.

The Quebec government should be protesting the demands of Newfoundland, Alberta and Saskatchewan; but it is not,

and it will not because, with a separatist mentality, it knows it will have to negotiate oil and offshore rights directly with those emerging states. Why, in the meantime, should it bother with Canada?

Can you imagine the bargaining position of Prince Edward Island in this triangle, yet it supports the common front? It is, indeed, incredible. The common-front provinces welcome Prince Edward Island as a number only—pawns in a game the Islanders cannot possibly win. Do they not realize that their equalization payments can only be derived from resource revenue-sharing? Yet they support the provinces which would deprive them of this. Ontario cannot be asked to do it alone.

Can Senators Cook, Thompson and Deschatelets devise some other ways to secure meaningful nationhood, to prevent the erosion of rights; to stand on guard against future pressures from within and without; and to dissuade premiers from organizing lobbies in London and perhaps other capitals—as other capitals have lobbyists in some of our provincial capitals? This does not exactly instill faith in one's own institutions.

Can we not guarantee Canadians at least the security of remaining Canadian, in spite of some provincial threats to the contrary? Lawyers know full well, when entering a debate on behalf of a client, that one of the clients is going to be the loser. Honourable senators, the client in this debate is all of us and the people we represent. Either we all win or we all lose. Please treat this package with a different routine from the superficial criticisms of a budget debate.

I too, like Senator Deschatelets, would want to represent Quebecers, but all Quebecers, including those who welcomed the Norwegians in the first century, as well as those from many lands who followed in succeeding decades. Governments must speak the official language of the people and not vice versa. We want rights that can be legally protected for all Canadians and not be subject to the whim of acceptance by provincial governments, nor, for that matter, the whim of a federal government. You may argue that protection by Parliament has been safe enough protection for individual rights in Canada. We can use Bill 101 as an example of collective rights of a majority over those of a minority.

The Canadians of Quebec, just a year ago, outvoted the would-be anti-Canadians and are thereby assured a place in the Constitution Act, 1981. They are and want to remain Canadian. We promised them a framework whereby it would be possible for them to travel and live first-class anywhere in Canada. Is it any wonder the separatist Government of Quebec is petitioning Westminster on its own, with disregard for those Canadians who said "No" to them on May 20, 1980? Do you realize how our package foils their game plan? Surely, honourable senators, you will not support the aims of the Péquiste government, but rather those of the majority of Quebecers who are counting on us.

On the eve of the referendum, our Prime Minister said:

> I know that I can solemnly promise that should the "No" side win, we will set in motion forthwith, the mechanism required for renewing the Constitution and that we will not stop until we have achieved this goal.

The Prime Minister was relying on the goodwill which many of the premiers expressed during the referendum campaign to carry out the necessary reform through federal-provincial conferences.

Last September I attended the federal-provincial conference, and, instead of seeing people involved in negotiations to achieve the goal of a renewed Constitution, I saw our first ministers discuss power-sharing issues above all else. They were not too anxious or concerned about the patriation of our Constitution, and were certainly not too concerned about a charter.

Finally, on the other hand, you have this young Inuit member of Parliament, Peter Ittinuar, who, at the hearing on January 30, said:

> However, there is one person I would like to mention that I think perhaps whose patience has been tried, but that is the Prime Minister of Canada, without whose approval we would not be doing this today. I personally, and on behalf of the aboriginal peoples, would like to thank him and together we will build a great nation.

We will build a great nation!

Honourable senators, let us make this our commitment also.

Hon. Senators: Hear, hear.

Hon. John M. Godfrey: Honourable senators, in the first sentence of his dissenting judgment in the reference by the Manitoba government on this resolution, Mr. Justice O'Sullivan, of the Court of Appeal of Manitoba, said:

> In this constitutional case, the submission of the Attorney-General of Canada ends up in the proposition that a political party, if it forms the majority of both houses of the Canadian Parliament, has the power to amend the constitution of our country as it pleases.

In my opinion, this accurately, if somewhat disturbingly, summarizes the position of the federal government with respect to this resolution before the Parliament of Canada. I am sure that most Canadians who do not profess to having any expertise in constitutional law would think that, on the face of it, that submission is absurd. This submission is, of course, one of the principal issues I will be discussing later in my speech.

When the Liberal Whip, Senator Petten, wants to find out how you intend to vote on any particular matter, his approach is to ask his Liberal colleague whether he is having any problem with the matter. When this question was put to me with respect to this resolution, my answer was that I certainly had, and may I say that I still have.

It was not long after this resolution was presented that I was approached by one of my fellow Liberal senators, for whom I have great regard, who asked me to say that I would vote against the resolution unless clause 44 were amended so that the Senate would retain its right of absolute veto with respect to any proposed constitutional amendment that would change or abolish the Senate. May I remind honourable senators that

clause 44 gave the Senate a right of suspensive veto for 90 days only in connection with those amendments to the Constitution requiring the amending formula provided for in clauses 41 and 42 of the original resolution. This meant, in effect, that the Senate could be fundamentally changed or abolished without the Senate's consent.

Honourable senators, I was a member of, and very active on, the Special Senate Committee on the Constitution, which was appointed on June 28, 1978 to consider proposed constitutional changes, including reform of the Senate. That committee never did make a formal report with respect to Senate reform, although it did come to some tentative conclusions which it informally made known to the government late in December 1978, so that they could be considered before a federal-provincial meeting of ministers held in January 1979.

To say that the committee lacked a sense of urgency on the subject of Senate reform is to put it mildly. It was not even reconstituted after the federal election of May 1979. Since being appointed to the Senate in 1973, I would describe the Senate's record with respect to reform of itself as one of creative inertia—lots of talk from individual senators, accompanied in some cases by a certain amount of bluster, but no action except when the continuance of its existence in its present form is threatened from time to time.

Such a threat was again perceived in the federal-provincial talks on constitutional reform being held in the summer of 1980, so on July 8, 1980 the question of constitutional reform was again referred to a committee, this time the Standing Senate Committee on Legal and Constitutional Affairs, which committee appointed a subcommittee to consider the matter. Ten additional senators were appointed to that committee for the express purpose of serving on the subcommittee which consisted of 15 senators. I was one of those senators, and I, again, was very active, particularly on a subcommittee of the subcommittee which considered the whole question of Senate reform and was responsible for most of what appeared in Part II of the report which was euphemistically titled, "Toward a Renewed Senate."

● (1650)

At this point I would like to interject that while there has been no reform of the Senate since I have been here, I am of the opinion that the quality of the work of the Senate has been improved because the quality of the members of this house has improved. The opposition has been enormously strengthened by the very high calibre of the appointments to it by both Mr. Trudeau and Mr. Clark, and that, taken with the generally high calibre of the appointments to this side of the house, has resulted in a noticeably higher percentage of senators who are doing an outstanding or reasonably competent job.

The subcommittee settled on the main thrust of its report in August 1980, and its recommendations were approved in principle by the Standing Senate Committee on Legal and Constitutional Affairs on September 3, 1980, which was before the Meeting of First Ministers. These recommendations were then unofficially communicated to, at least, the federal government so that they would be known before that meeting.

In order to remind honourable senators of what the recommendation of that Senate committee was on the subject of the present absolute veto power of the Senate, I am going to read that part of the committee report dealing with the subject:

> At present the Senate has the legal power and right to reject any bill whatever, and as often as it sees fit. As already noted, it has not exercised that power for many years. Its members have been fully conscious of the fact that any such action would provoke a storm of protest against "frustration of the people's will" as expressed by the elected House of Commons.
>
> It is conceivable that if the Senate were faced with legislation that in its view would seriously undermine national unity, or that had aroused strong opposition in one or more of the regions (especially if the bill were brought forward toward the end of a Parliament, and embodied a policy that had never been before the people at a general election) it might decline to pass it until it had been endorsed in a general election. (The Senate did this with the Naval Aid Bill of 1913.)
>
> We do not believe that in a democratic society an appointed second chamber should have these powers. It is important, however, to make sure that any highly controversial bill passed by the House of Commons really does represent the will of the people, or, at the very least, the considered judgment of the people's representatives. In such cases the House of Commons should at least be forced to think again.
>
> We feel that for this purpose the present absolute veto power is not necessary; indeed, the very fact of its absoluteness makes the Senate reluctant to reject any bill, however bad, even temporarily. We believe that a six months' suspensive veto would give the Senate all the power it needs. The government, the House of Commons and the country would be compelled to think again. The Senate would have enough time to put its case squarely before the public. If, when the six months were up, the government and the House of Commons were so convinced of public support for the bill that they insisted on re-passing it in the House of Commons, then the Senate would have done its duty and could acquiesce with a clear conscience. It would be essential, of course, that the bill be re-introduced in the House of Commons and re-passed there. A mere lapse of six months, after which the bill would come into effect without any reconsideration by the Commons, would destroy the whole purpose of the suspensive veto.

In making this recommendation, the committee was following the recommendation of the Special Joint Committee on the Constitution of Canada, which was chaired by Senator Molgat and the Honourable Mark MacGuigan, M.P. After two years of intensive study, they recommended in 1972, "that the present veto power of the Senate be reduced to a suspensive veto for a period of six months." There was no suggestion in that report that an exception be made for constitutional amendments.

Might I point out that the Senate committee report was not finally adopted by the committee until a meeting held on October 30, 1980? At that meeting, without any prior notice to the committee as a whole that changes were going to be proposed, two recommendations for reforming the Senate were deleted from the draft approved in principle in September. Yet no suggestion was made to change that part of the report dealing with the powers of the Senate in light of the resolution on the Constitution which had been introduced weeks earlier.

It is true that the report only deals with legislative powers, and specifically refers to bills. However, the first draft of the report prepared by the distinguished consultant to the committee did provide for our consideration that the suspensive veto should only apply to ordinary legislation, "as distinct from constitutional amendments and perhaps other constitutional legislation." These words were deleted from the report by the subcommittee of the subcommittee, and I cannot recall anyone ever suggesting that they be re-inserted during the ensuing process of approval by the full subcommittee and the full committee. Surely, the reason given for substituting a six months' suspensive veto for the present absolute veto of the Senate with respect to bills would apply even more forcefully with respect to a proposed constitutional change which must be approved not only by an elected House of Commons but also by a majority of the provincial legislatures as provided for in an amending formula.

I have previously made my position clear to many of my fellow senators that as far as I am concerned, clause 44 was reasonable except that the 90-day suspensive veto provided for should be extended to six months, in line with the suspensive veto recommendation in the report of the Standing Senate Committee on Legal and Constitutional Affairs, and the Report of the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada of 1972.

For that reason, I emphatically disagree with the government dropping clause 44 under pressure from certain senators who claimed that enough Liberal senators would vote against the resolution to defeat it if that part dealing with abolishing the Senate's absolute veto with respect to a constitutional amendment changing or abolishing the Senate was not eliminated.

One of my other objections to the way the government is proceeding is that they want the Parliament of the United Kingdom to deal with the Joint Address before the Supreme Court of Canada decides whether or not it is legal to do so.

Let me make my opinion perfectly clear on this point. While I had not previously studied the question in depth, I could never understand how a constitutional convention could be turned into a legally binding law on the say-so of several law professors, of whom Professor W. R. Lederman is the leading exponent, when there is absolutely no decision of any competent court to support that proposition. Many eminent law professors and writers on constitutional law, including the great A. V. Dicey, have clearly distinguished between a constitutional law which the courts will enforce. To quote Dicey:

> The other set of rules consisting of conventions, understandings, habits, or practices which, though they may regulate the conduct of the several members of the sovereign power, of the Ministry, or of other officials, are not in reality laws at all since they are not enforced by the courts. This portion of constitutional law may, for the sake of distinction, be termed the "conventions of the constitution," or constitutional morality.

Mr. Justice Hall, of the Manitoba Court of Appeal, also quotes various other authorities to support this proposition. I will refer to only four of them.

Colin R. Munro, in his 1975 *Law Quarterly Review* article "Laws and Conventions Distinguished," states:

> The validity of conventions cannot be the subject of proceeding in court of law. Reparation for breach of such rules will not be affected by any legal sanction. There are no cases which contradict these propositions. In fact, the idea of a court enforcing a mere convention is so strange that the question hardly arises.

Peter Hogg, in his 1977 book *Constitutional Law of Canada* says:

> Conventions are rules of the constitution which are not enforced by the law courts. Because they are not enforced by law courts, they are best regarded as non-legal rules—

Senator Flynn: Peter Hogg also said that Parliament could abolish the Senate without the consent of the provinces.

Senator Godfrey: I am not aware of that.

In the *Reference re Disallowance and Reservation of Provincial Legislation* (1938) S.C.R. 71, Chief Justice Duff, of the Supreme Court of Canada, generally considered one of Canada's greatest judges, stated:

> We are not concerned with constitutional usage. We are concerned with questions of law which, we repeat, must be determined by reference to the enactments of the British North America Acts of 1867 to 1930, the Statute of Westminster, and, it might be, to relevant statutes of the Parliament of Canada if there were any.

Finally, in a decision of the Supreme Court of Newfoundland in 1948, before it joined Canada, Mr. Justice Winter said:

> To these conventions the adjective constitutional is applied; any action violating them is termed unconstitutional . . . Not merely has a court of law no power to redress directly a violation of a genuinely constitutional role, but it is, I should think, the last place in which redress should be sought.

I rather like Mr. Justice Hall's statement in his judgment that:

> "It is not appropriate to the exercise of the judicial function to find a political orange and turn it into a judicial apple"

And he concludes by saying that "the conventions of the Constitution are not for judges."

• (1700)

Chief Justice Freedman, in his judgment, came to the conclusion that there was no constitutional convention, so that he did not have to decide specifically whether a constitutional convention, if it existed, could become a rule of law. However, he does quote some of the same authorities referred to by Mr. Justice Hall, which I have already quoted.

Chief Justice Freedman does refer to the compact theory of Confederation and states:

> In my view the theory in question is supported neither by history nor by subsequent usage.

Honourable senators will recall that I began this speech by quoting the opening sentence of the judgment of Mr. Justice O'Sullivan with approval. He wrote the main dissenting judgment. He quoted extensively from the judgments in the Newfoundland case referred to in the judgment of Mr. Justice Hall, and quotes also from a judgment of the Privy Council to the same effect.

However, even in the face of all this, he has no difficulty in deciding that although:

> —the constitutional convention referred to has not been established as a matter simply of precedent, it is, however, a constitutional principle binding in law.

Evidently, because he thinks it should be.

As a lawyer, I found his reasons unconvincing and not supported by any relevant legal authority. Judges must decide what the existing law is. They should leave to the politicians, legal practitioners and law professors the job of saying what they think the law should be on a matter as politically controversial as this.

As to Mr. Justice Huband's dissenting judgment, I can only say that he does not even attempt to quote a single legal authority to support his views. As a lawyer, I found his reasoning irrelevant and unconvincing. If I were a political science student at a university I would have found his theory—and I cannot place it any higher than that—as to what constitutional practice should be, rather interesting, if novel.

As I said earlier, one of the matters that I very definitely disagree with is the apparent eagerness of the federal government to press the U.K. Parliament to deal with this resolution before the Supreme Court of Canada has a chance to adjudicate as to whether or not it is legal.

While I strongly agree with the government that it is legal, and I am of the opinion that the Supreme Court of Canada will so decide, I am sure that honourable senators will not be surprised when I confess that there has been the occasion—very rare, of course—when a court has decided a legal question contrary to an opinion that I gave when I was practising law.

Senator Flynn: I don't doubt.

Senator Godfrey: So there is always the possibility that they may do so this time.

In view of the action taken by six provinces challenging the legality of the process being followed, I am of the opinion that there is no urgency demonstrated that would justify the amendments being enacted by the U.K. Parliament until the legality of the process has been determined by our Supreme Court. Because of the split decision in the Manitoba Court of Appeal, there is bound to be speculation in the U.K. Parliament as to whether this process is legal, and that may well influence the vote of individual members.

It seems to me that it is common sense and tactically sound to get that question out of the way before the U.K. Parliament votes on the matter. If I were a member of the U.K. Parliament, I would certainly insist that consideration of the bill be postponed until after the decision of the Supreme Court, and I am of the opinion that the federal government should do everything it can to expedite the determination of the matter by the Supreme Court before the resolution is sent to the United Kingdom.

I would now like to discuss the report of the Foreign Affairs Committee of the British House of Commons, chaired by Sir Anthony Kershaw. I must say that my initial reaction to this committee, even considering what the Westminster Parliament should do with a joint address before it was actually received, was very adverse. My opinion did not change when I read the summaries in the press of their conclusions.

However, my ears pricked up a bit when I was told that Mr. Gordon Robertson, the former Clerk of the Privy Council and for some years the Prime Minister's principal adviser on federal-provincial relations, had read the report and thought it was both serious and scholarly.

I then obtained a copy of the document and read it carefully, and may I say that I completely agree with Mr. Robertson? It is well written, meticulously researched, and its conclusions, generally speaking, are very logical, even if one does not necessarily agree with all of them or that the U.K. Parliament should follow them. I must say that I was somewhat surprised to hear Senator Lamontagne refer to this report in his speech as "biased and inconsistent."

There is some very interesting and relevant constitutional history, not generally known, revealed in this report. In several instances it gave me a new slant on what had happened in the past, and I would like to refer briefly to some of them.

Honourable senators are now aware from other speeches that in 1907, in respect of a resolution of the Canadian Parliament for an amendment to the B.N.A. Act with respect to the payment of subsidies from the federal to the provincial governments, the Legislature of British Columbia had passed a resolution protesting against the settlement and also its being regarded as final and irrevocable, and laid a petition before His Majesty to that effect.

In introducing the B.N.A. Bill, 1907, the Under-Secretary of State for the Colonies, Mr. Winston Churchill, as he then was, stated:

> He did not pretend to go into the merits of the difference on a constitutional question before the British Columbia and the Federal Government. We on this side did not know enough to decide upon the merits of the claim. On

> the other hand, he would be very sorry if it were thought that the action which His Majesty's Government had decided to take meant that they had decided to establish as a precedent that whenever there was a difference on a constitutional question before the Federal Government and one of the provinces, the Imperial Government would always be prepared to accept the Federal point of view as against the provincial. In deference to the representations of British Columbia the words "final and unalterable" applying to the revised scale had been omitted from the bill.

In light of this quotation, it really is extraordinary that Mr. Serge Joyal maintained, in his speech in the House of Commons, that London removed these words solely because, in the opinion of Mr. Churchill, they seemed totally inappropriate in the legislation. There was no mention by Mr. Joyal of the opposition of British Columbia which, according to Mr. Churchill, had considerable influence.

I find equally extraordinary the statement by Senator Lamontagne, in his speech, to the same effect, and his further statement that:

> British Columbia opposed the Canadian request on the ground that the proposed increase in subsidies was not high enough.

While that is true, as far as it goes, Senator Lamontagne carefully refrains from pointing out that Mr. Churchill said, in the speech quoted above, that the provincial legislature:

> —passed a resolution protesting against the settlement being regarded as final and irrevocable. They also laid before His Majesty a petition asking that, in any legislation to give effect to the Ottawa resolutions (of a Federal-Provincial Conference of 1906), the arrangement should not be taken as of a final and irrevocable character.

In commenting on this statement of Mr. Churchill, the Kershaw committee's report stated:

> Here we record it simply as evidence of a recognition that the federal character of Canada's constitution might affect the responsibility and the actions of the U.K. authorities in relation to that constitution.

Thus we do have an instance of the U.K. Parliament, at the request of a provincial legislature, altering an amendment to the B.N.A. Act proposed by the Canadian Parliament, although they may have also thought it only an improvement in drafting in accordance with general legislative practice.

Subsequently, in connection with this amendment, Lord Elgin, Secretary of State for the Colonies, wrote to the Premier of British Columbia that he:

> —fully appreciates the force of the opinion expressed that the British North America Act was the result of terms of union agreed upon by the contracting provinces and that its terms cannot be altered merely at the wish of the Dominion Government.

But that he feels, however:

> —that in view of the unanimity of the Dominion Parliament and of all the Provincial Governments save that of British Columbia, he would not in the interests of Canada be justified in any effort to override the decision of the Dominion Parliament.

Senator Lamontagne: Would the honourable senator go on with the quote?

Senator Godfrey: I do not have it. I believe I have included everything—

Senator Lamontagne: Except the substance.

Senator Flynn: You knew about that yourself.

Senator Godfrey: In 1943 the federal Parliament proposed an amendment for the postponement of redistribution of seats in the Canadian House of Commons until after the war.

When the bill was being considered in the British House of Commons, Clement Attlee, the British Secretary of State for Dominion Affairs, stated:

> I have no information as to any province objecting, but, in any case, the matter is before us by an address voted by both Houses of Parliament and it is difficult for us to look behind the fact.

In fact, while the amendment involved no question of the powers or rights of the provincial legislatures or governments, there was opposition to the amendment by Premier Godbout, a Liberal Premier of the Province of Quebec and the Quebec legislature.

• (1710)

While it is somewhat lengthy, I believe I should read into the record that part of the Kershaw report dealing with this incident:

> The existence of opposition by a Provincial government and legislature was not conveyed to the UK Government until after the BNA Bill 1943 had received the Royal Assent. The Canadian request had not been conveyed to the UK Government until 17 July 1943; it was accompanied by a request that the legislative processes in Westminster be completed before 24 July. It was introduced and passed in the House of Lords on 21 July. On the morning of that day, the Dominions Office received from the UK High Commissioner in Canada a telegram stating:
>
> "Mr. St-Laurent, the Minister of Justice, told me the following informally today. *Some citizens in Ottawa and elsewhere* are preparing representations which they wish to make against the passage through Parliament at Westminster of the Bill amending the British North America Act. Mr. St-Laurent . . . remarked that it will be convenient if the representations referred to above arrived after the Bill had already become law . . .".
>
> 70. The Bill was passed in the House of Commons on 22 July and received the Royal Assent. On 23 July, the UK Government heard for the first time that the opposition from "some citizens in Ottawa and elsewhere" was in fact the opposition of the Premier of Quebec with the

unanimous approval of the members of the Quebec legislature. A Dominions Office internal minute, dated 23 July 1943, states that the relevant telegram from a Canadian MP "very fortunately reached us after the Bill had passed both Houses... We had not heard previously of the [Quebec Government's opposition]". The minute continues:

> "It is doubtful whether any reply to the telegram is desirable. It is not proper that an individual Canadian MP should communicate direct with the United Kingdom Government in a matter of this kind. The position might be different if the Premier or Government of Quebec had addressed us on the subject though, even in that case, it should be noted that the established principle is that the United Kingdom Government have no direct dealings with Canadian Provincial Governments and communicate with them only through the Canadian Government... As was mentioned in the debate yesterday, it is anomalous that the United Kingdom Parliament should be called upon to deal with such questions, seeing that these must imply some measure of responsibility on the part of Parliament here in what is purely a Canadian matter..."

71. Accordingly, on 22 September 1943, the UK High Commissioner in Canada sent to the Canadian Under-Secretary of State for External Affairs an "informal note" expressing the UK Government's disquiet at the events of July. The main paragraph of the note is as follows:

> "Generally, it seems unreasonable that at this stage of constitutional development the United Kingdom Parliament should afford the sole means of amending the Canadian Constitution, since it is clear that it *cannot effectively discuss the merits of the case.* The suggestion has been made that the United Kingdom authorities should represent to the Canadian Government that the procedure adopted on this occasion was derogatory to the United Kingdom Parliament and might indeed be the cause of serious friction in the future. But the position is that express provision *to maintain the existing practice* in this respect was made in the Statute of Westminster in a special clause, the form of which was drawn by Canadian authorities as the result of a formal conference between the Federal and Provincial Governments. Accordingly, the United Kingdom do not wish to make anything like a formal approach on the subject as to the unsuitability of the present position. At the same time they hope that the Canadian authorities will realize that *inappropriateness and possible risks involved*" [*sic*] "*in the present position.* They take the view that the present practice has become increasingly anomalous and *likely to lead to friction* and they feel that, at any rate as soon as the war is over, the Canadian authorities may wish to find some method of amending the Canadian Constitution by action taken in Canada."

It is really quite extraordinary that a man like Mr. St-Laurent, in referring to opposition to the amendment as coming from "some citizens in Ottawa and elsewhere", obviously felt it advisable to apparently be somewhat less than frank with the U.K. High Commissioner in order to conceal the fact that the Quebec government and legislature were opposed, so that the U.K. Parliament would rush the amendment through in two days and they wouldn't know about the Quebec opposition until too late. This would indicate to me that Mr. St-Laurent was worried that the U.K. Parliament might pay some attention to opposition from a province if they knew about it. It also certainly shows that, even back in 1943, the U.K. Government was worried that they might find themselves in the position they are in today, and wanted to avoid it.

The Kershaw report stated at page xxxvi, that:

> "Both Mr. E. Lapointe, who as (Liberal) Minister of Justice attended the Conferences of 1926 and 1929, and Mr. H. Guthrie, who as (Conservative) Minister of Justice attended the Conferences of 1930 and 1931, stated in the Canadian House of Commons (in 1931 and 1935 respectively) that the UK Parliament could, and probably would, reject a Canadian request affecting Provincial rights if made without Provincial concurrence."

Honourable senators, that is not what Mr. Lapointe said. The Kershaw report has glossed over a critical distinction. According to the footnote at the bottom of the page, Mr. Lapointe actually said:

> "—the Imperial Parliament is not really a dominating power; it acts as trustee and as a guarantor, and merely gives effect to the will of the Canadian people... I think that amendments to the constitution could be divided into two classes; first those which would affect the provinces, *which would add powers to the federal parliament and in that way affect provincial rights.* In such cases surely the British Parliament, even under the situation as it exists to-day, would not agree to pass a law to effect the change... on the question of the respective jurisdiction of the Dominion and the provinces, there is no doubt that this could not be changed by either without agreement with the other."

As far as I am concerned, the most important and relevant words are, "which would add powers to the federal parliament". Mr. St-Laurent made the same point in 1943 when he was Minister of Justice, and said:

> "to change the allocation of legislative or administrative jurisdiction as between the provinces, on the one hand, and the Federal Parliament on the other, it could not probably be done without the consent of the organism that was set up by the constitution to have powers that would assuredly be taken from that organism."

Mr. St-Laurent then specifically referred to the B.N.A. Act, 1940, where unemployment insurance was transferred from provincial to federal jurisdiction.

In the quotation of Mr. Trudeau's mentioned by Senator Thompson, Mr. Trudeau refers to the practice of the federal

government seeking the unanimous consent of the provinces "before seeking amendments that have affected the distribution of powers."

I personally think that this makes all the difference in the world as to how the amending process should be handled. This resolution does not propose to add to the powers of the federal Parliament any powers taken from the provinces that they presently have under the B.N.A. Act. The federal government has very carefully stayed very clear of any question of division of powers. Those will only be handled under the amending formula and in Canada. In view of the fact that the federal government has a power of disallowance over provincial legislation, which it can use if provincial legislation did offend fundamental rights of the kind contained in a bill of rights, then provincial legislatures can be curbed even now in this area by the federal government, even though the power of disallowance has fallen into disuse. In fact, it has not been used since 1943, but it was used 112 times before that.

• (1720)

In Bill C-60 the federal government offered to give up the power of disallowance with respect to those provinces that agreed to the entrenchment of a Charter of Rights. The limitation on the powers of the provincial legislatures imposed by a judicially interpreted Charter of Rights surely affects their powers less than the discretionary power of the federal government to interfere at will by disallowance. I might also interject at this point that the powers of disallowance and reservation contained in the B.N.A. Act, together with the declaratory power, emergency power and the spending power of the federal government, really negates the sovereignty theory that some people and some judges claim, without proper qualification, that the provincial legislatures possess.

It was as the result of a unanimous request of all the provinces, as well as the federal government, that section 7(1) of the Statute of Westminster was enacted which left the amending power in the hands of the U.K. government. No attempt was made to define the principle upon which the U.K. Parliament would act. It was because no agreement could be reached upon an amending formula by the provincial and federal governments that there was no such definition. If it had been possible to agree upon what circumstances the U.K. Parliament would act, then that would have been the equivalent of an agreement upon an amending formula and the Constitution could have been patriated. Surely, by no stretch of the imagination could the provinces have thought that in all cases, such as a drastic revision of the division of powers between the federal and provincial parliaments in the federal government's favour, the U.K. Parliament would automatically rubber-stamp the request of the federal Parliament. The provinces did regard the U.K. Parliament as some form of protection, and that is why they agreed to leave the power there, as they had no intention of agreeing to permit the federal Parliament to amend it at its will.

Honourable senators, I agree with the Kershaw Committee in its conclusion:

> It would not be in accord with the established constitutional position for the U.K. Government and Parliament to accept unconditionally the constitutional propriety of every request coming from the Canadian Parliament.

What I do not completely agree with is the Kershaw Committee's conclusion that:

> —the U.K. Parliament's fundamental role in these matters is to decide whether or not a request conveys the clearly expressed wishes of Canada as a whole bearing in mind the federal character of the Canadian constitutional system.

They have, in my opinion, such a role only when the federal Parliament is trying to take away significant powers from the provinces to add them to its own powers.

In the body of its report, the Kershaw Committee overlooked the critical distinction drawn by Mr. Lapointe when he said that it was with respect to amendments "which would add powers to the federal parliament and in that way affect provincial rights" that "surely the British Parliament even under the situation as it exists to-day, would not agree to pass a law to effect the change."

This is not the situation with respect to the amendments to the B.N.A. Act we are considering today. The government has been very careful not to increase the powers of the federal Parliament with respect to the powers given to the provinces under section 92 or other sections of the B.N.A. Act. It is obvious to me that the government does not think it would be proper to do so, except in compliance with some amending formula then in place, unless it had the substantial concurrence of the provincial governments or their people as determined by a referendum.

To digress for a moment, I cannot see what all the objections are to the use of referenda in the constitutional amending process. Experience in Australia, where the only way their constitution can be amended is by way of a referendum provided for in a bill passed by the federal Parliament, is that since 1901 there have been some 28 referenda held, representing some 50 proposed constitutional amendments. On only six of these referenda have the requested majorities been obtained, thus enacting a mere nine out of 50 proposed amendments into law, each a relatively simple proposal not bringing about any fundamental change in the division of powers.

Incidentally, the federal government in Australia completely controls the conduct of referenda. Switzerland also uses referenda to approve amendments to its constitution. The Swiss vote down most constitutional amendments, particularly if they propose to broaden the jurisdiction of the federal government. The federal penal code took 24 years of referenda before it was finally approved.

While I do not believe, judging by the Australian and Swiss experience, that referenda ordinarily will serve any useful purpose, there is always the possibility that they might, and for this reason I approve of the present proposals.

I was somewhat surprised at one of the arguments given by Senator Thompson in opposing referenda, that is, "the inabili-

ty of ordinary citizens to have the time to study complex issues." That is the kind of argument I would expect from a right-wing elitist who does not really believe in democracy, and Senator Thompson is certainly not one of those.

I think that this is the appropriate point at which to say that this process by which we are acquiring a Charter of Rights binding upon the provinces does worry me. Some honourable senators may recall that on January 29, 1979 I gave a speech in this house on the question of whether a Bill of Rights should be entrenched in the Constitution. I will not repeat what I said then, except to summarize my conclusions, which were, incidentally, influenced by the evidence of the Honourable J. C. McRuer, former Chief Justice of the Supreme Court of Ontario, and Professor Walter Tarnopolsky, the president of the Civil Rights Association of Canada, given before the Special Committee of the Senate on the Constitution.

My opinion, then—which I have amplified somewhat since—was that while we should have a Charter of Rights in the Constitution, binding on the federal and provincial parliaments, it need only be semi-entrenched as far as the provinces are concerned, in view of the opposition of a majority of the provincial parliaments. If it was in the Constitution, it would clearly have an overriding effect on all other legislation which was desirable. I would not allow the provinces to amend it, but I would allow them to override it with respect to specific legislation where it was clearly desirable to do so because the Supreme Court of Canada had gone off the rails in one of its decisions with respect to that legislation and public opinion clearly thought so and approved of a correction of this decision.

I would have given the power to the provincial governments to correct the way the Supreme Court of Canada interpreted the Charter of Rights with respect to specific legislation by being able to re-pass that legislation with a "notwithstanding" clause in it; that is, the legislation would have effect notwithstanding the Charter of Rights or, more particularly, notwithstanding the way the Supreme Court of Canada interpreted it. However, I would not have given them such power with respect to language rights because the provinces have all previously agreed to that.

I thought, and still think, my suggestion, which I modestly refer to as the "Godfrey formula", is a reasonable compromise that would have met the fundamental objections of some of the premiers to an entrenched Charter of Rights; namely, that the legislatures and not the courts should be, in the last resort, responsible for protecting our liberties. Premier Blakeney, in his brief to the special joint committee, said:

> With the entrenchment many of the most important and sensitive public policy decisions are delegated irretrievably to the courts. Courts, of course, are partially responsible now for administering federal and provincial human rights codes, but their decisions are not beyond popular review through legislative action.

In view of the overwhelming support of the public for the concept of fundamental freedoms, the provincial legislatures would be very cautious indeed about using a "notwithstanding" clause. The present federal Bill of Rights, for which Mr. Diefenbaker was responsible, also had a "notwithstanding" clause in it which has only been used once, and then in 1970 in connection with the Public Order (Temporary Measures) Act which replaced the War Measures Act. I understand that the present Alberta Bill of Rights has a "notwithstanding" clause that has never been used. I would also allow each province to opt in to entrenchment of the Charter of Rights, which they might well do eventually, particularly after they have had some experience with it and how the Supreme Court of Canada interprets it.

I want to say to Senator Thompson that I have done just as much worrying as to how I should vote as he has, and for just as long as he. I did not really definitely make up my mind until after I had done all the research necessary for the preparation of this speech. I do not recognize, and never have, any obligation on any Liberal senator to follow any so-called Liberal whip.

On that subject, I would like to quote Senator Dandurand, when he became government leader in the Senate in 1922, and I remind honourable senators that he remained Liberal leader in the Senate for 20 years:

> I shun party discipline and the party whip. I invite criticism of the measures of the government, criticism from the right as well as from the left; I feel it is the responsibility of each senator to try to improve the legislation that comes before us.

I might say that in my more than seven years in this chamber, neither the leader of my party in the Senate nor the whip has ever attempted on any individual basis to influence my vote. That does not mean, of course, that we do not collectively get exhortations in the Senate Liberal caucus from the government leader in the Senate, from time to time, to follow the party line, and I am comfortable in doing so in most cases because, of course, it is in those cases right.

• (1730)

As between no Charter of Rights in the Constitution and no patriation with an amending formula and an entrenched Charter of Rights together with patriation of the B.N.A. Act with an amending formula, I have finally come to the conclusion, in spite of my strong reservations about the process, that patriating the Constitution is all important, is long overdue, and should be done now, even though it includes a Charter of Rights which is completely entrenched, which I do not really think is necessary at this time.

Let us get this first step over with, so that we can get on with amending the Constitution at home with respect to other important matters, such as the division of powers. I am, therefore, going to hold my nose and vote for this resolution.

On motion of Senator Macdonald, for Senator Nurgitz, debate adjourned.

NATIONAL FINANCE

MEDIA COVERAGE OF COMMITTEE MEETING

Leave having been given to revert to Notices of Motions:

Hon. Douglas D. Everett, with leave of the Senate and notwithstanding rule 45(1)(h), moved:

> That the Standing Senate Committee on National Finance be permitted to allow the visual and broadcast media to cover the meeting of the said Committee tomorrow, Thursday, 12th March, 1981.

Hon. Duff Roblin (Deputy Leader of the Opposition): Before the motion is put, honourable senators, may I make one or two comments? I am quite prepared to support the motion, for the very good reason that we will have the pleasure of listening to members of the other place, who happen to be members of the cabinet as well, announce that they intend to adopt an important recommendation made by a Senate committee after many years of study. I am a member of that committee, but I hasten to say that I had nothing to do with the recommendation itself, because it was formulated before my arrival on the scene.

I just want to point out that I believe that it constitutes something of an unusual occasion that the work of a Senate committee should be substantiated in such a way by the proposal that its recommendations be accepted in respect of the operations of a government department. All other recommendations of ours are accepted by government as a whole. So this seems to me to be something of a rather special nature.

I am therefore glad to support the motion, and I congratulate my predecessors on that committee, particularly the chairman, for their achievement.

Hon. Senators: Hear, hear.

Senator Everett: Honourable senators, I should like to thank Senator Roblin for his generous remarks, but I must add that, although I have moved the motion, we cannot be sure that the broadcast or visual media will attend the meeting. Nevertheless, if they do, we think that would be a prime time for them to follow the proceedings of the committee. The meeting will start at 1.15 tomorrow afternoon and it will be over at 2 o'clock. The witnesses will be the President of the Treasury Board and the Minister of Public Works.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1979*)

ADDRESS

OF

RONALD WILSON REAGAN
PRESIDENT OF THE UNITED STATES OF AMERICA

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

WEDNESDAY, MARCH 11, 1981

The President was welcomed by the Right Honourable P. E. Trudeau, Prime Minister of Canada, and thanked by the Honourable Jean Marchand, Speaker of the Senate and Honourable Jeanne Sauvé, Speaker of the House of Commons.

Hon. Jeanne Sauvé (Speaker of the House of Commons): May I call this meeting to order?

Mr. President, we are grateful for the great honour you do us in addressing this joint session of the Senate and the House of Commons. I now invite the Right Honourable the Prime Minister to introduce our distinguished guest.

Right Hon. P.E. Trudeau (Prime Minister): Mr. Speaker of the Senate, Madam Speaker of the House of Commons, Mr. President and Mrs. Reagan, distinguished American visitors, honourable members of the Senate, members of the House of Commons, Excellencies, Mesdames et Messieurs:

Mr. President, yesterday I welcomed you to Canada. I repeat that welcome now because in this chamber Canada's democracy finds its ultimate expression. Here, in a special way, we speak on behalf of the people of Canada, and here the people of Canada are honoured to receive you, sir.

Some hon. Members: Hear, hear!

Mr. Trudeau: Nations do not choose their neighbours; geography does that. The sense of neighbourhood, however, is more than a product of geography; it is a creation of people who may live as far apart as California and Quebec. It is what makes neighbours of Canada and Mexico, for instance. Canadians have noted this sense in you, Mr. President, and they know that it gives a particular meaning to your visit to Ottawa.

[*Translation*]

Our being neighbours is not simply a matter of geography, it is a state of mind. Beyond North America lies the New World which we inhabit by your side. We share the dreams which have made this continent a beacon in the night and a haven of hope for mankind. We share the courage and the love for work which have enabled us to build side by side two great federal states stretching from the Atlantic coast to the distant shores of the Pacific. Our accomplishment is dear to us. We are intent on preserving our heritage, but at the same time we gladly agreed to share with others the prosperity and freedom we found in this land.

[*English*]

It is right that we should celebrate what we hold in common. At the same time it is necessary that we remember and respect what makes us different.

More than 200 years ago our paths diverged, although our goals remained the same. You created a great republic with a presidential system. We evolved as a constitutional monarchy, under a parliamentary system. You placed yourselves from the outset under a written constitution that you continue to revere today. We are only now finishing the work of writing ours and bringing it home. You fought a tragic civil war. We have recently undergone the experience of a referendum that

involved no violence, but nonetheless touched the very fibre of this country.

The differences of history affect our relations today, because they affect our perceptions, our approaches, our priorities. You, Mr. President, would perhaps agree with Thoreau where he says of the United States government:

This government of itself never furthered any enterprise, but by the alacrity with which it got out of its way. It does not settle the west. It does not educate. The character inherent in the American people has done all that has been accomplished.

The character of the Canadian people, Mr. President, has also made Canada. But here in Canada our own realities have sometimes made it necessary for governments to "further enterprise". Those realities and that necessity are still with us today.

[*Translation*]

Mr. President, you are visiting Canada at a particularly turbulent time in our history. We are in the process of completing the construction of our country. As an American you will appreciate the challenge which we must face. We are attempting to improve our democratic system and to cement our unity. Undoubtedly the din of our labour will reach your ears. However, I can assure you that our stormy but productive discussions will pave the way for a stronger Canada. Indeed, if I may recall a humorist's description of a megalopolis, we have decided that at the close of our current debates we will be "more than a confederation of shopping centres".

In the years to come the United States will be looking at a dynamic neighbour to the North. By putting its own house in order Canada will grow confident in itself. We will establish more clearly where our interests lie and we will pursue them with renewed vigour. One thing will remain unchanged, however: our deep friendship for the United States. In fact, Mr. President, the relations between our two countries will grow at the same time as Canada will grow. Of course, as neighbours we will hold frank discussions. But we have always spoken clearly to each another and our openness was based on mutual respect, as befits two sovereign and equal countries linked by deep frienship.

[*English*]

Mr. President, you take on your awesome responsibilities at a time of stress and crisis in international affairs. The world badly needs the courage and wisdom of the United States, that courage that it can provide under your leadership, Sir. I speak for all Canadians when I say we are ready to work with you in the cause of stability, security, and humanity.

Your task, our joint task, will not be an easy one. Many people fear that the world has become too complicated, that events have spiralled beyond the control of individuals or governments. They are tempted to give up, to opt out, and to hide from reality and responsibility. That way lies oblivion.

I believe we must neither cower before reality nor oversimplify it. Yet complexity should not obscure plain truth. On this most favoured of continents we cannot simply turn our gaze inwards and ignore poverty, ignorance, and injustice elsewhere.

To the east, Mr. President, we face a system that seems ill-designed to respond to change and growth. Nevertheless, the Soviet Union and the eastern European states may come to accommodate themselves at least to the dynamics of their own region. If, for example, the Polish people are able to work out their own destiny within a framework accepted by their neighbours, then they will have matched revolution with a no less remarkable evolution. Through courage and restraint they will have begun the process of making their reality more Polish and their system more responsive, more adaptable, and ultimately more stable.

In the west, Mr. President, we have a long familiarity with the pressures of change. In the past decade our economies have undergone a severe test as trusted assumptions have been found wanting. In the 1970s we were buffeted by the rude shock of rapid energy price increases. We were forced to recognize that the old monopoly of economic power was coming to an end. And yet, for all the strains upon us, our political and economic framework has survived, survived at least as well as the chicken and the neck to which Winston Churchill once referred to this chamber.

Each of the western countries has met the challenge of change in its own way. Since all of us have our own distinctive economic strengths and weaknesses, our solutions have had to be diverse. We have found no simple answers; we have fashioned no single way. With co-operation and consultation, however, we have been able to complement our various approaches.

At another level, though, we do have a single approach. Let there be no doubt about our unity in the defence of our most precious heritage—that democracy which is envied by those who rightly crave it and feared by those who wrongly deny its force.

As to north and south, we are not dismayed by the complexity of the problems. The poverty of the developing countries does not have to be permanent, nor is it unalloyed. The gap between the two groups is neither racial nor unbridgeable. In the growth of the oil producing states, in the vigour of the newly industrialized countries, there is convincing evidence of the dynamism and potential of the developing world. In the unity of the "south", there is not so much an identity of circumstances as an idea, a point of view, a shared sense of injustice. The poorer peoples are at the mercy of circumstances that leave them out of balance, often out of hope, and too often vulnerable to opportunities who come poaching in troubled waters. The industrialized democracies have not only a human duty but a strategic obligation to help developing countries in their struggle, their survival, and their success.

Mr. President, humanity will prevail. We in the new world can never be pessimists, for we are in a very real sense the custodians of the future. You have reminded us of this, Sir, on

both sides of the 49th parallel. You have done so by evoking a past in which both our peoples have been the architects of change, not its victims.

I wish you well in your task and comfort in your burden. May part of that comfort come from the assurance of Canada's abiding friendship for your country and for your people.

Some hon. Members: Hear, hear!

Mr. Ronald W. Reagan (President of the United States): Mr. Prime Minister, Mr. Speaker of the Senate, Madam Speaker of the House of Commons, honourable Senators, members of the House of Commons, distinguished members of the diplomatic corps, ladies and gentlemen:

I came to this great capital of this great nation by crossing a border not which divides us, but a border which joins us.

[*Text*]

Nous nous sommes souvent serré la main par-dessus cette frontière et nous le faisons une fois encore aujourd'hui.

Des voix: Bravo!

[*English*]

For those of my own party who accompanied me, I have said that we have often shaken hands across this border and we are doing it once again today.

Some hon. Members: Hear, hear!

Mr. Reagan: Nancy and I have arrived for this, the first state visit of my Presidency, in the spirit expressed so well by a Calgary writer and publisher some 60 years ago. He said that the difference between a friend and an acquaintance is that a friend helps where an acquaintance merely advises.

We come here not to advise, not to lecture. We are here to listen and to work with you. We are here as friends, not as acquaintances.

Some years ago Nancy and I both belonged to a very honourable profession in California. And as I prepared for these remarks today, I learned that among those in the motion picture industry in Hollywood it has been estimated that perhaps as many as one out of five are of Canadian origin.

Many of those whom I counted as close professional colleagues, indeed close personal friends, did not come from America's heartland as I did, but from the heart of Canada, as did most of you in this historic chamber.

Art Linkletter, Glenn Ford, Raymond Massey, Walter Pidgeon and Raymond Burr are but a few of your countrymen who are celebrated in our entertainment industry.

I believe I know the very special relationship between Canada and the United States. But with all respect to those few I have mentioned, I can do better than that. A young lady once came to Hollywood from Toronto. Before long, little Gladys Smith was embraced by our entire nation. Gladys Smith of Toronto became Mary Pickford. And I know you will forgive us for adopting her so thoroughly that she became known the world over as "America's sweetheart".

Some hon. Members: Hear, hear!

Mr. Reagan: America's sweetheart was Canadian.

Affinity, heritage, common borders, mutual interests—these have all built the foundation for our strong bilateral relationship. This relationship has grown to include some of the strongest economic links among the nations on this earth.

Some 16 per cent of America's total world trade is done with Canada. Our joint trade amounts to about $90 billion Canadian, annually. This is greater than the gross national product of some 150 countries.

It's estimated that three quarters of a million United States workers are employed in exports to Canada and, in turn, Canadian exports to the United States account for one sixth of your gross national product.

Not only is the vast bulk of this trade conducted between private traders in two free economic systems, but more than half crosses our borders duty free. Our seaways, highways, airways and rails are the arteries of a massive, interconnecting trade network which has been critically important to both of us.

Thus, while America counts many friends across the globe, surely we have no better friend than Canada.

Some hon. Members: Hear, hear!

Mr. Reagan: And though we share bilateral interests with countries throughout the world, none exceeds the economic, cultural and security interests that we sahre with you.

These strong and significant mutual interests are among the reasons for my visit here. Already I have shared with Prime Minister Trudeau very helpful discussions across a range of issues, to listen and to ensure that these important ties shall not loosen.

I am happy to say that in the recent past we have made progress on matters of great mutual importance. Our governments have already discussed one of the largest joint private projects ever undertaken by two nations—the pipeline to bring Aslaskan gas to the continental United States. We strongly favour prompt completion of this project based on private financing.

Some hon. Members: Hear, hear!

Mr. Reagan: We have agreed to an historic liberalization of our trade in the Toyko Round of the multilateral trade negotiations.

We have continued our efforts, begun with the Great Lakes Water Quality Agreement of 1972, to protect our joint heritage in the Great Lakes. We want to continue to work co-operatively to understand and control the air and water pollution that respects no borders.

Some hon. Members: Hear, hear!

Mr. Reagan: During my visit here, I have had the pleasure of participating in the conclusion of two other important

agreements. We are renewing the North American Aerospace Defence Command Agreement for five more years. For more than two decades now, NORAD has bound us together in our common defence with an integrated command structure symbolizing our interdependence. This agreement represents continued progress in our relations and mutual security.

Second, we have concluded an agreement regarding social security benefits for those of our citizens who combine work in both nations. With this new agreement, those people who are employed in both countries can be eligible for the combined benefits, and the workers will be eligible for those benefits in whichever country they choose to live.

Some hon. Members: Hear, hear!

Mr. Reagan: Our deep and long time bilateral economic interests lead me to depart from the norm today and give to you a report on America's progress toward economic recovery.

Five weeks ago, I reported to the American people that the U.S. economy faced the worst economic mess since the great world-wide depression. We are a proud people, but we are also realists. The time has come for us to face up to what I described as a potential economic calamity.

I raise this issue today because America holds a genuine belief in its obligation to consult with its friends and neighbours. The economic actions we take affect not just us alone but the relationships across our borders as well.

As we examined America's economic illness, we isolated a number of contributing factors. Our federal government has grown explosively in a very short period of time. We found that there had grown up a maze of stifling regulations which began to crush initiative and deaden the dynamic industrial innovation which brought us to where we are. We saw unbelievable deficits, this year alone reaching up to nearly $80 billion, including off budget items.

We found that these deficits got in no one's way because the government found it easy to fuel inflation by printing more money just to make up the difference.

The American taxing structure, the purpose of which was to serve the people, began instead to serve the insatiable appetite of government.

Some hon. Members: Hear, hear!

Mr. Reagan: If you will forgive me, someone has once likened the government to a baby: it is an alimentary canal with an appetite at one end and no sense of responsibility at the other!

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Reagan: Our citizens were being thrown into higher tax brackets for simply trying to keep pace with inflation. In just the last five years, federal personal taxes for the average American household have increased 58 per cent. The results: crippling inflation, interest rates which went above 20 per cent, a national debt approaching a trillion dollars, nearly eight million people out of work, and a steady three-year decline in productivity.

We decided not just to complain but to act. In a series of messages and actions, we have begun the slow process of stopping the assault on the American economy and returning to the strong and steady prosperity that we once enjoyed.

It is very important for us to have our friends and partners know and understand what we are doing. Let me be blunt and honest. The United States in the last few years has not been as solid and stable an ally and trading partner as it should be. How can we expect certain things of our friends if we don't have our own House in order?

Americans are uniting now as they always have in times of adversity. I have found there is a wellspring of spirit and faith in my country which will drive us forward to gain control of our lives and restore strength and vitality to our economic system. But we act not just for ourselves, but to enhance our relationships with those we respect.

First, we are taking near revolutionary steps to cut back the growth in federal spending in the United States. We are proposing that instead of having our national budget grow at the unacceptable rate of 14 per cent per year, it should rise at a more sensible 6 per cent.

Some hon. Members: Hear, hear!

Mr. Reagan: This enables us to maintain the kind of growth we need to protect those in our society who are truly dependent on government services.

Just yesterday, I submitted our proposed budget for the coming year, and then immediately crossed the border.

Some hon. Members: Oh, oh!

Mr. Reagan: With extraordinary effort we have isolated some 83 items for major savings and hundreds more for smaller savings, which together amount to $48.6 billion in the coming fiscal year.

Our second proposal is a 10 per cent cut across the board every year for three years in the tax rates for all individual income taxpayers, making a total cut in tax rates of 30 per cent. This will leave our taxpayers with $500 billion more in their pockets over the next five years and create dramatic new incentives to boost productivity and fight inflation. When these personal cuts are combined with tax cuts to provide our business and industry with new capital for innovation and growth, we will be creating millions of new jobs many of them, ultimately, on your side of the border.

Our third proposal is to eliminate those unproductive and unnecessary regulations which have slowed down our growth and added to our inflationary burdens.

Some hon. Members: Hear, hear!

Mr. Reagan: We shall do this with care, while still safeguarding the health and safety of the American people—and, I might add, while mindful of our responsibility to have equal regard for the health and safety of our neighbours.

Finally, we will be working closely with our federal reserve system to achieve stable and moderate growth patterns in our money supply.

As I said, America's program for economic recovery is designed not merely to solve an internal problem. It is viewed by my administration as part of an essential effort to restore the confidence of our friends and allies in what we are doing.

When we gain control of our inflation, we can once again contribute more helpfully to the health of the world economy. We believe that confidence will rise, interest rates will decline, and investment will increase. As our inflation is reduced, your citizens and other world citizens will have to import less inflation from us.

As we begin to expand our economy once again and as our people begin to keep more control of their own money, we will be better trading partners. Our growth will help fuel the steady prosperity of our friends.

The control we regain over our tax and regulatory structures will have the effect of restoring steady growth in U.S. productivity. Our goods will go into markets not laden down with the drag of regulatory baggage or punitive levies, but with a competitive edge that helps us and those who trade with us.

Such new sustained prosperity, in an era of reduced inflation, will also serve world-wide to help all of us resist protectionist impulses. We want open markets. We want to promote lower costs globally. We want to increase living standards throughout the world. That is why we are working so hard to bring about this economic renewal.

There are, of course, other very important reasons for us to restore our economic vitality. Beyond our shores and across this troubled globe the good word of the United States, and its ability to remain stable and dependable, rely in good part on our having a stable and dependable economy.

Projecting solid internal strengths is essential to the west's ability to maintain peace and security in the world. Thus, our national interests, our bilateral interests and our hemispheric interests are profoundly involved in truly international questions.

That's why we must act now, why we can no longer be complacent about the consequences of economic deterioration. We have entered an era which commands the alliance to restore its leadership in the world. And before we can be strong in the world, we must be once again strong at home.

Some hon. Members: Hear, hear!

Mr. Reagan: Our friend, our ally, our partner, and our neighbour, Canada, and the United States have always worked together to build a world with peace and stability, a world of freedom and dignity for all people.

Now, with our other friends, we must embark with great spirit and commitment on the path toward unity and strength.

On this side of the Atlantic, we must stand together for the integrity of our hemisphere, for the inviolability of its nations, for its defence against imported terrorism, and for the rights of all our citizens to be freed from the provocations triggered from outside our sphere for malevolent purposes.

Across the oceans, we stand together against the unacceptable Soviet invasion into Afghanistan and against continued Soviet adventurism across the earth.

And toward the oppressed and dispirited people of all nations, we stand together as friends ready to extend a helping hand.

Some hon. Members: Hear, hear!

Mr. Reagan: I say to you, our Canadian friends—and to all nations who will stand with us for the cause of freedom—our mission is more than simply making do in an untidy world. Our mission is what it has always been—to lift the world's dreams beyond the short limits of our sights and to the far edges of our best hopes.

This will not be an era of losing liberty; it shall be one of gaining it.

This will not be an era of economic pessimism, of restraint and retrenchment; it will be one of restoration, growth, and expanding opportunities for all men and women.

And we will not be here merely to survive; we will be here, in William Faulkner's words, to prevail—to regain our destiny and our mutual honour.

Sometimes it seems that, because of our comfortable relationship, we dwell perhaps a bit too much on our differences. I, too, have referred to the fact that we do not agree on all issues. We share so many things with each other; yet, for good reasons, we insist on being different to retain our separate identities.

This captured the imagination of Ernest Hemingway when he worked as a writer for the Toronto *Star Weekly* in 1922. Hemingway was travelling in Switzerland and he noted that the Swiss made no distinction between Canadians and citizens of the United States. He wondered about this and asked an hotelkeeper if he didn't notice any difference between the people from the two countries.

"Monsieur", he said to Hemingway, "Canadians speak English and always stay two days longer at any place than Americans do." As you know, I shall be returning to Ottawa in July and, if you don't mind, I'll plan to stay as long as everyone else.

Some hon. Members: Hear, hear!

Mr. Reagan: I am not here today to dwell on our differences. When President Eisenhower spoke from this spot in 1953, he noted his gratitude as Allied Commander in World War II for the Canadian contribution to the liberation of the Mediterranean. This touched my curiosity, and even though I had participated in that war myself, I did a little research.

In the Second World War there was something called the 1st Special Service Force, a unique international undertaking at the time. This force was composed of Canadians and Americans distributed equally throughout its ranks, carrying the flags of both nations. They served under a joint command,

were taught a hybrid close-order drill, and trained together as paratroopers, demolition experts, ski troops and, then, as an amphibious unit.

The 1st Special Service Force became famous for its high morale, its rugged abilities, and tough fighting in situations where such reputations were hard-earned. Alerted to their availability, General Eisenhower requested them for special reconnaissance and raiding operations during the winter advance up the Italian peninsula. They were involved in the Anzio beachhead campaign in Italy and were at the spearhead of the forces that captured Rome.

The 1st Special Service Force made no distinctions when it went into battle. Its men had the common cause of freedom at their side and the common denominator of courage in their hearts. They were neither Canadian nor American. They were, in General Eisenhower's term, liberators.

So let's speak no more of differences today. Certainly your Ambassador, Ken Taylor, didn't when he first sheltered, and then spirited, six Americans out of the centre of Tehran and brought them to their freedom.

Some hon. Members: Hear, hear!

Mr. Reagan: Their daring escape worked not because of our differences but because of our shared likenesses.

A final word to the people of Canada.

We are happy to be your neighbour; we want to remain your friend; we are determined to be your partner; and we are intent on working closely with you in a spirit of co-operation. We are much more than an acquaintance.

Merci. Thank you.

Some hon. Members: Hear, hear!

[*English*]

Hon. Jean Marchand (The Speaker of the Senate): Mr. President, Mr. Prime Minister, Madam Speaker of the House of Commons:

To receive you in our capital and our Parliament represents for us, President and Mrs. Reagan, not only a great joy and singular honour, but also the visible assurance that our traditional ties of friendship hold strong despite international upheavals whose shock waves have not spared our own continent, forced as we are to march more and more in step with even the most far-flung regions of an increasingly interdependent world.

On behalf of the Senate of Canada, I would like to transmit our heartfelt gratitude that you have chosen, at this very earliest stage of your mandate, to reinforce the foundation of a unique relationship based not just on a common interest shared by our two peoples, but also on a common spirit and aspiration. While recognizing our differences and respective sovereignty and in full appreciation of our respective stature and resources, we know that we are natural allies and that only blindness, or at least a lack of vision, can threaten this bond.

[*Translation*]

By seeking common ground in our national viewpoints, we will not only be doing ourselves a mutual service, but also contributing to the betterment of life among our brothers in other nations. If our roles are sometimes different, they are nonetheless complementary and our goals must be the same. To paraphrase an old maxim: "We who imagine we can do without the world deceive ourselves greatly; but those who fancy that the world cannot do without them deceive themselves even more." Long live the United States of America, long live Canada, long live peace between men and between nations.

[*English*]

Thank you, Mr. President.

Some hon. Members: Hear, hear!

Madam Speaker: Mr. President, you have accorded Canada the distinction of being the recipient of your first official visit as President of the United States. We are touched by this honour which strengthens our awareness of the long-standing ties which link us to those we call our neighbours to the South.

Our peoples, diverse in their origins, share a history which has brought us together on a vast continent, one which both your people and ours have explored and developed. Our cultural influences derive from the same sources and unite us in a common civilization. We have, since our beginnings, built on the strength inherited from our pioneers, who were led by many different circumstances, political and economic, to the North American continent.

It goes without saying that an unfailing friendship exists between us. We applied ourselves to the task of building a prosperous country, inviting those elsewhere who sought adventure or aspired to live in freedom to come and settle with us.

From such a sequence of events, varied and often dramatic, the United States and Canada were born. While many similarities unite us, the differences we manifest are the signs of the distinct personalities which finally gave our countries their identity.

[*Translation*]

When we look to the United States, we see people that are industrious, dynamic, bold to the point of recklessness and that for a long time has been known for the scope of its discoveries and the uniqueness of its achievements. You explored space, walked on the moon and amazed the world by making dreams come true. This is proof of the spirit, enthusiasm, genius and perennial youth of America. Throughout the world, people look to you not only for inspiration but also for help and advice.

[*English*]

For our part, we have profited from your energy and dynamism. Our destiny, no matter how we view it, is closely tied to yours in our pursuit of individual freedom and the promotion

of the social and economic betterment of our peoples. The contacts between us are many and varied. Both our countries wish to maintain their respective identities while working together, each in a different way, to build a universal civilization. Your culture, your arts, your literature, your science and your technology are marvellously impressive. Our lives have been enriched by them and they have inspired our own efforts. Your example is an encouragement to us, as Canadians, to marshal our physical and intellectual resources towards the creation of a society which reflects our essential Canadian character.

Mr. President, we have listened to you with great interest. We have paid close attention to your comments, mindful of the fact that you mean to lead your country along the paths which appear to you to be the best; and that you will do so with boldness, honesty and sincerity.

As has always been the case in the past, we shall be happy to find ourselves at your side in meeting the challenges which face us all. We shall co-operate with you, and with other countries, whenever the need arises, in promoting universal well-being and protecting the peace of the world.

Mr. President, Mrs. Reagan, in expressing our thanks and appreciation, we ask you also to accept our assurance of the respect and friendship which we feel for you and your country.

I now adjourn this meeting.

THE SENATE

Thursday, March 12, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Exchange of Notes between the Government of Canada and the Government of the United States of America relating to the renewal of the Agreement on the North America Air Defence Command (NORAD). Done at Ottawa, March 11, 1981. Entered into force May 12, 1981.

DISTINGUISHED VISITOR IN GALLERY

MR. HANS J. DE KOSTER, PRESIDENT, PARLIAMENTARY ASSEMBLY OF THE COUNCIL OF EUROPE

The Hon. the Speaker: Honourable senators, I draw your attention to the presence in the South Gallery of the President of the Parliamentary Assembly of the Council of Europe, Mr. de Koster.

Hon. Senators: Hear, hear.

JUDGES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. H. Carl Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, March 12, 1981

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill C-34, intituled: "An Act to amend the Judges Act and certain other Acts in consequence thereof", has, in obedience to its Order of Reference of Wednesday, March 11, 1981, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H. Carl Goldenberg
(*Chairman*)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave, I move that this bill be read the third time now.

• (1405)

The Hon. the Speaker: Honourable senators, is leave granted?

Some Hon. Senators: Agreed.

Hon. John M. Godfrey: No. I believe I should explain my reasons.

I do not see any reason why we cannot follow the rules in this case, and consider third reading at the next sitting of the Senate. No effort has been made to show that there is urgency. The bill in question has retroactive effect so no one is going to suffer from a few days' delay, and since we discussed it for the first time only yesterday rushing it through is rather unseemly. That is why I said no.

Senator Frith: Honourable senators, I recognize that Senator Godfrey has refused leave, but since he was allowed to explain his refusal I ask permission to explain why I am asking for third reading at this time.

I can understand Senator Godfrey's feeling that it is unseemly to give third reading to any bill, with leave. The principle which he has enunciated would apply to any bill. The reason why I am asking for leave to move the third reading of this bill now is, as the records of both the Senate and the other place will show, that this matter has been before Parliament and before various governments and studied in its various forms for some years. It is our position, as I said during the debate, that this bill is long overdue.

Senator Godfrey may think it would appear more seemly to give the impression that we are all going home for the weekend to think of little else but the Judges Act, but that seems to me to be silly. I think we should give this bill third reading now, because it is so long overdue and because it does not seem to me to be seemly to act as if it is unseemly to do so.

The Hon. the Speaker: Honourable senators, I do not believe that we should debate the granting of leave. If a senator says no, then it is no, and the motion cannot be put.

Honourable senators, when shall the bill be read a third time?

Senator Frith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns

today it do stand adjourned until Tuesday next, March 17, 1981, at 2 o'clock in the afternoon.

Honourable senators, if leave is given I would like to explain.

Hon. Jacques Flynn (Leader of the Opposition): It will depend on John Godfrey.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, because of the backlog of speakers in the debate on the resolution respecting the Constitution, and because we have more business than was expected, we were looking forward to four sittings next week, and intended to move that the Senate adjourn until Monday night so that we could sit Monday night, Tuesday night, Wednesday afternoon and Thursday afternoon. I gave the impression that we would sit on Monday night to some honourable senators and particularly to our whip. I apologize to any honourable senators who made plans on the basis of being here on Monday evening.

● (1410)

After discussing the matter with Senator Flynn, we felt it would be advisable to have four sittings next week, but decided to try, next week at least, to have those four sessions by sitting on Tuesday afternoon, Tuesday evening, Wednesday afternoon and Thursday afternoon. That is the reason notice is given for 2 o'clock on Tuesday afternoon.

Hon. A. Irvine Barrow: Honourable senators, may I ask a question of the deputy leader? A meeting of the Standing Senate Committee on Banking, Trade and Commerce is scheduled for Tuesday afternoon at 2.30. It has been quite difficult to arrange for the attendance of witnesses. Am I now supposed to call them and tell them they should not come? It is also impossible for me to schedule a meeting on Thursday morning, so my week is gone as far as this committee is concerned.

Senator Frith: Honourable senators, serious problems for committees are caused whenever we sit on Tuesday afternoon, and I appreciate that fact. It was a reconciliation of some difficulties on both sides that led us to pick Tuesday afternoon. But the point raised by Senator Barrow illustrates how we always have trouble whenever we plan for sittings on Tuesday afternoons because the committees assume that that time is available to them.

Under the circumstances, I suggest we grant leave to the committee which made these plans for Tuesday afternoon to sit while the Senate is sitting.

Hon. Paul C. Lafond: Honourable senators, before we agree to that motion, may I, as the so-called co-ordinator of committees, say a word? Through no fault of the deputy leader but because I was absent from this building for the last three hours, I have just now learned of this new schedule.

We had four committees scheduled to sit on Tuesday afternoon. If I may be given leave, I would like to try, during the next hour, to shift the hours of those committee meetings. As I stated last year, due to the lack of space—and because of our staff requirements, we cannot have more than one committee sitting while the Senate is sitting. At the moment we have two committees sitting on Tuesday morning. We have four committees planning to sit on Tuesday afternoon. I suggest, if I may be given a little bit of leeway, that I try to arrange a meeting of one of those four committees on Tuesday morning, and that the Senate grant leave for one committee to sit at 1.30 in the afternoon on Tuesday, which committee will have to be determined by who the witnesses are. I also suggest that leave be granted for a second committee to meet at 4:30 on Tuesday afternoon, and for a fourth committee to meet while the Senate is sitting on Tuesday evening. In that way we would accommodate all four committees according to the space and the staff we have. I cannot at this moment say which committee will meet at which time, but if that is agreeable to the Senate, we will try to work it out during the next hour.

Senator Frith: Honourable senators, that appears to be reasonable, and I suggest we support that arrangement. I attempted to reach Senator Lafond, as he pointed out, and was unable to do so. The responsibility for the problem we are facing at this moment on this scheduling, and which we are, nevertheless, going to be able to work out, is mine. I had indicated to Senator Flynn that we would not be sitting on Mondays and Fridays until I had talked to him further about any need to do so. I did not give him sufficient notice to make any changes, and I should have, and that is why we are in this position. However, if we learn anything from this experience it is that if it is advisable for us to have four sittings a week while we are dealing with this constitutional matter and any other business, then it seems more suitable for us to sit on Monday evening, Tuesday evening, Wednesday afternoon and Thursday afternoon. If we find by this time next week, or by next Wednesday, that we shall need to sit four days the following week, then we shall be asking—and I make it quite clear now—to sit on Monday evening, Tuesday evening, Wednesday afternoon and Thursday afternoon of that week. That is subject to our feeling that we do need the four days—which we may or may not need—the following week.

● (1415)

The Hon. the Speaker: Honourable senators, I have before me a motion, a proposal and a suggestion. I think we should first make a decision on the motion, which is whether the Senate will adjourn until next Tuesday at 2 o'clock in the afternoon. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

The Hon. the Speaker: As for the other matters, honourable senators, I presume that there will be an agreement, because I have no formal motion before me.

Senator Flynn: When Senator Lafond returns to the chamber, we can give him leave to indicate the arrangements he has been able to make.

Senator Frith: I agree, honourable senators. The intention is for Senator Lafond to try to make those arrangements and then, before we adjourn this afternoon, to return to the chamber and ask for the necessary leave to implement whatever arrangements he has been able to make.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. A. Irvine Barrow, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting on Tuesday next, 17th March, 1981, and that Rule 76(4) be suspended in relation thereto.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I thought it was quite clear that in the case of the Standing Senate Committee on Banking, Trade and Commerce the arrangements referred to by its deputy chairman, Senator Barrow, were so rigidly fixed as to require that leave be given for that committee to sit. That was understood.

Hon. Douglas D. Everett: Honourable senators, that does involve a conflict, because the Standing Senate Committee on National Finance is also expecting a witness to appear before it at 1.30 on Tuesday afternoon. Would it not be better to allow Senator Lafond to make his own compromise among the committee chairmen before we begin giving leave to any committee to sit at a particular time?

Hon. Charles McElman: No particular time was mentioned in Senator Barrow's motion.

Motion agreed to.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Douglas D. Everett, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Tuesday next, 17th March, 1981, and that Rule 76(4) be suspended in relation thereto.

Hon. Jacques Flynn (Leader of the Opposition): I have no objection to the National Finance Committee being given leave to sit so long as Senator Lafond has no objection, but I had understood that Senator Lafond could hardly accommodate two committees, and we have already given leave to the Standing Senate Committee on Banking, Trade and Commerce to sit while the Senate is sitting. So where does that leave us? Perhaps Senator Everett should postpone his motion until Senator Lafond has had a chance to discuss the situation with him.

Senator Everett: Honourable senators, I am sure that among Senator Lafond, Senator Barrow and myself we can work out a compromise with respect to times.

Senator Flynn: You can do that later.

Senator Everett: If we can have leave at this stage to sit on Tuesday, we can work out the times among ourselves and come back and report that to the Senate.

Hon. Paul C. Lafond: It was precisely my purpose to obtain authority for three Senate committees to sit while the Senate is sitting on Tuesday, two in the afternoon and one in the evening. So long as the times are not determined, and those will have to be negotiated, I am not unhappy with the solution.

• (1420)

Hon. Royce Frith (Deputy Leader of the Government): Perhaps Senator Everett's question should be put by his Honour the Speaker and then Senator Grosart may want to speak to it. Senator Everett's motion is that the committee have leave to sit on Tuesday while the Senate is sitting. I understand that Senator Lafond is agreeable to Senator Everett's motion. We are not specifying the time that any particular committee will sit.

The Hon. the Speaker: Senator Grosart, this time I hope you make it.

Hon. Allister Grosart: I was just going to suggest that perhaps we need leave for the Senate to sit while the committees are sitting!

Hon. Robert Muir: On a point of order, I trust that the members of the press are taking particular note of the difficulties with which Senator Lafond, the co-ordinator of committee meetings, is confronted because of the numerous committee sittings which have to be integrated with the sittings of the Senate. I hope the press will note that many Senate committees meet in order to study the affairs of this country, yet they never receive press coverage.

Motion agreed to.

NATIONAL FINANCE

ACCOMMODATION PROGRAM OF DEPARTMENT OF PUBLIC WORKS —ACCEPTANCE OF COMMITTEE'S RECOMMENDATIONS— STATEMENT BY CHAIRMAN

Hon. Douglas D. Everett: Honourable senators, before Question Period, may I have leave to make a statement?

Hon. Senators: Agreed.

Senator Everett: Honourable senators, the Standing Senate Committee on National Finance has just concluded a meeting with the President of the Treasury Board, the Honourable Donald Johnston, and the Minister of Public Works, the Honourable Paul Cosgrove, in respect of their reply to the 62 recommendations that were made by the committee in its report on the Accommodation Program of Public Works.

I might say that the bulk of those recommendations have been accepted by the Government of Canada, and that they are in the course of being implemented.

Most especially, the meeting was called so that the ministers could announce the acceptance of revenue dependency in the operation of the Department of Public Works. I think it is best expressed by a statement filed with the committee by the Minister of Public Works, and, with leave of the Senate, I should like to read that statement.

Hon. Senators: Agreed.

Senator Everett: The statement reads:

Mr. Chairman, honourable senators,

I would like to begin by thanking this committee for its hard work and serious counsel; without your effort we would not be about to embark down such an exciting—and challenging—road. The President of the Treasury Board of Canada and I know that you share our excitement in what will be an entirely new approach to managing a common service agency in government.

As you know, Public Works Canada is one of the largest construction and real property organizations in Canada. As such it has massive holdings of buildings and land in its own right, manages property for other government departments and agencies and provides millions of square metres of space for accommodation purposes.

The department, in seeking a type of improved management practice which would ensure "value for money", had our enthusiasm fired by this very committee when, in 1978, it recommended the need for changes in the management of government accommodation and in the operations of Public Works.

This committee and the Auditor General both suggested the department be run on a "revenue dependent" basis; and the Comptroller General's IMPAC study highlighted need for improvement in management practices and controls.

I would like to refer briefly to the 1978 report of your committee, which dealt with the accommodation program of Public Works.

On recommending that my department charge user departments market-equivalent rents for all general purpose accommodation, your committee reached the conclusion, I quote,

"That revenue dependency is feasible and desirable and (the committee) recommends that the accommodation program of Public Works be operated on this principle."

It is indeed with some relish that we can now report to you that Public Works is about to embark on developing systems that respond to the recommendations made by your committee. I feel it is most certainly the best way to manage a department that is to all intents and purposes a large realty company working within the aegis of the Government of Canada.

The decision by cabinet is significant in that it will establish a single system for managing accommodation. Within this system departments will pay rent for space and fees for services they obtain from Public Works.

Rental cash flow and related expenses would be accounted for in one revolving fund, while a second revolving fund would account for Public Works' fees and expenses. Public Works would be expected to rely on these fees to pay for its own operating and management costs.

Capital construction costs and the provision of some specialized services will continue to be funded through parliamentary appropriations.

Formal agreements will be encouraged between Public Works and our clients; these will delineate services to be rendered as to time of delivery, quality of service, costs, etc. There will thereby be an objective means of assessing whether or not Public Works is delivering as agreed.

● (1425)

The effect will be to create better service for our clients, will lead to better management and financial control, and to savings for the government, which are objectives I know the committee fully supports.

And in addition to that, I believe implicitly that the new mode of operation will also raise the morale of Public Works employees for, if we do good work, it will be readily apparent.

There is no way in which this changeover can take place immediately because of the lead time needed to design and install the commercial-type accounting systems and change the budgeting and estimates process. As new systems are developed they will be put in place, and simulated processes will be used to familiarize staff with these systems. A thorough evaluation of the complete system will take place according to terms of reference agreed to by officials of Treasury Board, Office of the Comptroller General, Privy Council and Public Works. Copies of these terms of reference are available for your information. The start-up of actual charging will be set by the government only after this evaluation is completed.

I want to thank publicly, first, those in my department who have labored to bring us so far, but even more so the members of this committee. Without your recommendations we would not be in a position to begin our drive to provide the most positive answer to the government's concern for improved administrative effectiveness.

Honourable senators, I also ask leave to append the introductory remarks of the President of the Treasury Board and a statement on the status of the implementation of the recommendations that were made in the report, most of which, as I have said, have been implemented.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of documents, see Appendix, p. 2048.*)

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

GOVERNMENT POLICY RE SIGNING OF TREATIES WITH UNITED STATES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in connection with comments made earlier this month, and especially yesterday, by the Secretary of State for External Affairs concerning the attitude of Canada with regard to the negotiation of future treaties with the United States.

Mr. MacGuigan is reported, on page 8127 of Commons *Hansard* for yesterday, to have said:

> Certainly, our disposition at this point is that in a case where there is a question, because of the nature of the negotiations, that there might not be subsequent ratification by the Senate, to seek some kind of assurance from the senators in advance either in the form of a resolution, in the form of letters or in the form of direct assurances which are funnelled through the Secretary of State, to seek assurances from the U.S. Senate before the treaty is signed that it will be ratified by the Senate.

Earlier, the Honourable Allan Lawrence asked if the minister had any commitment that the U.S. Senate would ratify either one or both of those treaties. In reply, Mr. MacGuigan said:

> —I think that even if the United States administration were to offer a commitment at this point that the Senate would do something, we would treat that with a certain degree of scepticism. Obviously we could not have an assurance of that kind. All we have are assurances that the administration will do its best to secure that agreement.

Could the Leader of the Government provide some clarification on what the Secretary of State for External Affairs means by that kind of policy? Does he mean that we would not enter into any negotiation with the United States unless we have assurances that the U.S. Senate will eventually ratify any agreement we may reach with the U.S. administration? Is that the position we will henceforth take in our negotiations with the United States?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. It really deserves a formal type of reply. However, in the past there have been occasions when commitments made by the administration in the United States have subsequently not been supported by the actions of the U.S. Senate. Indeed, there are many significant historic examples of that. It is not a new phenomenon.

[The Hon. the Speaker.]

The Leader of the Opposition has requested further explanation of the statement made by the Secretary of State for External Affairs. I am afraid that I do not wish to hazard an explanation because I have not been provided with a copy of that statement. However, with respect to the proposed fisheries treaty, the Right Honourable the Prime Minister did say yesterday, in reference to his conversations with the President:

● (1430)

> It began, of course, with an expression of our deep disappointment at the fact that the fisheries treaty had been withdrawn by the United States from ratification because from the outset we had argued, when these discussions began several years ago, that linkage between the boundaries settlement and the fisheries was not only necessary but it was obvious from the nature of the two agreements. And we are disappointed at the delinkage, and that has been expressed very clearly to the United States as I said in the House of Commons a few days ago, I think it fair to put the best possible light on this and that is certainly in keeping with the attitude the discussions assumed.
>
> The fisheries treaty was bogged down for a couple of years in the Senate—

Honourable senators are most certainly aware of that fact.

The Prime Minister continued:

> —and we view the United States gesture withdrawing that treaty as an indication of the determination to solve the problem in other ways because we made it quite clear that the two problems have to be solved, it is not just a matter of having the Courts determine the boundaries, it is a matter of making sure that though there will be no fish war, we gave each other the assurance of that, and we will take measures to make sure it does not happen.

With regard to seeking assurances from the Senate, I do not have further explanatory material from the Secretary of State for External Affairs, but he will be requested to provide further amplification.

Senator Flynn: Does the Leader of the Government suggest that we should take the statement of the Prime Minister rather than that of the Secretary of State for External Affairs?

Senator Perrault: Honourable senators, I do not believe that the two statements are in conflict at all. Indeed, one of the features of this government is the remarkable degree of unanimity between ministers and the Right Honourable the Prime Minister.

Senator Flynn: If you say so.

An Hon. Senator: They are all yes men; they are unanimous.

[*Translation*]

THE CONSTITUTION

EFFECT OF PROPOSED CANADIAN CHARTER OF RIGHTS AND FREEDOMS ON EXISTING LEGISLATION

Hon. Arthur Tremblay: Honourable senators, my question is for the Leader of the Government. It concerns the implications

of the Charter of Rights included in the proposed resolution now under consideration in this assembly and in the other place about the laws of this Parliament and the provincial legislatures which are now in effect.

The Quebec government has asked three distinguished jurists, including a former judge of the Supreme Court of Canada, Mr. Yves Pratte, to give their opinion "about the effects on Quebec laws and regulations of enshrining in the Canadian Constitution a Charter of Rights and Freedoms similar to that which is contained in the Constitution Bill, 1981," in view, for instance, of sub-section 58(1) of this bill which provides that any law of Parliament or of a province which is inconsistent with the provisions of this bill will have no force or effect.

My question is as follows: Has a similar study been made or sponsored by the Minister or the federal Department of Justice concerning the effect of the Charter of Rights and Freedoms on the federal laws, that is those passed by this Parliament?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice, honourable senator.

[*Translation*]

Senator Tremblay: In that case, if I may, I would like to further amplify my question so that we may receive some information which would be extremely useful in the present debate. If such a study has indeed been made, I would add the following question: Could this study be made available to the Senate and tabled in this assembly so that we may make full use of it in our discussions?

If the reply is "not as yet", I would rephrase my question for the future and ask instead: Does the Department of Justice intend to make such a study shortly?

[*English*]

EFFECT OF PROPOSED CANADIAN CHARTER OF RIGHTS AND FREEDOMS ON LAW ENFORCEMENT

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. There has been concern expressed by Chief Ackroyd, of the Metropolitan Toronto Police, and other law enforcement officers that the exclusionary rule proposed in the Charter of Rights will create in Canada the type of serious problems encountered by U.S. law enforcement officers, in that all evidence that is illegally obtained is automatically excluded from admission in court, no matter how relevant it is to the issue of proving guilt.

Will the leader assure the Senate that the Charter of Rights will take into consideration the legitimate concerns expressed by law enforcement officers, whose past record and dedication we all respect?

Furthermore, I would like to invite the leader and honourable senators to read an article which appeared in the *Globe and Mail* on March 11, 1981, entitled, "The Pitfalls of Americanizing the Canadian Criminal Law," by Roderick McLeod, a spokesman for the Canadian Association of Crown Counsel and Assistant Deputy Attorney General of Ontario.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

FOREIGN AFFAIRS

NATIONAL ENERGY PROGRAM—CONSULTATION WITH OECD

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to ask a question of the Minister of State for Economic Development in connection with the obligations of Canada in respect of the Organization for Economic Co-operation and Development.

The Honourable Allan J. MacEachen, who was Secretary of State for External Affairs at the time, spoke on behalf of the government in Paris in June 1976 respecting Canada's commitment or subscription to investment issues and guidelines for multinational enterprises. After explaining the special position Canada takes in this matter with respect to the Canadianization of some aspects of our industry, if I may interpret it rather loosely, he concluded that Canada, is therefore in a position "to accept the declaration and the commitment to notify and consult." I direct your attention to that phrase, "the commitment to notify and consult."

Did the Government of Canada consider that it was necessary to notify and consult with the Organization for Economic Co-operation and Development before the implementation of the National Energy Program?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice and will find out the details with respect to that.

I am sure my honourable friend understands, however, that there were some matters in connection with the National Energy Program which were announced in conjunction with the budget. Indeed, it is not normal to consult outside of government at any time with respect to budgetary matters when there are some tax changes which are announced to become effective on budget night.

In addition to taking the question as notice—and I will obtain a more complete answer—I can suggest to my honourable friend that we believe that, with respect particularly to energy, although there were some other things that the minister alluded to, we asked for and obtained some exceptions to the principle because of the special nature and the size of foreign investment in Canada.

Senator Roblin: Honourable senators, I have the statement that the minister made at the time in front of me, so I am aware of his comments in respect of that. However, my point is not in connection with those exceptions which he made. I am concerned about what "the commitment to notify and consult" really means. If the minister could enlighten me on that point, we might then be able to follow the activities of the government since the budget was announced, because, after all, that took place last October. If there is a commitment, no doubt it has been fulfilled by this time. I would be interested in knowing the answer to my question.

Senator Olson: I will take that as notice, honourable senator.

● (1440)

LAW OF THE SEA CONFERENCE—FISHING PERMITS

Hon. Guy Williams: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate.

Having spent many days in the Law of the Sea Conference, in which upwards of 150 nations participated, it now appears that the United States is going to scuttle the several years' work of this conference. Will Canada continue to issue permits for foreign nations to operate and fish within the 200-mile zone? I am not referring to the 12-mile limit.

If the answer is not forthcoming at this time, I would like to have it at a later date.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

CANADA-UNITED STATES RELATIONS

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP

Hon. Heath Macquarrie: Honourable senators, I have a question about an international body of long standing and of great repute, namely, the International Joint Commission, which is often viewed as a model for such bodies by students of international bureaucracy. This commission is at present in a state of inactivity because the three American commissioners have resigned, and in a situation unusual in the United States, have not been replaced. Canada has only one commissioner.

I am now asking the Leader of the Government in the Senate if he can give us the assurance that the Government of Canada will demonstrate its appraisal of the importance of this body by immediately, or quickly, bringing our section up to strength, so that the important work of the International Joint Commission will not languish completely.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the dismissal of the three U.S. commissioners means that, unfortunately, the IJC has only one commissioner at the present time—a Canadian, Jean Roy, of Timmins, Ontario.

The government is in the process of selecting appropriate persons to fill the Canadian vacancies, which were caused by the resignation of the Canadian chairman, Stuart Hodgson, and the scheduled retirement of Commissioner Beaupré. We expect to announce those appointments shortly. We hope that the U.S. government will appoint new commissioners in the near future.

The commission completed a large number of outstanding tasks prior to the departure of the Canadian chairman. We are confident that the staff of the Canadian and U.S. sections will be able to operate effectively for a short time until new commissioners are appointed.

[Senator Roblin.]

ENERGY

OIL PRICING—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Jack Austin: Honourable senators, I would like to ask the Minister of State for Economic Development a question with respect to the possibility of the resumption of active discussions between the federal government and the Province of Alberta on the question of an oil pricing regime for Canada.

Could the minister advise us as to whether those discussions can be expected to proceed in the next several days, and has the Government of Alberta now indicated its willingness to meet at the ministerial level to review pricing arrangements?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, when an indication is made to the federal government by the Government of Alberta, that indication will obviously be made known to the minister directly responsible, namely, the Minister of Energy, Mines and Resources.

I cannot say, at this time, that we have a positive indication of any specific date with regard to when those negotiations will resume. I can assure my honourable friend that the federal government regards the resumption and reasonably speedy resolution of the outstanding difference between the two governments as a very high priority.

ALBERTA

PROVINCIAL REFERENDUM BILL

Hon. Jack Austin: Honourable senators, I wonder if the honourable minister could advise us as to whether the federal government has received any information or has any knowledge with regard to the purposes of the referendum bill now before and being proceeded with by the Alberta legislature. The information given in the press is that the provincial government is seeking authority to conduct a provincial referendum in the province of Alberta.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not know of any official or any other reason for this having been passed directly to the federal government; but I can make some inquiries and find out whether any indication has been made to any minister of the federal government as to the reason for proceeding with that bill at this time.

THE ESTIMATES

REDUCTION IN ECONOMIC DEVELOPMENT ENVELOPE

Hon. Guy Charbonneau: Honourable senators, I would like to address a question to the Minister of State for Economic Development.

The minister is no doubt aware that the recent estimates tabled by the government provide for a cut in the economic development envelope, for which he has responsibility, of $282 million, over what had been promised in the October budget—a cut which was the largest of any, in both absolute and

proportionate terms. I am wondering as to what reason the minister can give for this lessening of priority with regard to economic development.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I think the Honourable Senator Charbonneau ought to check his figures. I do not believe that there is a cut of that magnitude. Indeed, there is an increase. Perhaps he is having the same problem as certain others, who are not adding up the same things. There is an over-all increase of 22 per cent, over and above a base budgeting, within the statements that have been made, and indeed, I think, to the extent that that is possible, this is also reflected in the estimates.

What happens between the estimates, of course, and the compilation of them, is that they can be somewhat at variance, because if the specific amounts assigned to particular programs have not been worked through—and there are one or two such programs, such as the industrial adjustment fund—then of course there will be some difference between what is in the so-called blue book of the estimates and what might have been announced in the budget.

Senator Charbonneau: As a supplementary, I see here in table 14, "Fiscal Plan by Envelope," on page 30, that economic development for 1980-81 was $5,883 million, and for 1981-82, $7,155 million. That is the budget. In the estimates it is $6,873 million.

Senator Olson: Well, honourable senators, I will be very happy to take those figures and refer them to the officials, who can give a very detailed, and, I am sure, a very clear and complete explanation of them.

PUBLIC SERVICE—GOVERNMENT POLICY

Hon. Richard A. Donahoe: Honourable senators, I have a question that I would like to address to the Minister of State for Economic Development. This also stems from the estimates.

Some time ago the Auditor General made a statement respecting the public service to the effect that it was operating only at 60 per cent efficiency. Last April the President of the Treasury Board undertook to take steps to reduce the size of the public service. I observe, however, that the main estimates provide for a net increase of 3,085 person-years during 1981-82.

My question is: Would the minister care to indicate to this house what provoked the government to break its commitment in this matter?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, that is an unfair question based on those factors. The government is not breaking its commitment. Obviously, there are some government services involving essential personnel, such as in the surveillance of our fishing waters. There are also certain such areas in law enforcement within the RCMP. We have stated all along that we are not going to hold man-years down to any level in those areas. I think the honourable senator needs a better explanation of what he is looking at.

● (1450)

Senator Donahoe: I have a supplementary question. I understand what the minister said in reply. Would the honourable senator agree that if the government has not broken its undertaking, then the President of the Treasury Board has broken his undertaking?

Senator Olson: Honourable senators, I do not accept that kind of accusation because it does not correspond with the facts. I suggest that the honourable senator examine the matter more closely. If he wishes to examine the matter on a global scale, he will find that since 1976 the totality—

Senator Flynn: Totality?

Senator Olson: —the size of the public service has grown at a rate which is substantially less than the rate of growth of the economy. What was important, even in the beginnings of the policy, and it has been repeatedly stated, is that some areas were considered exempt from the policy. I have identified a couple of areas, and there are more. The senator will find that the policy is in complete compliance with the government's stated intentions.

Senator Donahoe: Honourable senators, I do not wish to engage in a debate, but it appears to me that what the honourable senator has said is reminiscent of Mackenzie King's position on conscription which was "Conscription if necessary, but not necessarily conscription."

Am I to understand from the honourable senator's reply that when he says, "We will reduce the size of the public service", he means it will be reduced—unless he finds it convenient to go in the other direction and increase its size?

Senator Olson: Honourable senators, what is perfectly clear is that Senator Donahoe is giving an interpretation to my remarks which is simply not there. If he is incapable of understanding that there are essential government services which must expand as their requirement dictates—and I have stated the exceptions—then that is his problem. I have given the correct explanation. I suggest that the honourable senator take some time to make the calculations, or is he advocating that we not recruit people for law enforcement, fisheries surveillance and other essential services?

Senator Donahoe: The President of the Treasury Board does not understand that.

Senator Olson: If that is what the senator is advocating, that is certainly a change from the stance of his party.

GRAIN

STUDY BY CANADIAN WHEAT BOARD ADVISORY COMMITTEE

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am disappointed that the Minister of State for the Canadian Wheat Board has seen fit to leave before we could get around to questioning him, but I am mollified by the

fact that the Minister of State for Economic Development is here, because, as he displayed yesterday, he knows a thing or two about farmers, so I will try my questions on him to see what he has to say.

Is the minister aware of the fact that the Advisory Committee to the Canadian Wheat Board, I believe in the latter part of 1980, held a closed meeting to discuss the probability of the western Canadian agricultural wheat-producing area meeting the targets which were stipulated for the next five years? It has been proposed that we increase our production of grains from 20 million tonnes to 30 million tonnes.

As the study of this matter by the Canadian Wheat Board advisory committee was *in camera*, and since nobody seems to know what they found, is the minister prepared to make that study available to us?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give a direct commitment to make the study available. However, I will certainly convey the honourable senator's request to the minister responsible for the Canadian Wheat Board who, I presume, in turn, will ask that advisory committee whether or not they wish their findings to be made public or whether they are considered internal and for their own purposes. When I have a reply, I shall communicate it to my friend.

Senator Roblin: Honourable senators, to be sure, I anticipated a reply, but I can hardly believe that, as a matter of public policy on a matter as important as this to the farmers of western Canada, there can be any question of the facts being revealed to the people who, in my opinion, have a right to know. These findngs are particularly important to western farmers at the present time because a study prepared for the National Harbours Board and the Grains Group in Ottawa, released in the past few days, throws considerable cold water on the prospect that western Canadian agriculture will be able to meet these grain commitments in the stipulated five-year period.

It is a matter of some importance that the farmers learn what the advisory committee to the Wheat Board found so that it may be examined in conjunction with the report prepared for the Grains Group in Ottawa. While I am on my feet, I would appreciate receiving a copy of the report made to the Grains Group in Ottawa, so that the studies may be compared.

Senator Olson: Honourable senators, Senator Roblin has said that he anticipated the reply and then went on to argue that the finding of the advisory committee ought to be public information. I believe I should repeat to him that what I was doing was indicating that we would not give an undertaking to make available the findings of a study which was made *in camera*, or internally, by any committee. As a matter of courtesy I made the proper comment that we would make a request. It may be that the committee is ready to make their findings public. Certainly, when a request is made, an explanation of when, where and so on will be forthcoming. It seems to me that within the dictates of courtesy I made the proper reply.

[Senator Roblin.]

Senator Roblin: I appreciate that courtesy is not a virtue to be despised.

Senator Olson: That's right.

Senator Roblin: However, we are dealing with a public body which must be responsible to somebody. It cannot hold private meetings concerning grain production in western Canada as the advisory committee to the Wheat Board, which in itself is an arm of the government. The government has a responsibility to produce this information. If it does not produce the information, then it should have a very good reason, because many farmers in western Canada are looking for answers.

Senator Olson: Honourable senators, I am sure that the honourable senator knows the pitfalls of such an argument. One pitfall is that the members of the advisory committee to the Canadian Wheat Board are elected in their own right from within the various zones across western Canada. Certainly, they have the right to conduct their meetings or investigations in any way they choose. While the honourable senator may wish to ridicule my remarks on extending this committee the courtesy to make its own decision on what it wishes to do, I can tell him that I respect their right to receive a request as opposed to a demand.

Senator Roblin: Honourable senators, I do not object to that, and my honourable friend can make as many requests as he elects. I am sure that that is an interesting way of obtaining the information. However, what I am interested in is results. If the honourable senator comes back to this chamber and tells me that he was unsuccessful in obtaining this information, he will hear more from me.

Senator Olson: I expect I will, but I did not expect the honourable senator to nail me with regard to the difference between "demand" and "request." I gave my interpretation of the situation. I want the honourable senator to understand that I have a great deal of respect for the ability of people to make decisions as to the way in which they conduct their business and as to whether they wish to make certain information public.

Senator Roblin: It will take a better man than me to nail my honourable friend, because he is about the slipperiest customer I have ever come across.

Senator Olson: Second to the slithering which goes on across the way.

POST OFFICE

EFFICIENCY OF MAIL SERVICE

Hon. Lowell Murray: Honourable senators, I direct my question to the Leader of the Government who, as an avid reader of the Vancouver *Sun*, will no doubt have seen the reports to the effect that some 50 per cent of the business of the United States post office in Blaine, Washington, comes from Canadians who are slipping across the border from his province, British Columbia, to use the relatively more efficient services of the U.S. postal department.

Would the minister indicate whether the government has any plans to improve the lamentable situation in our own Post Office and, in particular, whether he has considered consulting our colleague, Senator Denis, who was the last Liberal Postmaster General to succeed in getting the mail delivered on time?

Hon. Jacques Flynn (Leader of the Opposition): That is a long time ago.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I see that Senator Denis is leaving to mail a letter. Considerable effort is being made to improve the Post Office service in Canada. I have read the reports about the activities of some Canadians, who apparently see economies in driving to the United States to mail letters. One must question the economics of such safaris. Of course, the reports are of some concern, but there is no official statement from the office of the minister responsible for the Post Office.

● (1500)

BUSINESS OF THE SENATE

Hon. Paul C. Lafond: Honourable senators, if I may I will recap the situation which we discussed earlier this afternoon. The Special Joint Committee on Official Languages will meet as scheduled on Tuesday morning at 9.30 in room 356-S; the Standing Senate Committee on Foreign Affairs, Subcommittee on National Defence, will meet on Tuesday morning at 10.30 in room 256-S; the Standing Senate Committee on National Finance will meet as scheduled at 1.30 in the afternoon in room 256-S. Senator Everett has agreed to conclude his meeting before 4 o'clock in the afternoon. Senator Barrow has agreed to delay the opening of his meeting from 2.30 to 3.30 in the afternoon, or at 4 o'clock, as the case may be, and will meet in room 356-S. Senator Hastings has agreed that the Special Committee on the Northern Pipeline, which was scheduled to meet *in camera* at 5 o'clock in the afternoon, will hold its meeting at 6 o'clock over dinner at a time and place to be announced.

The Standing Senate Committee on Health, Welfare and Science was scheduled to meet at 5 o'clock in the afternoon. The chairman is not here, but he is being informed of my suggestion. I can only suggest that that committee meet at 8.30 in the evening. I cannot determine whether the witness they have called is from Ottawa or from out-of-town. If acceptable, that would be the solution. If the chairman wishes to cancel the meeting altogether, it will be up to him to do so.

The Standing Senate Committee on Agriculture was scheduled to meet at 4.30 p.m. on Tuesday. The witnesses are public servants from Ottawa so we might, in view of the circumstances, depart from the established procedure and permit that committee to meet on Wednesday morning at 9 o'clock. The chairman may wish to postpone that meeting.

ENERGY

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer to a question asked on February 26 by Senator Roblin concerning a recent statement made by the Minister of Employment and Immigration.

(*The answer follows:*)

> I am informed that my colleague, the Minister of Employment and Immigration, was in Winnipeg on February 25 to address a group of senior DREE officials. I have seen a copy of Mr. Axworthy's speech and I can report to the honourable senators that the theme of his remarks was the challenges and opportunities facing western Canada today.
>
> Nowhere in the text of this statement did I see a reference to Alberta's "blackmailing" the rest of Canada. Quite the opposite, I believe that my colleague was encouraging a co-operative approach in which Canadians would work together in unity to build a strong future. This is the goal of our government.

I did obtain a copy of this speech, and instead of reading it into the record, I would be happy to give Senator Roblin a copy of it.

Hon. Duff Roblin (Deputy Leader of the Opposition): If my honourable friend would give me a copy, and other senators do not object, that would suit me.

PRESIDENT OF THE UNITED STATES

VISIT TO CANADA—AGENDA ITEMS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a number of questions were raised yesterday with respect to the visit of the President of the United States to Canada, and I have some material now regarding the agenda items.

On the questions about Garrison and related matters of the environment, the President in his Address to Parliament, provided assurances that the United States "wants to continue to work co-operatively with us to understand and control air and water pollution." He also specifically undertook to continue joint "efforts begun with the Great Lakes Water Quality Agreement of 1972 to protect our joint heritage in the Great Lakes."

Elsewhere, the President noted that negotiations with the aim of concluding a bilateral agreement on transboundary air pollution should begin in June, 1981, as envisaged in the August 1980 Memorandum of Intent.

With respect to the Garrison diversion project, in the talks with the Right Honourable the Prime Minister of Canada, the President expressed a firm assurance that the United States would not contribute to the pollution of Canadian waters in any such project.

With respect to the National Energy Program, the United States government naturally has some interest in it. What came out of the visit was an understanding that U.S. concerns can be adequately dealt with through ongoing discussions between officials. In short, the U.S. government does not have a political problem with the National Energy Program.

Secretary Haig, in commenting on the withdrawal of the recent critical U.S. communication on the National Energy Program, said: "It did not represent the opinion of myself or, I think, the administration." This is a very clear indication that the U.S. government is not challenging the National Energy Program. Understandably, the U.S. government wishes to ensure that in implementing the National Energy Program, Canada will honour its international obligations. It is the intention of the government to do so.

With respect to the Northern Gas Pipeline, as the Secretary of State for External Affairs told the house on March 10, the Reagan administration has now reaffirmed the assurances provided last summer by his predecessor, President Carter.

Secretary Edwards' letter states:

> The U.S. Government is firmly committed to the completion of the Alaska Gas Pipeline in conformity with agreements between our countries.

President Reagan said:

> We strongly favour prompt completion of this project based on private financing.

Secretary Haig made this remark:

> We are going to do all within our power to see that private financing is available. We are going to seek as soon as possible the completion of the U.S. segment . . . through (private financing.) And that's a reassurance and a restatement of our earlier assurances in this area.

The project has from the beginning been conceived as a privately financed undertaking. It was on this basis that the two governments approved the Northwest Foothills proposal. President Carter's assurances were on this basis. For any U.S. official even to suggest a willingness to consider government financing, would remove the pressure on the companies to arrange private financing. It would clearly be irresponsible for the Canadian government to expect this of the Reagan administration.

A private financing plan is expected to emerge in the next few months. At the March 10 press conference Secretary Haig refused to prejudge that plan or the U.S. government's reaction to it. This does not indicate a weakened U.S. commitment, but it simply recognized that the details of how the United States segment will be financed have yet to be finalized.

VISIT TO CANADA—STATEMENT TO PRESS BY PRIME MINISTER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a transcript of a statement given yesterday by the Right Honourable the Prime Minister at the conclusion of the visit of President Reagan and Mrs. Reagan. If honourable senators feel there is any value in it, I would be pleased to ask that it be incorporated in the record of today's proceedings. It touches on other matters which were discussed in those talks between the President and the Right Honourable the Prime Minister.

Some Hon. Senators: Agreed.

(*The statement follows:*)

> Ladies and gentlemen of the press; the point has been made many times that we are happy to have received President Reagan and his ministers and officials.
>
> We want to report briefly this morning on the conversations and discussions which took place between us. I would merely preface them by saying that at the beginning of a new administration, we were surprised and delighted that so much ground could be covered in such a positive way.
>
> There is no subject and no grievance, if I could use the word, which the United States was not prepared to discuss and indicate a will to settle.
>
> We discussed yesterday morning mainly the area of international affairs, and we had a very wide-ranging 'tour d'horizon'. We talked of Afghanistan, Poland and the Middle East. We talked a fair amount of the Caribbean and Central America, and on El Salvador in particular there was agreement, as I could sense it, that the solution there should be a political solution and that we would work in whatever way we could to ensure that the moderates were those who took over and not the extremists of the right or of the left.
>
> We, as you know, reached an agreement on NORAD which will be signed imminently. We have reached an agreement on social security also; much of the work in these two areas had been done before we even sat down to talk because you realize, as we do, that every day of the week there are contacts between officials of both governments on a multitude of subjects, and what we concentrated on in our brief meetings was mainly in the area of disagreement or a need to clarify our respective positions. And I would say that on the two main areas of bilateral concern, we were very pleased with the ultimate response of the President of the United States.
>
> It began, of course, with an expression of our deep disappointment at the fact that the fisheries treaty had been withdrawn by the United States from ratification because from the outset we had argued, when these discussions began several years ago, that linkage between the boundaries settlement and the fisheries was not only necessary but it was obvious from the very nature of the two agreements. And we are disappointed at the delinkage, and that has been expressed very clearly to the United States. As I said in the House of Commons a few days ago, I think it is fair to put the best possible light on this and that is certainly in keeping with the attitude that the discussions assumed.
>
> The fisheries treaty was bogged down for a couple of years in the Senate and we view the United States gesture

withdrawing that treaty as an indication of the determination to solve the problem in other ways because we made it quite clear that the two problems have to be solved, it is not just a matter of having the Courts determine the boundaries, it is a matter of making sure that though there will be no fish war, we gave each other the assurance of that, and we will take measures to make sure it does not happen.

No one would benefit if the fish ultimately were fished out by the extraordinary capacities of the Canadian fishermen to go ahead and fish if they see that there are no limits and that the Americans are not respecting them. So, in this sense, we are very happy that the United States administration has undertaken to assure fish conservation measures in that area and we are hopeful that the problem will be settled in that way. Indeed, we are more than hopeful, we are confident that it will.

The other area, of course, of great concern to Canada was cross-boundary pollution either through acid rain, Great Lakes water pollution or the particular case of the Garrison diversion, and on all these matters, I think it is fair to say that the United States, as the President had occasion to repeat in the House of Commons a few moments ago, we have the assurances that the United States has the will and the determination to co-operate with us in preserving the environment for ourselves and for posterity.

We talked about the pipeline, the Northern Gas Pipeline, and you have heard the President of the United States give us the assurance that they were determined to see it to its successful completion and, therefore, to carry out the undertakings we had had from the previous administration.

We talked about many other bilateral subjects in the area of trade. We said that the Auto Pact discussions should be pursued and continued. In the area of mass transit transportation, the United States has agreed to consider ways in which agreement and the buy-America provisions can be made to operate in a fair way to Canada.

We discussed other economic subjects, but I think it is important, in conclusion, to remind you that the impression that I got from our discussions with the American President and ministers was that we were doing this in the best possible of spirits and attitudes. We did not approach this as a zero sum game. We think that there can be beneficiaries on both sides in all these areas whether it be from the environment or trade. We do not see these negotiations as terminating in a victory for one and some losses for the other. On the contrary, the spirit and reality of these discussions and, I am convinced, of the future of our relations with President Reagan and his administration will be that both sides can come out the gainers if we solve problems of the environment, problems of boundaries or of fisheries, problems of trade, problems of social security, and that both sides have it to their advantage to look at international problems in that same light too because we share the main objectives of liberty and justice.

I expressed, for my part, that there might be some future meetings between the President of the United States, the President of Mexico and the Prime Minister of Canada, if we could have such meetings to try and share common views of people who inhabit the world, particularly as we regard international developments. We will be meeting again, the President and I and the other summiteers in July, and I think that we have shown, at least by our meeting in this past day and a half, that we intend to continue our consultations. I did make the point, and I think the President agreed, that our reaction to tensions in Poland, as different from our reaction to events in Afghanistan more than a year ago, showed that we had learned from the lesson of Afghanistan and that we understood that one of the most important things we could achieve, as like-minded countries, was to consult in order that we not react in disarray to crises or possible tensions in other parts of the world but that we act, in fact, as we are in spirit, with unison and with dedication to the spirit of freedom.

That is about all I think that I have to say, Mr. President, and it is up to you now to try and satisfy those who were not satisfied by me!

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked on March 2 by Senator Asselin. His question was: When will the government cease trying to encourage a merger between the Lizotte group and Regionair? His second question was: Will a decision be made shortly and when will it be made?

The Minister of Transport has stated several times in the past, most recently in the house on February 17, 1981, that he is prepared to have Nordair sold to Regionair, a grouping of investors from Quebec and Ontario, provided certain conditions are met. To date these conditions have not been met and, accordingly, a sale has not been announced. In the circumstances, whether and when these conditions are met and a sale can proceed is difficult to say, but some progress has been made with the passage of time.

As previously explained by the minister, Regionair is a holding company created by prospective investors from Quebec and Ontario, which could purchase Nordair and Quebecair, and perhaps Great Lakes Airlines, with the purpose of eventually integrating regional air carrier services in Ontario and Quebec. The conditions the minister has imposed on any sale to Regionair include a balanced ownership distribution between the prospective investors from Quebec and Ontario, and a reconciliation of employee interests, manage-

ment interests, particularly that of Nordair, and union interests.

It should be clear from the foregoing that the minister is not encouraging a merger between the Lizotte group and Regionair.

However, the minister recognizes the important contribution that Mr. Lizotte and the existing management at Nordair, as well as the employees, could make to a successful and harmonious integration of the management and unions of both Nordair and Quebecair.

• (1510)

CONSUMER AND CORPORATE AFFAIRS

OIL COMPANY PRICING PRACTICES—INQUIRY BY RESTRICTIVE TRADE PRACTICES COMMISSION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday, Wednesday, March 11, Senator Flynn asked a supplementary question regarding the oil company pricing practices inquiry.

Section 13 of the Combines Investigation Act provides that the Director of Investigation and Research may apply to the Attorney General of Canada to appoint and instruct counsel to assist in an inquiry. As I have already indicated, that is what occurred in relation to the petroleum inquiry.

Honourable Senator Flynn, with his extensive background in that area, knows the nature of legal advice given in such circumstances has always been considered to be confidential and is treated as such.

BORROWING AUTHORITY

NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Leave having been given to revert to Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and consider the subject-matter of the Bill C-59, intituled: "An Act to provide supplementary borrowing authority", in advance of the said Bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

CANADA STUDENT LOANS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel Riley moved the second reading of Bill C-55, to amend the Canada Student Loans Act.

He said: Honourable senators, in explaining the principle of this bill I will try to be brief. In 1979 a federal-provincial task force on student assistance was set up. It reported on December 2, 1980. The report was tabled on January 27, 1981, being a major report on financial assistance to Canadian post-secondary students, and was released jointly by Lynn Verge, President of the Council of Ministers of Education, Canada, and Francis Fox, Secretary of State and Minister of Communications. That task force, composed of federal and provincial officials, was asked to formulate alternatives for the consideration of ministers of the federal and provincial governments for the continuation, modification or replacement of existing policies and programs of federal and provincial government assistance to financially needy Canadian post-secondary students.

The report reflects the task force's activities in a number of key areas: a review of past studies in the area of student assistance, both in Canada and elsewhere; an analysis of existing student aid programs in Canada; and the consideration of the potential future trends that might bear on student aid in the 1980s. In addition, the task force brought together detailed statistical information on the operation of existing federal and provincial student aid programs.

The task force received some 300 submissions from interested organizations and individuals, and conducted three special surveys—one of the general student population; a second of graduates of post-secondary programs; and a third of financial aid for students in colleges and post-secondary institutions.

At the request of student organizations and the Council of Ministers of Education, Canada, and of the Secretary of State, they agreed that adequate opportunity should be given to students, student groups and the public generally to provide input into the report. Accordingly, comments are invited by June 1, 1981. The two levels of government have agreed that the task force will be asked to receive this public input and present analysis for ministerial consideration by December 1981.

A number of briefs have been presented and some oral representations have been made by student organizations across Canada, by universities and by other interested parties. In the meantime, however, before the task force assesses and reports on these briefs and makes its recommendations to the federal government, it has been considered necessary to introduce some interim amendments to the statute. Those interim amendments are contained in Bill C-55.

With the consent of all parties, Bill C-55 was passed in the other place on February 6 without being referred to committee, for the reason that there is considerable urgency surrounding the printing of material which will be necessary if the bill is passed. To put it another way, honourable senators, you will appreciate that should this bill be approved, it will be necessary to print and issue with dispatch new brochures to all concerned, together with the necessary modified application forms. If the measures are to take effect during the 1981-82 school year—and I know that honourable senators are interested in seeing that they do come into effect as soon as possible—the necessary materials will have to be in the hands of students prior to the end of the current academic year, which is the spring of 1981. To accomplish that will require a lot of

printing and preparation of brochures, which must be in the hands of the students in order that they can make their applications early in the spring.

That is the main reason for our asking members of the Senate on both sides of the house for their co-operation in seeing that the bill is passed as soon as possible.

The bill is rather important for Canadian students. Those who will benefit most from this measure are the students of this country. I think it is commendable that the members on all sides of the House of Commons expedited the passage of this bill on February 6 in order to meet the deadlines necessary for the printing and preparation of the brochures and application forms.

As I have said, Bill C-55 proposes amendments to the Canada Student Loans Act. That act, as honourable senators know, enables full-time post-secondary students in financial need to obtain loans to assist them to meet their educational costs when they would otherwise be unable to pursue their personal educational goals.

● (1520)

The amount of loan assistance granted to an individual is determined by provincial authorities in accordance with minimum criteria agreed to by all participating provincial governments and, of course, the federal government.

The loans are advanced by chartered banks or other designated lenders such as credit unions. The Canadian government pays the interest charges on the loans while the students are enrolled in university or in community colleges and for a six-month period thereafter. These loans are guaranteed to the lenders against any loss under the program.

The act, introduced in 1964, was amended only once, and that was in 1970, although changes in loan limits have been effected twice by means of appropriation items, the most recent in 1975.

This program, of course, applies throughout Canada, but the Province of Quebec has opted out which means that, while this legislation does not apply to individual students in Quebec, the amounts will be transferred to the Quebec government to finance student-assistance programs.

This year, almost $21 million will be transferred to the Quebec government under the program. Since the program was implemented in 1964, over $126 million has been transferred to the Quebec government to be made available to Canadian students who are residents of Quebec.

Even although we are all preoccupied with the overwhelmingly important issue of constitutional reform, this bill is an essential piece of business since it will afford approximately 6,000 students per year across Canada access to student loans to continue their education, which, in many cases, they would otherwise be unable to have.

One of the most important amendments proposed in this bill arises from the need to accommodate the increase in the number of courses which are less than the traditional 26 weeks in length, now available to young people as the result of the rapid growth in the number of community colleges and technical and educational institutes at the post-secondary level. The main effect of this bill is that students in community colleges will qualify for aid under the Canada Student Loans Act.

Again I would stress that this bill is a temporary measure and awaits the recommendations of the task force after it has heard the briefs and recommendations of the various interested bodies and individuals.

The bill also provides for increased loans to students enrolled in courses of a longer duration than the traditional university academic year of 32 weeks, thus making it more practical for such students to continue their education without undue financial hardship.

As honourable senators know, the current legislation provides for maximum loans of $1,800 in an academic year of 26 weeks' duration. The bill before us proposes instead that loans be available to persons engaged in periods of study of at least 12 weeks' duration. The amendment takes into consideration changes which have occurred in Canadian educational patterns since the initial bill was introduced.

The bill also proposes that the loan limit of $1,800 be expressed on a weekly basis, thus relating the maximum amount of loan aid that a student may receive to the length of his or her course and, therefore, to the costs. The proposed weekly loan limit of $56.25 amounts to $1,800 over a 32-week course—the length of the traditional university course in which the majority of students are enrolled.

Since the current legislation entitles students enrolled in 26- to 31-week courses, and in semesters of 13 to 15 weeks that form part of a longer course, to $1,800 and $900 respectively, we are providing, in the bill, that such student remain eligible for loans up to these limits rather than the lesser amount of $56.25 weekly. This is particularly important in certain cases, notably that of Memorial University in Newfoundland.

Some provinces have suggested that the maximum loan limit should be raised substantially to provide more aid to needy students. However, at the same time, student groups, generally, have indicated strong opposition to any substantial increase in loan limits, insisting that loans should be replaced by non-repayable grants as are made in one or two provinces.

As I said, a federal-provincial task force on student assistance was set up in 1980. The report of that task force was received by the Minister of Education and by the federal government on January 27, 1981, and is available in both official languages for anyone who is interested in reading it. The report includes a review of past studies in the area of student assistance, both in Canada and elsewhere. It includes an analysis of existing student aid programs in Canada; the potential future trends of student aid in the 1980s; the principles and objectives which should govern student aid; and gives program alternatives compatible with principles and objectives.

It is expected that when this report is made to the federal government it will result in much more far-reaching legislation which I hope will be more beneficial to students than these stopgap amendments.

The bill, while important, does not propose sweeping changes in the program at the moment, changes that we believe are essential to update the act in light of changing course patterns. Therefore, it will not pre-empt any decisions which may flow from the work of the task force in the form of future legislation.

In addition to the important modifications that have been suggested and which I have mentioned already, the bill proposes several amendments of a housekeeping nature. It proposes the current requirement for a 12-month waiting period before an application may be accepted for those with permanent resident status. As honourable senators know, the Immigration Act of 1977 no longer permits a student to convert student visa status to permanent resident status while in Canada; hence, the waiting period is no longer relevant and it has been removed. I am sure this modification will be welcomed by many students in this country who are visiting from another country.

The bill also proposes the inclusion of specific authority for the Governor in Council to make regulations respecting the denial of further assistance to those deliberately abusing the program. It also includes authorization for the Governor in Council to make regulations restricting payments to banks under the guarantees where the bank has failed, without cause, to submit claims for loss promptly, thus avoiding unnecessary accumulation of interest charges against the student borrower.

The bill also provides for a change in the minister responsible, consequent upon the transfer of the program from the Department of Finance to the Secretary of State.

I do not think I should go into this matter any further at the present time. Because of the necessity for having all of these forms and brochures in the hands of the students within the next couple of months, I would urge honourable senators to give ready support to this bill. I am sure they will gain the appreciation of all students across Canada.

Senator Bélisle: Honourable senators, I move the adjournment of the debate.

Hon. Sidney L. Buckwold: Before the debate is adjourned I should like to make a few comments. I do not want to participate, at any length, in the debate, but I would thank Senator Riley for his excellent introduction of Bill C-55 and indicate my general support for it.

However, I want to draw to his attention the concern expressed by myself and other members of this chamber a few years ago when reports came through of unpaid accounts under the Canada Student Loans Act. A Toronto newspaper—I believe it was the Toronto *Star*—studied this particular aspect of this very worthwhile program. The results were almost horrendous regarding the amount of money that was not paid back by students who were successful in graduating from various universities. In some instances they were earning high incomes, but were literally snapping their fingers at the government and saying there was no way they would pay. To me, that seemed to be a thankless situation for a government that had made available those funds for needy students, and found, after the students had received their education, that they literally refused to pay their bills, or meet their legitimate obligations to repay, in due course, the amount that had been forwarded to them.

● (1530)

So I say to Senator Riley that when the bill goes to committee—and I am not sure which committee it will be—adequate information will be made available on the bad debt experience of the Canada Student Loans Act; on what collection procedures are being followed; whether, in fact, we can see a change in the responsibility of students toward their obligation; whether there is adequate collection machinery available to ensure that these worthy loans are recognized as such by those who receive them; and whether repayment is made whenever possible.

Hon. Rhéal Bélisle: Honourable senators, in moving the adjournment of the debate, may I say that I am glad that Honourable Senator Buckwold has made his comments. In preparing my own comments on this bill, I will take note of what he has said, and, of course, the comments of the sponsor of the bill.

On motion of Senator Bélisle, debate adjourned.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. H. A. Olson (Minister of State for Economic Development) moved the second reading of Bill C-60, to amend the National Energy Board Act.

He said: Honourable senators, in introducing Bill C-60, I should point out that it is essentially the same as Bill S-12 which passed through its three stages in this chamber about two years ago.

It is extremely important for honourable senators, and particularly those members of the Special Senate Committee on the Northern Pipeline who at that time were involved in the examination of expropriation law, to recall that what became clear very early in those hearings was the fact that there was a serious deficiency in the National Energy Board with respect to expropriation procedures under the National Energy Board Act.

At that time the committee did a detailed analysis of the provisions of the National Energy Board Act. In connection with expropriation procedures there was reference only to the old Railway Act. Quite probably that was not appropriate even then, but I am not being critical of the situation or of the people involved at that time. In 1959, when the National Energy Board was set up, there was a need to have some basis for rules respecting expropriation whenever a strip of land was required and it could not be acquired by negotiation. It was not done at that time, and it has not been done since, until the committee discovered this injustice. It discovered many places where, for example, the Law Reform Commission had commented on landowners' rights under the law, and said, for

example, that the landowners' position was untenable. There were many such references.

Therefore, it is appropriate, for those honourable senators who did a good deal of work on that committee, to recognize that the present bill is now reaching fruition. It has now passed all stages in the other place; it is now being considered in the Senate on second and third reading; and, following Royal Assent, it will become law.

In preparing Bill S-12—which, as I have said, is essentially the same as Bill C-60—a great deal of assistance was given by members of the Special Senate Committee on the Northern Pipeline. I will not take the time now to thank each one individually. As I look around this chamber, on both sides of the house, I recall that a great deal of skill and understanding were brought to the consideration of that committee, and I again thank the members for the work they did over a period of more than a year in putting that bill together.

At that time we heard testimony from representatives of farm organizations, and many of the pipeline companies were helpful in assisting the committee. Unfortunately, the bill was not passed by the other place before dissolution of Parliament in 1979, and so it is now back with us.

I should like to make one point about that. When it was sent to the other place after passage in the Senate, the then Speaker took under advisement the question of whether or not it was in order to pass a bill which might contain provisions which exceeded the authority of the Senate with respect to expenditures out of the public treasury. The Speaker of the Senate did not make a decision or give a view on that matter. However, in the present situation, the bill was introduced in the other place by a member of the Treasury benches and was preceded by a resolution. So all of the former difficulties have been resolved by the bill proceeding via that route.

There are, however, some differences in the bill before us. A number of them relate to the fact that it is now a government sponsored bill going through the proper channels, and therefore we do not have to be quite as careful about whether there is any charge on the public treasury. Indeed, there are, I believe, two or three instances where the government or the National Energy Board will be paying some of the expenses—such as, for example, those of the arbitration committee and other administrative officers. Therefore the provisions, as designed in Bill S-12, were to try to ensure that all of those costs would be assigned to the companies involved because of the limitation I have just expressed.

Quite frankly, I believe that most honourable senators will agree with me that some of those public administrative requirements, such as the appointment of members of an arbitration committee and other officers who obviously will be needed to administer the bill—there are not many, but there are a few—represent legitimate public expenses. Therefore, I believe it is probably a better bill from that point of view.

Honourable senators will realize that Bill C-60 has very wide support in Parliament. As a matter of fact, it passed through its second and third reading stages in the other place last Friday without being referred to the appropriate House of Commons committee. I think that is an indication that it was well drafted, and that the members of both parties in the opposition in the other place had looked it over and found it to be a highly desirable bill.

• (1540)

I would like to put on the record, as briefly as I can, an outline of the highlights of this bill, because it does not seem fair that those who read *Hansard*, and who wish to make reference to the bill, should have to refer to the committee reports that were printed two years ago.

The first highlight of the bill concerns the approval of the pipeline route, which means that landowners along that route will be notified by the companies of their intention to apply to the National Energy Board for approval of the detailed route, and the landowner may file a written objection. If any objections are received, the board must hold public hearings in the area. The board, under this bill, may alter the route, the timing or, indeed, the method of land acquisition, based on the objections that may be raised at the public hearings.

The second highlight of the bill is with regard to compensation. The landowner will have a choice of a lump sum payment or periodic payments, which would be subject to review at five-year intervals. The company must serve the landowner with notice of compensation to be paid, and must describe the procedures available to him under the act for his protection, including his right to object. Honourable senators know, of course, that that was not provided in the old Railway Act in such detail. In fact, I think it is fair to say that there were no guidelines at all contained in the old Railway Act as to the basis on which the company would be offering compensation to the landowner.

The third highlight of the bill concerns the handling of disputes. When the landowner and the company fail to reach an agreement by negotiation, either party may apply to the minister—in this case, the Minister of Energy, Mines and Resources—to appoint a negotiator. This, of course, precedes any arbitration decisions with respect to expropriation, so that there is an attempt to negotiate the differences between the landowner and the company. If negotiation fails, either party may ask the minister to refer the question to an arbitration committee for a binding decision. You will understand that at the negotiation stage the decision is not binding, but it is at the arbitration committee stage. The pipeline company will pay all reasonable costs of these arbitration proceedings. The company may acquire land without the landowner's consent, but with National Energy Board approval. However, the landowner must be advised 30 days before the company applies to the National Energy Board, and is entitled to submit a written objection. When the company receives the right of entry, the landowner may receive an advance on the compensation which will be paid to him.

As many of you know, there has been some criticism in the other place to the effect that the construction of the Alaska Highway gas pipeline was allowed to begin before this new legislation on land acquisition was passed. I wish to advise

honourable senators that I sought and indeed have received a personal assurance from the Foothills group that, if such a bill were passed at any time during the course of the project, the company responsible for this pipeline would make the necessary adjustments to reflect the new approach with respect to compensation as provided under Bill C-60. Of course, the most important point in that respect is the landowner's right to an annual payment of compensation for the use of his land.

Our colleague, Senator Hastings, is now the chairman of the Special Committee of the Senate on the Northern Pipeline, which, as you know, took the initiative some weeks ago to circulate Bill C-60 to interested parties and to ask for their comments on it. At that time, Senator Hastings did not know when the bill would reach us here. However, he also sought and received approval from this house to have the subject matter of Bill C-60 referred to the committee. I want to commend Senator Hastings for his initiative, and hope that his committee will now proceed to hear the testimony from the parties who expressed an interest in the hearings.

It may be well to conclude, honourable senators, by suggesting that the substance of this bill has undergone a very long and detailed examination by many interested parties across the country and quite a number of senators here. By and large, it is highly acceptable, not only to us but to farm organizations, a number of the pipeline companies and other interested parties. Therefore, I suggest that we send the bill to the committee as soon as possible, so that the witnesses can testify with the bill officially in front of them. If that is not possible, I suppose they could spend some time on the reference of the subject matter, but it seems to me that it would be better to have the bill officially before the committee when the witnesses are called.

On motion of Senator Macdonald, for Senator Balfour, debate adjourned.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Nathan Nurgitz: Honourable senators, in October 1980, some five months ago, I spoke in this chamber with regard to the proposed resolution on the Constitution and the motion which established the parliamentary committee to study that resolution. At that time I expressed my concerns and my doubts about the course of action the government was taking and, indeed, about the contents of the resolution itself. In the course of this intervention I hope to make less comment on the content and to put more emphasis on the procedure that is being followed by the government at this time.

Before doing so, I should like to join all other members of this chamber in extending the congratulations and, indeed, the thanks of all Canadians to the members of the committee who performed well under what were, at times, very trying circumstances, and who did an outstanding job, having regard to the time constraint and other problems. I believe that in extending such a congratulatory note, one ought not to be bound to have accepted every conclusion reached by the majority of the committee.

I should also like to pay particular tribute to my own colleagues on this side of the chamber who formed the more permanent membership of the committee, and I now speak of Senators Roblin, Tremblay and Asselin. They did an outstanding job in very difficult circumstances and in the process demonstrated to so many Canadians the importance of the work of senators and, in particular, the effectiveness of the small but hard-working opposition in the Senate.

Last week we were treated to the intervention of Senator Thompson and, quite apart from the conclusion which the honourable senator reached and my own partisan view and acceptance of that conclusion, members on all sides of the house must certainly applaud the incredible research which must have been done in order to deliver that speech. Without repeating anything of what Senator Thompson has said, the central theme of his speech was to the effect that the means did not justify the end. Undoubtedly, in his view and the view of the authorities quoted by him, the entire procedure was, to say the least, faulty—if not against parliamentary convention—which, I assume, leads us to the conclusion that perhaps it is even illegal. I will have more to say about the legal aspect in a moment. Senator Thompson expressed his deep concern not so much, as I said, with the substance of the resolution, but rather with the unilateral action—the procedure being followed.

Senator Thompson concluded, no doubt on a legal basis but, more importantly, on the basis of parliamentary convention and the commitments and undertakings of past prime ministers, that the Constitution should not—indeed, could not be altered unilaterally, without the consent of the provinces. As one reads and re-reads the good senator's research, one finds a deep and moral obligation on the part of the federal government to proceed now, as it always has, with the consent of the provinces.

• (1550)

For various reasons, including the size and diversity of the country, our nation was established as a federation with two levels of government, each sovereign in its defined areas of jurisdiction. It is a matter of simple fact that such has been the case until today.

Initially, in the setting up of the federation the federal government was given jurisdiction over matters of mutual concern, and the provinces over matters of greatest concern to their people and their particular areas and communities. Under that system the country has grown and evolved, and in the view of many the system is still satisfactory today. The great distances, the great economic, social and cultural differences that exist among the various regions of Canada render it virtually impossible for a single, central government to reflect adequately the legitimate expectations and aspirations of people in all regions of the country.

We are therefore governed by two levels of government, as I say, each sovereign in its own area of jurisdiction. It is important for us all to understand that the powers of the provincial legislatures of Canada are not delegated powers. They cannot be altered or diminished or removed by the federal Parliament of Canada. There is ample authority, in law, for that view. The legal authorities go as far back as 1883, when the Privy Council determined that issue in what is known as the Hodge case, and I will touch on that a little later.

Pronouncements by such eminent Canadians as the Right Honourable Louis St. Laurent, both when he was Prime Minister and Minister of Justice, and by a former Minister of Justice, the Honourable Guy Favreau, recognize as a general principle that the Canadian Parliament would not and could not affect provincial rights without prior consultation and agreement with the provinces.

One need not look much further back than December 1979, when the Supreme Court of Canada, in dealing with the Senate reference case, once more affirmed that the federal amending power extended only to the Constitution of Canada in its federal aspect. I am sure that most senators read the entire judgment, but a couple of lines are of particular significance:

> But Section 91(1) does not give power to amend the Act. Instead, the phrase 'Constitution of Canada' is used. In our opinion, the word 'Canada' as used in Section 91(1) does not refer to Canada as a geographical unit but refers to the juristic federal unit. 'Constitution of Canada' does not mean the whole of the British North America Act, 1867, but means the constitution of the federal government, as distinct from the provincial governments. The power of amendment conferred by section 91(1) *is limited to matters of interest only to the federal government.*

That, honourable senators, is the judgment of the Supreme Court of Canada. I submit to you that it is therefore abundantly clear that that is the established practice in Canada.

Further, it is very clear that amendments have not been made to the Constitution without the consent of the provinces unless, of course, such amendments did not affect any particular province, or their interests or jurisdiction.

Honourable senators, it is admitted that the constitutional package now before us does affect the powers of the provinces. This has been admitted in the factum submitted by federal government counsel in the litigation heard in the Manitoba Court of Appeal.

That being so, the changes could only be made in accordance with what is now the established amending formula in this country. Although the Prime Minister attempts to argue otherwise, such a formula is in existence today. We may be unhappy with the situation, but the unanimous consent of the provinces and the Parliament of Canada is necessary before changes affecting both levels of government can be made.

Senator Frith: Would the honourable senator permit a question?

Senator Nurgitz: I prefer to finish first.

It would appear that the position being taken by the government is that there may well have been commitments by prime ministers, justice ministers and the like, but as I understand the position of Senator Lamontagne and the position taken by the Government of Canada in its appearance before the Manitoba Court of Appeal, those are not legal, binding commitments which prevent the government from proceeding with amendments.

As I read Senator Lamontagne and others who have argued as to the legality of proceeding as the federal government is now doing, I notice throughout those arguments a clear preference, perhaps even some government obligation, if not a legal one, for obtaining the consent of the provinces. Once more, those may well not be legal commitments, but if they are not binding they may at least be described as being moral commitments. In addressing this matter today I would like to make a distinction between a moral commitment and a legal one, and I take the position that both commitments are binding on the present government.

Honourable senators, if we accept the view of many senators opposite, we are in the midst of a constitutional crisis, the country is paralyzed, and now is not the time to be worrying about morals. That being the case, perhaps what we ought to examine is the legal position. What I do not understand is why this government is not referring this matter to the ultimate legal authority in this country, the Supreme Court of Canada. Why is there such reluctance to test the legality of this proposed major overhaul of the Constitution of this country?

Just yesterday, Senator Godfrey, speaking in favour of the resolution, though with reluctance, which I will not repeat, said, as reported at page 2007 of *Debates of the Senate:*

> As I said earlier, one of the matters that I very definitely disagree with is the apparent eagerness of the federal government to press the U.K. Parliament to deal with this resolution before the Supreme Court of Canada has a chance to adjudicate as to whether or not it is legal.

The Prime Minister, in the other place, and, indeed, the Minister of Justice from public platforms, have taken the view that this entire matter is a political one and not a legal one. Indeed, counsel for the Government of Canada attempted to persuade the Manitoba Court of Appeal of that position as well.

I would like to refer to a short passage in the majority judgment of the Chief Justice of Manitoba. He is referring to question two, which was as follows:

> Is there a constitutional convention that Parliament will not request the Imperial Parliament to amend the Constitution affecting federal-provincial relationships or powers without obtaining the agreement of the province?

The Chief Justice of Manitoba said, in the majority judgment:

> Counsel for the Attorney General of Canada submits that the question is essentially a political one and therefore should not be answered. Indeed he says it is, "purely political". In my view this submission goes too far. Its

> characterization of question two as "purely political" overstates the case. That there is a political element embodied in the question, arising from the contents of the Joint Address, may well be the case. But that does not end the matter. If Question 2, even if in part political, possesses a constitutional feature it would legitimately call for our reply. In my view the request for a decision by this Court on whether there is a constitutional convention, in the circumstances described, that the Dominion will not act without the agreement of the provinces poses a question that is, at least part, constitutional in character. It therefore calls for an answer, and I propose to answer it.

Honourable senators, there is clearly a legal problem here, albeit constitutional in character. I submit to you that it is a problem which is presently before the Supreme Court of Canada, and why we cannot wait, before proceeding, to hear the ultimate legal authority in this country is difficult to understand. Perhaps there is a concern or worry on the part of the promoters of this exercise that the Imperial Parliament is not supreme or sovereign over Canada and is not bound by any conventions. Is there concern that a court may say that there are conventions that do have the force of law and which cannot be disregarded?

● (1600)

Are there not, among honourable senators, lawyers and parliamentarians who recognize that the Canadian Constitution is not entirely written—that is, that it consists of a written part and an unwritten part and that the unwritten part may well be very important? The unwritten part of the law consists of the customs, usages, principles, practices and conventions which have been recognized or are now recognized by all of the courts in this land as having the force of law.

For those of you who might consider the view that conventions are not legally binding, I refer you to the words of Viscount Haldane who, in 1923, said:

> One must remember in dealing with what is Dominion status, we are dealing with nothing which you can find any definition of in any law book—there cannot be—it is a question really of constitutional practice. By the strict legal theory of this Constitution of the Empire, the King is omnipotent; but there has grown up a restriction of a Constitutional kind through Parliaments and through the necessities of responsible representative governments, which strictly limits the power of the King; but you will not find a limitation by searching books; you will not find this laid down in the form of an abstract legal proposition of statute law or common law; they are just as real but they are constitutional limitations.

Surely, that is a commentary on the history that has evolved, not just in Canada but throughout the British Commonwealth. By the strict letter of the law perhaps the Queen can make her own laws of her own will. Although that would be a strict reading of the law, it is now an accepted principle, and universally recognized, that the Queen is restrained from making such laws. This is a constitutional practice in usage which is now universally accepted.

Could it be that the constitutional advisors to the government are deeply concerned that pronouncements by the courts over the years have maintained that each of the federal and provincial governments is sovereign within its own legislative boundaries? Could one of them have read the Supreme Court decision of Mr. Justice Dickson in the *Amax Potash Limited* case in 1977, when he said:

> The courts will not question the wisdom of enactments which, by the terms of the Canadian Constitution are within the competence of the legislatures, but it is the high duty of this Court to ensure that the legislatures do not transgress the limits of their Constitutional mandate and engage in the illegal exercise of power.

That judgment goes on to proclaim that it is the duty of the court not only to be certain that a province does not transgress its boundaries but also that the federal government does not act in violation of the Canadian constitution. Those interesting words by that particular Supreme Court judge indicate that the courts will not permit any legislature to do indirectly what it could not do directly or, to quote Mr. Justice Dickson again, "and by covert means to impose illegal burdens".

Honourable senators, if you accept the view, as I am sure you do, that Canada is a free, sovereign and completely independent country, then is there not some concern as to whether the Parliament at Westminster would even have the legal power to alter the fundamental structure of the federation without the consent of its constituent parts?

Honourable senators, until this current constitutional conflict emerged, most of you, either as lawyers or as persons engaged in the operation of government, I am sure, had had experience in dealing with constitutional matters, and particularly those very basic constitutional questions dealing with sections 91 and 92 of the British North America Act. Is a certain piece of legislation within the legislative competence of the enacting body or is it beyond its powers—that is, *ultra vires*?

The courts are often asked to deal with the question of whether a certain statute is within or beyond the jurisdiction of the legislature that enacted it. A very simple example is in regard to the Criminal Code offence of driving while disqualified, which within the last three or four weeks was declared by the Supreme Court of Canada to be within the legislative jurisdiction of the provinces, not of the federal government. The Supreme Court determined that this Parliament could not enact a law which said that driving while disqualified is a criminal offence; that this is a matter which falls within provincial jurisdiction. Accordingly, that section of the Criminal Code was declared to be *ultra vires*. It is a very simple principle that legislators and lawyers have long understood.

Honourable senators, I have difficulty understanding how, based on the same principle, this Parliament can legislate matters affecting the rights of the provinces if it is not within our constitutional authority to do so. However, should we be getting into the argument of whether Senator Lamontagne is correct or whether Senator Thompson is correct? Surely, in

this great nation of ours we have and accept the Supreme Court of Canada as the highest judicial authority.

Honourable senators, no less an authority than Professor Maxwell Cohen, one of the leading witnesses to appear before the committee, expressed agreement in principle with the general form of both the constitutional package and its entrenched Charter of Rights. I should mention, though, that very little of the original charter met with his approval. I believe that Professor Cohen had some 30 complaints with regard to the charter, but he expressed general agreement with the entire package.

Senator Roblin: No referendum?

Senator Nurgitz: No referendum.

Professor Cohen appears to take issue with the Kershaw report, and, indeed, attacks the legitimacy of the Kershaw committee to interpret the Canadian Constitution and the federal system. Professor Cohen went on to say:

> What the committee ignored was the established principle that the only proper forum for any binding interpretation of the Canadian federal system and its Constitution must be in Canada. This is true for obvious reasons, including Canada's general sovereign status, the 1931 Statute and the abolition of all appeals to the Privy Council. Hence, the only institution for the interpretation of the Canadian Constitution that has final and authoritative value for Canadians and Commonwealth as a whole remains the Supreme Court of Canada.
>
> It must be concluded therefore that there was no proper legal or political or, indeed, historical basis for any unilateral British political-legal interpretation of that part of the Canadian Constitution represented by section 7 of the Statute of Westminster. That section froze the status quo of 1931, since federal and provincial governments could not agree on an amending procedure affecting their legal powers and so left it for the British Parliament until a formula would emerge. As part of the Canadian constitutional system, the only place to interpret any segment of that system, including section 7, must be in Canada. The only authoritative interpretative source is the Supreme Court of Canada.

Honourable senators, I think it has already been pointed out by others that our honourable friends opposite are urging upon us a constitutional package which, in essence, says that the best protection that the citizens of this country can get for their rights is having those rights entrenched in a charter with the interpretation, the validity, or the obvious consequences of any of the sections of the charter to be pronounced and determined by the courts. These very same people, moving in what Senator Manning has called "indecent haste", are barreling along the road to have this matter passed, approved and sent to the Parliament at Westminster, before the Supreme Court—the institution that they say will be the guardian angel of our rights—has had an opportunity to rule on it. One marvels at the inconsistency.

Has anyone thought through the question of what the consequences would be to proceed and have the Imperial Parliament accede to the request of this Parliament and, after all of that, face the possibility of a Supreme Court ruling to the affect that all of it is illegal? Has anyone thought through the unscrambling of that egg?

Honourable senators, just last Tuesday I raised a question dealing with amendments to the Criminal Code of Canada, as it related to a prostitution problem in the city of Vancouver. On March 5, 1981, last Thursday, the Deputy Leader of the Government provided an answer, part of which was:

> Another aspect of the problem is the case on the subject that is at this moment before the Supreme Court. It is traditional for the Minister of Justice to wait until the final determination of a point of law has been made by the courts before he proposes amendments. When the Supreme Court has disposed of that case, we will advise Parliament about what steps, if any, the government proposes to take.

The deputy leader is my best authority.

If certain ladies of the night in Vancouver can have their fate determined by the Supreme Court of Canada, why cannot the government extend the same principle to a matter which is fundamental to all Canadians? Honourable senators, we in this chamber know in our hearts that the contents of the resolution are fundamental to the extent that they will alter forever our very system of government. That point, I believe, is beginning to be understood by Canadians in every part of the land. Citizens everywhere are expressing unease with the government's course of action. Their concerns, I submit, are genuine.

● (1610)

I add my voice to the eloquent appeals made by my colleagues, by members in the other place and by scores of our concerned citizens: Until the Supreme Court renders judgment, the government has not the full legal authority to command our support. Even beyond the legal matter, we must address the grave moral and political implications that now confront our country.

Honourable senators, I am left with no choice, as Canadians are left with no choice, but to oppose the resolution with all my strength.

Hon. John J. Connolly: Honourable senators, may I begin by commending Senator Nurgitz for a very thoughtful and scholarly address? I certainly can call him my learned confrère. I am particularly impressed with the original and personal research which has obviously been conducted by him. I should also like to say, at the beginning, that the quality of his speech and of the other speeches made in this chamber on this resolution has been of an extremely high order. I congratulate all of the participants in this debate on the care and attention they have given to so serious a matter. Also, I thank Senator Nurgitz for the line he took at the beginning, which I think is a most impressive one. It greatly assists me in developing a single point out of all of these issues, which I propose to do.

Before proceeding further, I should like to say a few things about the committee itself. I was appointed an original member of the committee, and was reasonably faithful in my attendance from the early part of November. For all the meetings that I was not able to attend, I was so interested in what they were doing that I was glued to the television. I had not been a member of a joint committee since 1956. I found the meetings to be somewhat strange after the free and easy way we operate in committees of the Senate. The rules of the House of Commons applied. There were timed interventions, by party. There was a tendency to make political speeches. But, on the whole, I must commend the members of the committee for the fact that while much of the discussion was political, there was no personal invective of any consequence. That is a great tribute to the members of the committee. They tried, and I think they succeeded in, sticking to the subject matter that was before them.

The little red eye of the television cameras commanded the attention of many of the members of the House of Commons, more than it did the senators', although Senators Roblin, Tremblay, Lucier and most certainly Senator Austin were very conscious of the little red eye, and did very well in front of it. Not only do I say that because of their performance which I witnessed in the committee room itself. I watched them carefully on television when I was not in committee, and they were equally good then.

I must commend the members of the committee, too, not only for the very thorough way in which they examined the witnesses—and there were many—but also for the way in which they handled the clause-by-clause discussion. It was a thorough process, and it was tiring.

One thing I think people do not recognize in connection with the work of a committee of this kind is the importance of having good research. The group I want to commend and congratulate on their research is the staff which looked after the two opposition parties. I thought this was a piece of work of very high calibre. The material committee members and others had supplied to them by these people could not have been better. I realize how difficult it is for those in the opposition to deal with this problem. Unlike members of the government party, they do not have the facilities, if, indeed, they have any of the facilities, of the departments concerned. That applies not only to the briefs that came in, but also to the evidence, to the precedents, to the cases, and to the references to the evidence that were made available to members of the committee. I wish we could have had something equally as good on the government side. We could not, because one cannot look for political help from public servants. There were political arguments and stances developed on the government side, but they were developed on a free-wheeling basis. Perhaps that is good enough.

May I commend the joint chairmen? I believe Serge Joyal and Senator Hays complemented each other extremely well. They ran a good and thorough show. They were there constantly, and were alert to everything that happened. I thank, too, the senators, other than the senators who were originally appointed to the committee, for the help they gave the members. Personally, I think we owe a particular debt of gratitude in this house to the lady senators who helped the regular members of the committee. They showed great devotion and a great sense of responsibility.

I believe it will not be taken amiss, and as a political statement, if I say that I thought the outstanding performance was given by Mr. Chrétien, the Minister of Justice. He spent weeks before the committee, both at the beginning of the hearings and as the committee wound up its proceedings. He dealt with the clause-by-clause study. He showed that he was familiar with the details as well as with the larger issues involved. He showed great patience. Perhaps also as a result of the work he did with the attorneys general of the provinces during the summer, he has qualified himself as a great constitutional expert. Apart from party, I think the Parliament of Canada should be most grateful to him for his work before the committee.

Honourable senators, I should like to say a few words about the charter. The Charter of Human Rights is not new to Parliament. Mr. Diefenbaker had a Bill of Rights which passed this Parliament many years ago. Parliament has been involved and has discussed the United Nations Declaration on Human Rights. We had Bill C-60 two or three years ago. We have had provincial Bills of Rights with which many of our members are familiar. We have a Canadian Human Rights Commission. We have Human Rights Commissions in many, if not all, of the provinces.

Last summer we heard of the meetings on the charter between the Minister of Justice and the attorneys general. We saw on television the discussion of the charter at the First Ministers' Conference. We had three months of meetings in the committee which involved a great deal of discussion on the charter. The evidence given on the charter was of a high quality. We heard from experts; we heard testimony given at times with emotion; but the views of the country expressed there were fully representative, I believe, of virtually every point of view, and I feel the weight of the evidence was strongly in favour of having a charter, and having it now.

● (1620)

All political parties represented on the committee participated fully, and not only in the process but in the results, too, because the charter has been improved and extended.

Honourable senators, the proposal to postpone dealing with the charter until patriation certainly does not commend itself to me, because if it were to be dealt with after patriation, with the amending formulae and procedures prescribed by the resolution, it might well be that those rights would not be put into the Constitution for as much as five years or longer, and there are a good many people anxious to see a charter in this country who would consider that far too great a delay.

The rights proposed in the charter are, as we know, general rights. They are rights to which, I think it is commonly agreed, all Canadians are entitled. They are rights which Parliament, with its broad powers on national matters, should legitimately

decree in a constitution. It should not be the privilege of any province to deny those rights to any group by some opting-out option or by invoking the power to legislate on local or private or provincial matters. Especially do I make that statement in the face of the officially bilingual status of our society.

When Parliament alone petitioned the British Parliament, or His Majesty, for the admission of the western territoires as provinces, it did so without consulting the existing provinces, and yet their future status was undoubtedly affected by that step. But that step, as is the case with the charter, was acknowledged to be another step towards the goal of national fulfilment. I think it is in the context of attaining that goal, or at least of taking a giant step towards attaining it, that we can support strongly the proposal to include the charter in this resolution.

Some Hon. Senators: Hear, hear.

Senator Connolly: Honourable senators, I want now to talk about a legalistic matter of great consequence which arises out of the discussions held in connection with the resolution. It may be that Senator Nurgitz will feel that I am repeating what he said. I begin by saying that every independent country worthy of the name should control its own destiny. To do that it becomes imperative for it to control its basic law, its constitution, and to control it completely. From its constitution flow the principles that establish a country's government, its society, its economy, and its external relations. Therefore, it alone can determine the appropriate extent of constitutional change needed to meet its own emerging circumstances.

Pride in its independence is a compelling factor in a country's desire to control its own constitution. But, more than that, the practical needs of the nation may be still more compelling.

At the Imperial Conference in 1926 there were three men who really were behind the issue of the Balfour Declaration. Of those three, two were rebels and one was the grandson of a rebel. I refer to De Valera from Ireland, Smuts from South Africa, and King of Canada. The declaration that was made on that occasion, as all honourable senators know, provided that the six dominions and the United Kingdom, all of them, would be autonomous communities within the Commonwealth, equal in status and in no way subordinate one to another. In 1931 the Statute of Westminster confirmed that. The Colonial Laws Validity Act was deemed no longer to apply to the six dominions; but, at Canada's request, the ability to amend the British North America Act remained in London. That was the only caveat on our independence. After that, the times in Canada were heady. Canadians basked in their newly-acknowledged status of independence. But the caveat remained. Both federal and provincial authorities failed to find an amending formula in three successive federal-provincial meetings, in 1927, 1931 and 1935. Then war broke out.

After the war, Canadian development was spectacular. There was immense growth in population, in primary and secondary industry in this country, in capital formation and in the growth of the GNP. The shape of Canada as a country changed both dramatically and swiftly. But if the stature of Canada, both at home and abroad, had moved to new heights, there was a corresponding growth in the stature of many of the provinces as well. Emerging new national policies and priorities had a profound effect upon the provinces. Federal-provincial conferences became a more important forum for them to clarify economic, social and political policies that were to apply in the country.

The provinces quite rightly sought more input. Over the years federal-provincial agreements were made in such areas as the rental of tax fields, equalization payments, higher education, and social programs. The provinces were spending more and more of their own money and an increasing percentage of the federal revenues.

The rearrangement of the division of powers was demanded by the provinces—a readjustment of sections 91 and 92. All of us agree, still, that that is solely a Canadian concern. But the fact is that Canada lacks the complete autonomy to do that. We lack the ultimate dignity of an independent nation with the power to amend its basic law, its constitution.

Our experience in the fifties, sixties and seventies convinces us that unanimous agreement between federal and provincial authorities on constitutional change is an illusion. I need only refer you to what Senator Wood, in her thoroughly researched speech, said yesterday in connection with the continual succession of federal-provincial conferences which failed to achieve unanimous agreement. The provinces would never agree to vest solely in the federal authority the power to amend the Constitution. The federal authority could not abdicate its role by handing such powers to the provinces.

• (1630)

Many attempts have been made to reconcile the differences. To name just a few, there was: the Fulton-Favreau formula; the Victoria formula; the Vancouver formula; and the Toronto consensus. All of these suggested methods of making amendments fell somewhat short of unanimity.

Honourable senators, a deadlock is not an acceptable state of affairs. No nation can reasonably condemn itself to stand still. Reform continues to be the basis of progress.

In looking at the dilemma which does obtain, I think we should remind ourselves of a few basic principles. We should keep in mind the following series of ideas. The existing Constitution of Canada is a statute of the Parliament of the United Kingdom. It prescribes for the organization of a federal state. The central or federal authority is Parliament. Parliament is designed to govern the nation as a whole. It is designed, and I quote from the act, "to make Laws for the Peace, Order, and good Government of Canada." Again I would quote the act, it is designed to make laws "for the general Advantage of Canada." Its jurisdiction is general. It has the residual power.

Parliament is not the Prime Minister; it is not the cabinet, it is not the government; and it is not the executive. Parliament is the monarch, the Senate and its members, and the House of Commons and its members. To carry on, the government must, of course, retain the confidence of the Commons. But in

Parliament are the representatives, the spokesmen, of all of the people of Canada. In the Commons they are elected; in the Senate they are appointed. They come from all regions. They come from all provinces. They come from every riding. They are the people who have the power to exercise, by their vote, the authority conferred by the British North America Act upon Parliament, the central authority. As such, as I conceive it, it is their duty to act according to their lights, for the peace, order and good government of Canada, for the general advantage of Canada, for the welfare of the nation as a whole.

The duty cast by the statute on the provinces, their governments, their legislatures and their members is different. Their jurisdiction is not for the nation as a whole. It is over matters "of merely local or private Nature in the Province." They act within provincial boundaries, as Senator Nurgitz has said. Under the statute, this is the beginning and the end of their authority.

The agreements of 1865—prior to Confederation—were the agreements which produced this result. It was an agreement to establish a federation, but a federation organized under a statute. That was the compact—to be organized under a statute. One does not look behind a statute to interpret a statute. In other words, the scheme of Confederation, as described in the statute, provides for two primacies—as Senator Nurgitz would say, two sovereignties. One is for Parliament, its components and its members, in matters of national concern. The other primacy is for the legislatures, their components and their members in matters of local, private or provincial concerns.

Ever since 1926, and certainly since 1931, methods have been used to attempt to bridge this gap between these jurisdictions. Tax-rental agreements, shared-cost programs and the like have been one method. Federal-provincial meetings of first ministers, of other ministers and of officials have been another method. A new accommodation was sought for both jurisdictions, federal and provincial.

Honourable senators, agreements have succeeded but, conferences, as Senator Wood demonstrated yesterday, have failed to provide a permanent arrangement. The present resolution is designed for the establishment of a lasting method to adjust, as needs emerge in the country, and to escape from the rigidities which result from the two jurisdictions imposed by the statute.

It seems that if we patriate our Constitution without an amending procedure requiring less than unanimous consent, we shall exacerbate the frustrations, we will probably continue in the deadlock we have experienced, and we will certainly delay constitutional reform on more vital issues.

It is irrelevant, I think, to discuss which level of government is senior or junior to the other. The fact is that they are different, in role, in function and in purpose. Some provinces have huge territories, have great resources, have large populations. But that does not alter the case. The statute invests them with authority for local, private or provincial matters.

Honourable senators, for generations federal governments, consistent with their duty to act in the interests of the nation as a whole, have strived to accommodate the changing conditions in the provinces and in all of Canada. The ultimate solution involves full control of our own Constitution, with a suitable method of amending it.

From time to time the federal authority has sought to use powers not allocated to it by the Constitution. When these proposals are designed to help the provinces, primarily, and, especially financially, the agreements are very swiftly made. As examples, I would mention old age security, tax sharing, equalization payments, medicare and higher education. However, more recently, provincial demands for greater jurisdiction in the field of resource control, offshore mining, international trade and fisheries, have been resisted by some provinces and by the federal government.

The existing desire for, and expectation of, unanimous agreement, which seems to have been a motive within the federal-provincial conference, has been a self-imposed restriction. It has provoked deadlock, unacceptably slow progress, bargaining, bickering and hostility within the 11 groups which form the federal-provincial conference.

Honourable senators, on a personal note, may I say that I watched with dismay this process from the inside in the 1960s, when I used to attend meetings of the attorneys general and the first ministers. I have watched them since from the outside, and I am still dismayed.

• (1640)

The thing about the resolution that I believe is more important than perhaps any other item in it is the fact that it contains a formula to attempt to dissolve the unholy deadlock which plagues us.

Some Hon. Senators: Hear, hear.

Senator Connolly: We should stand back and look at some aspects of the resolution. Basically, the formula proposed to break the deadlock is the Victoria formula, contained in clause 45. If that formula is accepted, for the first time in the written Constitution the provinces will become involved in constitutional amendment.

But clause 45 is not definitively imposed by this proposal. Clauses 36 and 41 enact an interim rule of unanimity for all constitutional amendments. This regime, requiring unanimous consent, will last for two years from the passing of the proposed bill. But that period of two years may be abridged in one of two ways. The following are the two methods to shorten the two-year period. The first is that if the 11 governments agree within that two-year period upon a permanent amending formula to replace the Victoria, from that time on clause 45 will be replaced.

I should note, in passing, that in the first two years a federal-provincial conference must be called annually. The 11 first ministers will therefore have two opportunities in that period—if it should last so long—to discuss and decide what they want to do about a permanent amending formula.

The second method is that if the 11 governments fail to agree, in that two-year period, on a new, permanent, or relatively permanent, amending formula, the provinces have another option. Before dealing with that option, may I note that—and this is only on the legalities and legalistics of the proposal—part V deals only with the interim amending formula, clauses 36 to 44. It does not apply to the making of a general amendment. It is confined to the amendment of the Victoria formula, of clause 45—the permanent amending formula.

As to the second option to shorten the two-year period when unanimous consent is required immediately after the passage of the proposed bill, we must remember that unanimous agreement has eluded the 11 governments—there is a deadlock. This resolution, to resolve that deadlock, proposes that any province, during the first two years, may propose an amendment to the Victoria formula, to clause 45, and if such amendment is approved by the legislatures of seven provinces, with a population of 80 per cent of all of the provinces, a national referendum will automatically be triggered. That referendum must be held within two years after the consents of the seven provinces have been deposited in accordance with the law.

The choice in this referendum, on the ballot, will be one of two items. The first is: Do you approve the new formula as proposed and agreed to by the seven provincial legislatures? The alternative is: Do you agree with the Victoria formula as it is in Clause 45; or, if the federal Parliament, both houses, approve a new substitute for the Victoria formula, at least 90 days before the voting day, do you approve of that as the alternative to the provincial proposal? For the approval of one of those items, a majority of voters who vote at that time is required.

The result of the referendum—either approval of the Victoria formula, or of the new amending formula to replace Victoria or the approval of the provincial proposal—will mean, whichever happens, that clause 45 from then on, whether or not amended, will be the amending formula, and the two-year unanimous rule will no longer apply.

May I deal briefly with the Continuing Amending Procedure? Let us assume that within the first two years after the proposed bill passes the Parliament of the United Kingdom, no change is made in the Victoria formula, which is then in place. At that time the Senate or the House of Commons, or any provincial legislature, may pass a resolution for constitutional amendment on any item of the Constitution, including the amending formula itself.

To be effective, such proposed amendment will require the approval—I speak generally here—of each house of Parliament, of the two central provinces, of two Atlantic provinces, and of two western provinces representing 50 per cent of the population of the four western provinces. Let us say that Parliament approves the proposed amendment, and that some but not all of the required provincial consents are given within a year after Parliament acts. We then have a deadlock if we do not get the six-province concurrence. That too will trigger a referendum. It must be held within a further two years. The question will then be a simple one; there will not be an alternative: Do you approve of the amending formula proposed by Parliament?

To simplify this complicated procedure, let us say that Parliament, with its members representing all the constituencies, provinces and regions—the national legislature with a duty to act—in its wisdom approves an amendment to the Constitution. Let us say, too, that five provinces fail to agree. Without an escape hatch, we are back into a deadlock. The escape hatch is the referendum.

What is proposed by this resolution, in order to break the deadlock, is that Parliament will consult with the people—and that is only proper, because to the people belongs the Constitution. It does not belong to Parliament. It does not belong to the legislatures. It does not belong to the politicians. The question will be a simple one: Do you approve the amendment proposed by Parliament? There may be a better way, honourable senators, but none was proposed by any outside witness or received any kind of support from the committee.

• (1650)

Honourable senators, our problem has been derived from our concept of the need for unanimity in matters of this kind. That has been a source of frustration since 1931. It has created deadlock, standstill, stalemate, impasse, a log jam, a hangup, a blind alley, a cul-de-sac. Part VI of this resolution may not be the best method of dealing with that deadlock, but it seems to me to be the best method available.

Honourable senators, the story of the development of Canada, of national policies of self-reliance in political and economic affairs, has been a stormy one, but I think a creditable one. The Canadian people have a native, ingrained love of freedom, a desire to be master of their own destiny, to be maître chez nous, to pay our own way. Our population has been small and scattered, our territories vast and diverse. Canadian policies have been influenced much by climate, distance and diversity. But Canadians have been a confident and optimistic people. Perhaps that optimism was best expressed by the Honourable D'Arcy McGee in his Confederation speeches when he talked about the magnitude of our resources, and particularly the ingenuity, industry and will of our people. The story of the economic development of the country is for another day. The process of economic development will, I hope, be never-ending.

However, it is of the constitutional development of the country that I would speak for a few moments—and not in a narrow, partisan or party context. All Canadians must remember with great gratitude that it was the Conservative Party, under Sir John A. Macdonald and his colleagues, which, in the middle 1860s, saw the great chance. Those people presided over the birth of the new establishment. They guided the first great steps to nationhood, to unity and self-sufficiency. If most of the milestones which I identify now were achieved under Liberal administrations, it was because the Liberal governments were longer in office, and more often, and had a strong purpose for reform.

I begin with the navy bill of Sir Wilfrid Laurier in 1910, and which contributed to his defeat in 1911. The principle of that bill was that we would rely upon ourselves, our own resources, to provide naval defences to the extent that we could, rather than make contributions to the Royal Navy. Sir Wilfrid was a generation before his time. But the value of the step he then took was proved in the tremendous work done by the Royal Canadian Navy in the Second World War. I remember the Honourable Angus Macdonald saying, at the time, that every day he was at the Navy, he had a feeling he was doing no more than carrying out the policies of Sir Wilfrid.

Sir Robert Borden guided the war effort between 1914 and 1918. It was costly in lives and in treasury, but Canada emerged from it with a new stature. So highly acknowledged was that stature that Sir Robert insisted upon signing the Treaty of Versailles on behalf of this country himself.

Mr. King was in office in 1926, and in that year there was an election. Some honourable senators may agree with some of the critical historians about events which led up to the election. But one thing about its results was very clear: It established for all time in this country that the monarch's representative, the Governor General, must take his advice from his Canadian Prime Minister. In the same year an imperial conference was held, and the Balfour Declaration, to which I have earlier referred, was made. In the same year the North Pacific Halibut Treaty, with respect to the fishery in the Pacific, was signed at Washington. This was the first treaty ever signed on behalf of Canada by a Canadian minister. That minister was Mr. Lapointe.

Mr. Bennett was in office in 1930 and he adhered very strongly to the propositions embodied in the Balfour Declaration of 1926. He was the Canadian Prime Minister when the Statute of Westminster was passed and when the Colonial Laws Validity Act was deemed inapplicable to the six dominions at the conference.

Mr. King was back in office in 1939 when war was declared. He insisted, from the beginning, that the instrument for the declaration of war should be signed by His Majesty personally. The Order in Council was passed by the Canadian government.

I think little need be said now about the magnificence of the Canadian war effort and how it proved to be a distinctive Canadian operation. It was mounted, directed and conducted by Canadians. Its three forces were magnificent. In addition, Canada had a tremendous production effort. She became an important and integral part of the arsenal of the west. She co-operated strongly with her principal allies, the United States and the United Kingdom. At the end of the war this country forgave the war debt, amounting to $2 billion, which was incurred by the United Kingdom. It was natural, therefore, in 1945, when the United Nations was formed, that Canada should be sought out as one of the founding partners.

In 1949 Mr. St. Laurent was in office, and he was responsible for the amendment to section 91(1) of the B.N.A. Act which gave Parliament jurisdiction to amend the B.N.A. Act in federal matters. He, too, brought in chapter 37 of the Statutes of 1949, which gave ultimate jurisdiction to the Supreme Court of Canada and abolished appeals to the Privy Council. In 1952, despite controversy, he appointed the first Canadian Governor General, the Right Honourable Vincent Massey.

Mr. Diefenbaker's government proposed an amending formula to which Mr. Fulton's name was attached. This formula was rejected by the provinces and the frustration continued, just as it did as a result of Mr. Favreau's modifications later. The Fulton-Favreau formula is one of the milestones along this same rocky road.

When Mr. Pearson came to office in 1963, the stature and the wealth of Canada permitted a better contribution in the field of foreign aid, a unique contribution in the field of peace-keeping, and the proclamation of a Canadian flag.

● (1700)

There were many noisy demonstrations against it. There were dire warnings that it would destroy our national unity. "Pearson's pennant" it was called. Yet now we acknowledge it proudly as our appropriate national symbol.

Our history, honourable senators, is a story of inexorable progress towards national self-sufficiency and national independence. This progress has been made through the years, not by revolution but by evolution. And so, too, it is with this last step. In the light of this series of events, I believe that any Canadian government could claim a clear mandate to move on this resolution now. Of course, there may be more compelling reasons for this government to do so.

I am not too concerned about the criticism based upon unilateral action. On the basis of my conception of the relative rules and functions of the federal and provincial authorities, on the basis of my perception of the achievements of successive Canadian governments along the road to full Canadian independence, on the basis of my assessment, and that of Senator Wood, of the futile attempts by federal governments and the provinces to devise an acceptable amending formula, I strongly support the government today when it declares, "Now is the time."

That decision had to be made many times before, and many times decisions of the kind were controversial. Yet Canada is the better for those decisions having been made. The time has come for Parliament to discharge its last great duty along this road. It is consistent with its constitutional role to do so. I shall be proud to be a member of a parliament to which this opportunity is given.

I cannot too highly commend the Prime Minister of this country who, despite unwarranted and personal invective and criticism, has steadfastly pursued a purpose which, as I conceive it, it is his duty to pursue.

There is a host of significant Canadian names associated with this process, in addition to the names of the prime ministers I have mentioned, though they are not all on the same side of the argument. I think of statesmen like Cartier,

Thompson, Brown, Blake, Doherty, Aylesworth, and Lapointe particularly, and Mowatt, Fulton and Favreau, and, on the basis of his performance before the committee and throughout the summer, I include Chrétien in that group.

I think of men like Dandurand, Meighen, Hugessen, and, indeed, Forsey of this house. I think of great public servants like Skelton, Christie, Todd, Bourinot, MacNeill, O'Connor, Sirois, Deutsch, Robertson and Heeney.

I think of academics like Kennedy, Brady, Rogers, Cory, Dawson, Wrong, Lower, Morton, Gérin-Lajoie, Monpetit, MacDonald and Angus.

I think of Lords of the Privy Council such as Haldane and Watson. I think of judges such as Duff, Rand, Anglin, Migneault, Rinfret, Taschereau and Newcombe.

I think of great lawyers like Lafleur, Tilley, Geoffrion and Beaulieu.

I think of journalists like Dafoe, Willison, Fergusson, Dexter, Hutchison and, indeed, our old friend, Grattan O'Leary.

These are not all of the people who have been involved in this process, and they are not all dead.

Honourable senators, it is Parliament which has the broad legislative responsibility in matters affecting the nation as a whole. It is not the provincial governments. Parliamentarians must not forget their proper and acknowledged representative and legislative roles. They have the right, they have the duty, to preside over national welfare. They have a high status in this respect. They have a noble purpose. These rights and duties are different from those of the provincial governments, of the provincial legislatures and of their members. This issue which is before us is essentially a national issue, for the general advantage of Canada.

In my humble estimation, Parliament should adopt this resolution.

On motion of Senator McIlraith, debate adjourned.

INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-54—DEBATE CONTINUED

The Senate resumed from Wednesday, March 4, the debate on the inquiry of Senator Barrow calling the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of Bill C-54, to amend the statute law relating to income tax, tabled in the Senate on March 2, 1981.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am conscious that we are descending from the exalted realms of constitutional discussion to some very mundane comments on one or two aspects of the committee report on the subject-matter of Bill C-54. My only promise is that while I am not entirely sure that I will edify the members of the Senate, I will nevertheless try not to detain them too long.

My first point has to do with this undertaking given by the Prime Minister to the people of Canada during the election campaign, in which he said:

> We will hold the line on government expenditure growth under the rate of the gross national product.

I raised that point previously and pointed out that the gross national product was not forecast to rise as fast as the budget, the budget rising at the rate of 12.8 per cent. I wish I could say that that was a correct report of the situation, but I am afraid I have underestimated the ability of the people in charge of budget expenditures in Canada to restrain their appetite because, when looking through the estimates, I took note of the fact that the subsidy on imported oil was going down. It was $2,830 million in the fiscal year that is just ending, and was estimated to cost only $350 million in the coming fiscal year. It struck me that that was a rather odd situation. Could it be possible that the subsidy on oil was actually decreasing in the next fiscal year, when we know what is happening to the price of oil, and what has happened to the supplies of oil?

It soon became apparent that that could not possibly be the case, and I was prompted to look into the matter a little further. I discovered that it is indeed not the case, and that more money will be spent on the oil subsidy program in the coming fiscal year than ever before.

What happened? What happened is very simple. The government simply decided that the money they were going to raise under the petroleum compensation tax would simply not be included in the accounts of the budgetary expenditures. A very neat little operation, if you can get away with it. So, on the basis of comparison between one year and another the figures ought to include the money that is being raised under the petroleum compensation tax, which is now excluded from the government expenditure figures, for reasons which entirely escape me, and if you recapture that obvious tax and expenditure, which is moving through the public accounts, you find that we have to add some $2.7 billion more to the subsidy for imported oil than it shows in the accounts. If this amount is added to the total figure, then the expenditures of the government, I am afraid, amount to some $70 billion, not $67.8 billion, as they suggested, and the increase is 16.7 per cent. It seems to me that somebody ought to take note of this fact, because no auditor would have given his certificate to the information which has been presented to this chamber. Auditors like to point out in their standard certificate that the accounts are on a comparable basis, one year with another. That is certainly not the case in this respect. I do not believe that any self-respecting auditor would be able to proffer these figures without an observation on this point. Perhaps he or she would even go as far as to refuse to certify the accounts as correct.

• (1710)

I would like to bring to the attention of the chamber that the actual increase, if this sleight-of-hand business in connection with the subsidy on imported oil is added back, amounts to 16.7 per cent. This is a fantastic increase during a period when the government pledged that the increase would not exceed the

rate of increase in the gross national product. So that pledge is certainly doubly dishonoured, in my opinion.

If you want to search a little further through the public accounts, you can find another place where the government has done exactly the same thing, and that is in connection with the cost of unemployment insurance. By changing the rules, the government is raising $1.1 billion more from the employers and workers of the country by means of what amounts to a payroll tax for unemployment insurance. But that extra levy also does not go through the public accounts. I have not calculated what the effect of that would be in terms of percentage, but, obviously, it would increase it beyond the 16.7 per cent increase I have already mentioned. So it seems to me that it is impossible to comprehend the real meaning of the activities of the government, if it refuses to provide a figure on a reasonably comparable basis from one year to another. Or, if it will not do that, at least it should have the candor to tell us what these changes are. Otherwise, we are completely at sea.

I mention this because it indicates even more forcibly the point I made the other day, that the government's economic pledges as made by the Prime Minister are certainly not being adhered to in this particular respect.

The second matter to which I would like to refer deals with the small business development bond situation, a matter which we have discussed before. As honourable senators may recall, I have suggested that we could increase the effectiveness of that measure by making it applicable to a wider range of activities. What has interested me is a report issued by the Canadian Federation of Independent Business. In this report they estimate the advantages to the Canadian economy of the small business development bond plan. It is quite surprising, because you can never get anyone in the government to tell you what the effect of these measures is. Certainly, the committee did not seem to have inquired into the matter.

It is surprising because it is so meaningful, for, if their estimates are correct, the small business development bond fund policy will be extraordinarily effective, which is very good news for all of us. They estimate that it will increase jobs by some 36,000. They also estimate that the total contribution it will make to stimulating capital investment is impressive; and they say as well that there will be no net cost to the federal treasury because of gains to the tax system as a result of this improvement in activity. That is a very good thing and I am happy to report it to the house. I hope their figures, are correct, and that the committee, at some point, will take advantage of an opportunity to ask the small business people to come before it and develop their facts and explain how they arrived at those conclusions.

If the federation is correct, it would follow that if we expand this bond policy to include other forms of investment—besides those of a capital nature, such as real estate and machinery—praticularly working capital, which is the life blood of many small businesses and which is so badly affected by interest rates today, we might have an even greater multiplier effect. If we were to abandon the restriction of this measure to only incorporated small businesses and extend it to the two-thirds or the great majority of small businesses which are unincorporated, we might find that the effect on our economy would be spectacular.

I regret that at the present time we are not able to verify the report made by the small business federation. I would certainly like to hear from them and get their views on what the result would be if the scope of this measure were expanded.

So, having raised those two subjects before honourable senators, and having had a chance to read the report of the committee, I thought I would offer these comments as indicating, on the one hand, my disappointment that we have apparently not been presented with accounts on a comparable basis and, therefore, have been unable properly to assess the impact of the government's policy and its full relationship to the Prime Minister's promises, which is a negative reaction, on the other hand. But in order to balance things off fairly, I would like to report the positive information, that I think I may give the house, with respect to the small business development bond policy and express the hope that one of these days it may be expanded along the lines I have previously suggested.

I thank honourable senators for their courtesy in hearing me.

Hon. George J. McIlraith: Honourable senators, I wonder if I may add a few words to the point raised by Senator Roblin with regard to the small business loans. I received a letter from the Canadian Federation of Independent Business with regard to this subject. Unfortunately, I do not have it with me. However, I have a similar letter—it may even be identical—which was sent to Senator Barrow. The letter is dated February 25. I would like to read three paragraphs of that letter which I believe are relevant to the honourable senator's point. They say:

> On behalf of our 57,000 member companies, I wanted you to know how pleased we are with the decision to extend the small business development bond (SBDB) until year end. Since high interest rates are forecast to continue throughout 1981, the need for this program continues as well.
>
> As we are all aware, the federal deficit remains at an unacceptably high level. For that reason I think you will be pleased with the results of a study we have done on the economic impact of the SBDB.
>
> Our study concluded that the SBDB will produce a net revenue increase to the federal treasury of $77 million in the first year of full operation. We also estimate up to 36,000 new direct jobs will be created by this program. I have appended some highlights of our study for your information. If you wish further details, please let me know.

I have no objection to tabling the rest of the letter though I am doubtful that it will add anything to the point I wished to make. However, the letter is available if the honourable senator or anyone else would care to peruse it or believes that it should be tabled.

Senator Roblin: I thank my honourable friend. That is the same letter which stimulated my remarks. I am glad that the letter has been mentioned.

[*Translation*]

Senator Frith: Honourable senators, I would like to have a chance to examine Senator Roblin's allegations on his first point. Therefore, I move the adjournment of the debate.

Senator Flynn: On the first only?

Senator Frith: Yes.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, March 17, 1981, at 2 p.m.

APPENDIX

(*See p. 2024*)

NATIONAL FINANCE

ACCOMODATION PROGRAM OF DEPARTMENT OF PUBLIC WORKS—ACCEPTANCE OF COMMITTEE'S RECOMMENDATIONS—STATEMENTS AT MEETING OF COMMITTEE ON THURSDAY, MARCH 12,1981

Hon. Douglas D. Everett (Chairman): I am pleased to welcome today to this special and important meeting of our Committee the Honourable Donald Johnston, President of the Treasury Board, and the Honourable Paul Cosgrove, Minister of Public Works.

Before inviting the two ministers to speak, I want to remind members of the events leading up to this meeting and make a few brief comments on its significance.

In September 1978, the Committee issued its report on the Accommodation Program of the federal government—the culmination of two years of work. This was the third major enquiry into a large government program which the Committee had undertaken under its mandate to review government expenditure.

Apart from officials of the Department of Public Works and the Treasury Board, the Committee invited as witnesses

—representatives of client departments,

—senior officials with experience of accommodation problems of the governments of Ontario, British Columbia and the United States,

—the heads of the real estate departments of two of the largest corporations in Canada,

—representatives of associations of architects, consulting engineers, developers and heritage groups.

From the enormous volume of materials acquired through the hearings, the Committee fashioned a report which reviewed all aspects of the Accommodation Program. Among the sixty-two (62) recommendations, the two most important were that the Department of Public Works should become the government's common service agency for the provision of real property services and that the department should operate on a revenue dependent basis. Under revenue dependency, as proposed by the Committee, the Department would lease crown-owned general purpose buildings to government departments and agencies at market equivalent rents and would, in turn, derive from these rents the revenue necessary to cover its regular operations. The Committee concluded that such a system would subject the Department of Public Works to sound financial discipline and would heighten cost-consciousness among departments and agencies, thus resulting in a more economical use of space.

In March, 1979, six months after the tabling of the report by the Committee we invited the two departments most directly involved to report on progress in reviewing and implementing our proposals. On that occasion, while reporting that the government was adopting a majority of the recommendations, the Ministers said they needed time to consider the two major proposals. At the conclusion of that meeting I said, "It is our intention to invite you back . . . to see how you are getting along with the recommendations".

I am pleased to observe that the Ministers have responded to that invitation. I am particularly delighted by their decision to announce the new government policy on accommodation at a meeting of this Committee. I regard this as recognition by them of the thoughtful, serious work of this Committee. On behalf of all members, I express our satisfaction at this response to our deliberations.

Hon. Donald J. Johnston (President of the Treasury Board): I am pleased to have this opportunity to tell you of the progress that has been made by the Government of Canada in the field of real property policy as a result of the recommendations that your Committee made in September 1978 on the Accommodation Program of the Department of Public Works.

You will recall that on March 20, 1979, my predecessor, The Honourable Judd Buchanan, reported to you that action was being taken as a result of most of your recommendations. It is therefore my pleasure today to report to you on the work that has been done over the past two years. In my own remarks, I would like to concentrate on improvements that have been made in two major areas of government operations.

The first area of improvement is in the administrative policies of the government under which departments manage their real property and accommodation. The second is the approval in principle by the Cabinet of a system which will provide accommodation and professional services by the Department of Public Works *on a revenue-dependent basis,* subject to an evaluation of the systems to be put in place by Public Works Canada. My comments will deal both with the real property policies and with the question of revenue dependency.

First the real property policies. The best way to give you some idea of the magnitude of the changes in real property management policy is to point out that we have had to expand our earlier administrative policy chapter on Real Property Management into four chapters. These four chapters constitute a "family" of policies in respect to real property. I am pleased to provide you with these documents today.

The new policy provisions reinforce existing government policy, which requires that federal real property be managed economically and efficiently, and that it be managed so as to combine the efficient provision of government services with the achievement of wider social, economic and environmental objectives.

These new policy provisions provide guidance for the complete spectrum of real property management activities; all aspects of the acquisition, use and disposal of real property are covered. An analytical method for determining the most economical means of acquiring real property has been introduced. This in particular addresses some of the most serious concerns that you had expressed in your report. The procedure by which real property is reviewed to ensure that it is fully utilized has been improved. The policy principle that you recommended to provide improved access for the handicapped has been included. The direction on the disposal of surplus real properties has been clarified. In particular, the provision that required that surplus land be retained has been deleted.

A number of provisions more clearly define the circumstances in which tenders are to be invited for leased accommodation. As a general practice, tenders are to be invited through advertisement in one or more newspapers for leases of over 250 square metres. For leases under this size, tenders may be called by invitation to a representative list of suppliers.

I feel these provisions are particularly important in providing greater private sector access to government leasing requirements. Furthermore, they will generate competition among suppliers, resulting in better rental deals for the government. Accommodation leasing costs exceed $200 million per year, and Public Works Canada alone has over 2,600 leased premises from coast to coast.

Other provisions are designed to provide an improved basis for the letting of federal real property to other levels of government and to the private sector, including a firm and consistent basis upon which departments can make federal real property available to community organizations.

The number of letting transactions has grown in recent years, covering a wide range of situations and providing revenues in excess of $100 million annually. For example, space in airport terminals and national parks is set aside for commercial uses such as restaurants, souvenir shops and car rental offices. Commercial space is rented in government office buildings and in heritage areas. Office space in government buildings temporarily not needed for government operations is rented for other purposes. All of these activities are covered by the new policy.

An office accommodation planning method based on the functions of the occupants has been developed and will shortly be included in the DPW procedures manual so that it will be available to office planners. The Treasury Board Office Accommodation Control Standard will be reviewed to ensure that it continues to provide for a high degree of Treasury Board control over the amount of office accommodation made available to the Public Service.

My colleague, the Honourable Paul Cosgrove, Minister of Public Works, will be outlining for you shortly the tasks that are ahead of his Department in moving towards Revenue Dependency. However, I thought I might take a few minutes to place this major management initiative in an over-all government perspective.

I am certain that you all have noted the various proposals and new thrusts by the present government to improve or strengthen financial management controls—and indeed, management in general. These improvements and changes are prompted by concerns the government had—and still has—which led to a variety of studies and recommendations by various bodies, among them, the Office of the Auditor General and the Public Accounts Committee. The government has also profited from the advice of the Royal Commission on Financial Management and Accountability—the Lambert Commission—outside consultants and, in the case of the major changes we are announcing today, *from the advice of your own Committee.*

The approval in principle by the Cabinet of the DPW Revenue Dependency System takes on a particular importance in this context. Simply put, departments and agencies would be expected, in the future, to be charged market prices for their accommodation and professional services subject, of course, to the evaluation of the systems. An important benefit, and one that is the recurring theme of many other recent proposals is that of *greater accountability*—including greater accountability to the taxpayers of Canada. It was in response to this theme that the Government created the Office of the Comptroller General of Canada, which, along with Treasury Board Canada, reports to me.

In the months ahead as the Comptroller General's major program on Improvements in Management Practices and Controls, the IMPAC Program, comes to fruition, *I look for even greater tightening of the strands of accountability, efficiency and effectiveness.* The DPW Revenue Dependency System will be developed in close co-operation with the Comptroller General and will form an integral part of DPW's own IMPAC Program. Equally as important as accountability and better financial management through these initiatives is the improved *visibility* of how we are spending taxpayers' dollars. The systems to be developed by Public Works Canada will help achieve exactly that end—as well as saving us money!

Under the Revenue Dependency System, departments will be responsible for planning their accommodation and professional service requirements, justifying them to Treasury Board, funding them in Main Estimates, and defending them before the parliamentary committees. Accountability will be demonstrated at each of these levels.

You will recall that over the last 20 years there has been a significant increase in the number of cost-recovery systems in government, systems through which departments charge out to the users of their services the expenses they incur in providing those services. The DPW Revenue Dependency System will represent a significant advance over these existing cost-recovery systems. It will provide, through its use of market prices, a standard of comparison and an objective control limit, over and above the normal cost controls of government.

The move to the DPW Revenue Dependency System will affect all departments of government and require major changes in the administrative and financial systems of the Public Service. Before these changes are made, Cabinet has directed that an evaluation based on a simulation be carried out.

In any move towards revenue dependency, the role of Treasury Board Canada will be four-fold.

—to provide over-all policy direction and guidance for all federal real estate activities;

—to promulgate and monitor standards for accommodation and services;

—to review and approve the budgets of both Public Works and other departments, plus their requests for appropriations and fee schedules; and

—to participate in the evaluation program.

Public Works Canada is one of the oldest government departments, and it is thus fitting that it should be in the vanguard of the changing processes of bringing improvement to our methods of conducting government business.

Thank you very much for your attention. I will be available to answer questions after Mr. Cosgrove has explained his department's changeover in detail.

Hon. Paul J. Cosgrove (Minister of Public Works): Mr. Chairman, honourable senators, I would like to begin by thanking this committee for its hard work and serious counsel; without your effort we would not be about to embark down such an exciting—and challenging—road. The President of the Treasury Board of Canada and I know that you share our excitement in what will be an entirely new approach to managing a common service agency in government.

As you know, Public Works Canada is one of the largest construction and real property organizations in Canada. As such it has massive holdings of buildings and land in its own right, manages property for other government departments and agencies and provides millions of square metres of space for accommodation purposes.

The department, in seeking a type of improved management practice which would ensure "value for money", had our enthusiasm fired by this very committee when, in 1978, it recommended the need for changes in the management of government accommodation and in the operations of Public Works.

This committee and the Auditor General both suggested the department be run on a "revenue dependent" basis; and the Comptroller General's IMPAC study highlighted need for improvement in management practices and controls.

I would like to refer briefly to the 1978 report of your committee, which dealt with the accommodation program of Public Works.

On recommending that my department charge user departments market-equivalent rents for all general purpose accommodation, your committee reached the conclusion, I quote,

> "That revenue dependency is feasible and desirable and (the committee) recommends that the accommodation program of Public Works be operated on this principle."

It is indeed with some relish that we can now report to you that Public Works is about to embark on developing systems that respond to the recommendations made by your committee. I feel it is most certainly the best way to manage a department that is to all intents and purposes a large realty company working within the aegis of the Government of Canada.

The decision by cabinet is significant in that it will establish a single system for managing accommodation. Within this system departments will pay rent for space and fees for services they obtain from Public Works.

Rental cash flow and related expenses would be accounted for in one revolving fund, while a second revolving fund would account for Public Works' fees and expenses. Public Works would be expected to rely on these fees to pay for its own operating and management costs.

Capital construction costs and the provision of some specialized services will continue to be funded through parliamentary appropriations.

Formal agreements will be encouraged between Public Works and our clients; these will delineate services to be rendered as to time of delivery, quality of service, costs, etc. There will thereby be an objective means of assessing whether or not Public Works is delivering as agreed.

The effect will be to create better service for our clients, will lead to better management and financial control, and to savings for the government, which are objectives I know the committee fully supports.

And in addition to that, I believe implicitly that the new mode of operation will also raise the morale of Public Works employees for, if we do good work, it will be readily apparent.

There is no way in which this changeover can take place immediately because of the lead time needed to design and install the commercial-type accounting systems and change the budgeting and estimates process. As new systems are developed they will be put in place, and simulated processes will be used to familiarize staff with these systems.

A thorough evaluation of the complete system will take place according to terms of reference agreed to by officials of Treasury Board, office of the Comptroller General, Privy Council and Public Works. Copies of these terms of reference are available for your information. The start-up of actual charging will be set by the government only after this evaluation is completed.

I want to thank publicly first, those in my department who have laboured to bring us so far, but even more so the members of this committee. Without your recommendations we would not be in a position to begin our drive to provide the most positive answer to the government's concern for improved administrative effectiveness.

STATUS OF IMPLEMENTATION OF RECOMMENDATIONS

	Recomendation September 1978	Status March 1979	Status March 1981
1.	Amend Public Works Act	Held in abeyance	Held in abeyance
*2.	Redefine "single purpose" and "general purpose" buildings	Being examined by interdepartmental committee	Part of DPW Project Revenue Dependency
*3.	Ownership	Being examined by interdepartmental committee	Part of DPW Project Revenue Dependency
4.	Designated DPW as common service agency	Held in abeyance	Held in abeyance
*5.	DPW responsible for all design and construction	Being examined by interdepartmental committee	Part of DPW Project Revenue Dependency
*6.	Notational system unsatisfactory	Conclusion noted	Implemented (deficiency will be corrected by revenue dependency)
*7.	DPW to rent its general purpose space	Pilot study	Implemented
*8.	Review of rent by Treasury Board	Pilot study	Will be implemented as part of DPW Project Revenue Dependency
*9.	Recommends revenue dependency	Pilot study	Implemented (Cabinet approval in principle-subject to evaluation)
*10.	Allocation of accommodation costs	Needs further study	Implemented as part of DPW Project Revenue Dependency
11.	Grants-in-lieu of taxes	Legislation before the House	Implemented
12.	DPW Building Fund	—	Part of DPW Project Revenue Dependency (did not use Senate model; used Auditor General's model)
13.	Space guidelines based on function	Pilot project	Partially implemented (functional planning method developed but not issued)
14.	Annual self-audit	Being implemented	Being implemented (changes in policy manual)
*15.	Space table in Main Estimates	Needs further study	Will be considered further under Revenue Dependency
16.	DPW as agent of Treasury Board	Implemented in modified form	Implemented (in modified form)
*17.	Responsibility for assisting client departments; authority to act on client's behalf	Being implemented	Being implemented as part of DPW Project Revenue Dependency
*18.	Re-examine DPW organization	Needs further study	Being implemented as part of DPW Project Revenue Dependency
19.	Assign planning officers to clients	Will be implemented	Implemented

20.	Treasury Board to supply forecasts	Sent to Treasury Boad	A forecasting system will be part of DPW Project Revenue Dependency
21.	DPW as federal government realty developer	Study by interdepartmental committee	Held in abeyance
22.	Competitive proposals over 20,000 sq. ft; Treasury Board approval of leases over $250,000	Sent to Treasury Board	Implemented (with some changes)
23.	Principles for renting	Sent to Treasury Board	Implemented (changes in policy manual)
24.	Higher rates in 4 major lease-purchase agreements	Conclusion noted	Implemented (changes in policy manual)
25.	Conditions for lease-purchase	Sent to Treasury Board	Implemented (changes in policy manual)
26.	Support for DPW project managers	Conclusion accepted	Implemented
27.	DPW employees to be project managers	Conclusion accepted	Implemented
28.	Use phased construction if time and cost permit	Being implemented	Implemented
29.	Specifications in tender documents	Sent to Treasury Board	Alternatives being considered
30.	Authorized list of contractors	Sent to Treasury Board	Not implemented
31.	Use of Crown construction	Sent to Treasury Board	Implemented (changes in policy manual)
32.	Reduce in-house design work	Needs further study	Implemented
33.	Method of selection for architects and engineers	Under review	Implemented
34.	Scale of fees	Under review	Implemented (alternative being considered)
35.	Role of private sector in altering fees	Conclusion accepted	Implemented (to extent possible by DPW)
36.	Two-stage competitions for important buildings	Needs further study	Implemented
*37.	Less costly buildings under revenue dependency	Conclusion accepted	Implemented, part of Project Revenue Dependency
38.	Life-cycle costs as basis of decision-making	Sent to Treasury Board	Implemented (changes in policy manual)
*39.	Calculate costs of prestige factor	Pilot study	Implemented as part of DPW Project Revenue Dependency
40.	Re-assess large federal multipurpose complexes	Implemented	Implemented
41.	Re-define term "heritage building"	Sent to Treasury Board	Implemented (new criteria being developed)
42.	Fine art policy	Implemented	Implemented (program terminated)

43.	Approves commercial letting	Implemented	Implemented (changes in policy manual)
44.	Accessibility for handicapped	Conclusion accepted	Implemented (changes in policy manual)
*45.	Client departments to arrange for minor tenant services	Sent to Treasury Board	Implemented as part of DPW Project Revenue Dependency
46.	Privatization policy	Sent to Treasury Board	Implemented (ongoing consideration)
*47.	Client department as part of inspection team	Sent to Treasury Board	Implemented as part of DPW Project Revenue Dependency
*48.	Formal lease under revenue dependency	Sent to Treasury Board	Implemented as part of DPW Project Revenue Dependency
49.	Compulsory use of GMS	Conclusion accepted	Implemented (changes in policy manual being proposed)
50.	Re-assess benefits of computer aided design	Will be implemented	Implemented
51.	Discontinue Construction Investment Information System	Implemented	Implemented (system discontinued)
52.	Involve private sector and universities in experimental work	Being implemented	Implemented (ongoing consideration)
53.	Assess research and development projects	Will be implemented	Implemented
54.	Terminate area screening program	Sent to Treasury Board	Partially implemented (new procedures introduced)
55.	Land management policy	Sent to Treasury Board	Implemented (changes in policy manual)
56.	Acquisition of property	Sent to Treasury Board	Held in abeyance
57.	Reverse decision to retain surplus properties	Sent to Treasury Board	Implemented (changes in policy manual)
58.	Review of single purpose properties	Sent to Treasury Board	Implemented (changes in policy manual)
59.	Uses of inventory	Will be implemented	Implemented
60.	Inventory of overseas property	Conclusion accepted	Implemented
61.	Standards for inventory outside Canada	Conclusion accepted	Implemented
62.	Property of Crown corporation	Sent to Treasury Board	Implemented

(*indicates a recommendation dealing with revenue dependency.)

THE SENATE

Tuesday, March 17, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ST. PATRICK'S DAY

TRIBUTES TO ST. PATRICK AND THE IRISH PEOPLE

The Hon. the Speaker: Honourable senators, I notice that the Honourable Senator Grosart is wearing a green tie, and I would like him to explain this phenomenon.

Hon. Allister Grosart: Honourable senators, I rise, with your permission, to draw attention to the fact that the reason for the green tie is, of course, that this is March 17, the great day of the Irish and of St. Patrick, the patron saint of Ireland.

Hon. Senators: Hear, hear.

Senator Grosart: I do so as one who was born in Ireland, a distinction which I share, I believe, only with Senator Andy Thompson. Andy is from the north and I am from the south, so between us we represent the whole born-in-Ireland contingent in the Senate and, I believe, in the Parliament of Canada. I do not say that this signifies the deterioration of our institution, but in the first Parliament there were 48 members who were born in Ireland. I rejoice, of course, in the fact that, in addition to Senator Thompson and myself, there are many here who have glorious streams of Irish blood in their veins. What else, in a Senate that has a Connolly, a Hayden, a Doody, a Riley, a Hicks, a Donahoe, a Sullivan, a Jacques Flynn, and many others who, like myself, have names that conceal the unique distinction of their ancestry.

On occasions such as this, when we Irish become sentimental about the land of our birth, we are sometimes asked by cynics, "Well, if you think so much of the beauty and glory of that land, why did you leave it?" That question was asked of another Irish emigrant to Australia many years ago. He was a notorious thief and pickpocket in Dublin. He became later a noted historian and, indeed, a poet in Australia. To explain why he and other convicts had left Ireland to go to Australia, he put it in these words:

> True patriots we,
> For be it understood:
> We left our country,
> For our country's good.

Hon. Senators: Hear, hear.

Senator Grosart: In a more serious vein, honourable senators, this day on Parliament Hill makes us—Irish anyway, and perhaps all Canadians—think inevitably of the greatest Irish Canadian of all, the Honourable D'Arcy McGee, for it was on this day 113 years ago that he made his second to last speech in Parliament, a speech, interestingly enough, defending the British North America Act, the Constitution and the Confederation, which was then being debated in the first Parliament, just as it is still being debated in the thirty-second Parliament.

Senator Donahoe: We need him back.

Senator Grosart: Yes. It was said of him, and I think rightly so by common consent, that he was the most eloquent proponent of the Constitution and Confederation. Not many years before, D'Arcy McGee had been a fugitive from the rebellion of '48. With a price on his head he was smuggled out of Ireland by a monk, and in a monk's costume to America and eventually to Canada. Here, as I say, he became the most eloquent and certainly one of the most influential of those Fathers of Confederation who brought about our union.

It was just about this time, as Parliament was thinking in terms of the Easter recess, that he made his last speech. He left the Hill, walked down to Sparks Street, and at the door of his lodging house he was cut down by an assassin's bullet. D'Arcy McGee was a great Canadian and a great Irishman. He loved Canada and he loved Ireland. With understandable Irish nostalgia he wrote:

> Where'er I turned, some emblem still
> Roused consciousness upon my track;
> Some hill was like an Irish hill,
> Some wild bird's whistle called me back.

D'Arcy McGee was called back to a land which he described in these words:

> Good land—green land—dear Ireland,
> Though we cannot see you . . . still,
> May God's dew brighten all your skies,
> His sun kiss every hill.

Perhaps honourable senators will allow me to send from this Canada of ours to that troubled land of Ireland those words of D'Arcy McGee.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, once again Senator Grosart has demonstrated one of the characteristics of those of Irish descent, that of great eloquence. I am sure that all of us in the chamber, regardless of our racial origin, will want to join with Senator Grosart in the statement about the Irish he has made today. The closest any of my ancestors came to Ireland was Scotland. They never quite made it across the water barrier between the two countries.

Nevertheless, I would be the first to acknowledge, as I am sure would others who occupy seats in this chamber, the

enormous contribution made by those of Irish descent to the development of Canada. The contributions those of Irish descent have made to the arts, to culture, to the professions, to the church, and to business have been significant and notable. In the political arena, their contribution has been totally disproportionate to the numbers they represent in our population. Canadians of Irish descent have a great penchant and ability for public life, and their contribution in that area has been of vast proportions. They have served Canada well, and they continue to do so.

At this point I yield the floor to my colleague, the deputy government leader, who can claim some Irish ancestry.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, when my grandfather, Thomas Royce, left Ireland to come to Canada in the late 1800s perhaps there were some who thought that it was for the good of Ireland. I hope not, but certainly it was for my good. I can only claim to be 25 per cent Irish. The remaining portion consists of 50 per cent Scots, and the rest English. I do think that it is worthwhile saying on behalf of Senator Thompson, who represents the other 50 per cent of the Senate Irish caucus, that he would support what was said by Senator Grosart. He is probably as sorry as we are that he is not present to say so in his own way. With that brief comment, I will wait for Robbie Burns Day.

Hon. Richard A. Donahoe: Honourable senators, I am tempted to add a word because on this day, during the many years I sat in the Nova Scotia legislature, my desk was always draped with the shamrock, and I rose to pay tribute to the Irish, and to their contribution to the growth and development of Nova Scotia. Honourable senators will notice the pots of shamrock on Senator Doody's desk, Senator Flynn's desk and my desk. I put them there because I felt that this day should not go by without at least some of us marking our pride in our Irish descent.

My predecessor in this seat, Senator Harold Connolly, was a past president of the Charitable Irish Society of Halifax. If honourable senators go back into the history of that august society, which was founded in 1784 by Richard John Uniacke, an Irishman, they will find that ever since there has been a Senate and a Parliament of Canada, they have always had a representative of Irish descent from Halifax.

● (1410)

Last year, in speaking to the Charitable Irish Society, I had occasion to remind them that each of those senators who, in turn, occupied a seat in this chamber, had been past-president. In my presence here, I am continuing the long tradition of an Irish contribution to the Senate.

I remember my earlier predecessor, Senator Quinn, from a time when I was too young to be here and too young to participate. I am told that on this day he rose and treated this august chamber to the sound of his melodious voice singing Irish songs. I can assure you, honourable senators, I have no intention of inflicting anything like that upon you.

Some Hon. Senators: Come on.

[Senator Perrault.]

Senator Donahoe: This is a day that raises the hearts and the pride of Irish people wherever they may be. I was moved and touched by Senator Grosart's remarks respecting that great Canadian and Irishman, D'Arcy McGee.

I merely rise in my place here to make my small contribution to the recognition of this most respected and revered national day.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Louis-J. Robichaud: Honourable senators, I take great pleasure in rising on a question of privilege which is somewhat related to what has just been said about the Irish. I must say, in rising on this question of privilege, that I am quite a hockey buff. In addition, I am considered one of the founding members of the Acadian University of Moncton.

Now, last Sunday, the University of Moncton, a young university founded in 1962, won the Canadian Inter-University Hockey championship. I watched the game with great interest.

Senator Asselin: Who was the coach?

Senator Robichaud: Jean Perron, who is an outstanding university hockey coach.

So, I watched the game; the Moncton University was playing against the Regina University Huskies. The score was 2-2 and there were nine seconds left. Bessette scored a point, making it 3 to 2 and four seconds before the end, he scored another point making the final score, 4 to 2.

I therefore want to congratulate the coach, Jean Perron, as well as all the players on the hockey team of Moncton University, the only Acadian university which, along the way, managed to beat Saint Francis Xavier University, the Irish university at Antigonish.

[*English*]

Hon. Sidney L. Buckwold: Honourable senators, as you are well aware, I do not rise as an Irishman. I was once told that some of my ancestors were in Ireland, but they couldn't make a living there.

I especially want to draw the attention of those of Irish descent to the fact that, although they talk about paying their respects to the wonderful people of that great country, Saskatchewan has done something about it. There are two adjoining towns in Saskatchewan named after D'Arcy McGee—D'Arcy, Saskatchewan and McGee, Saskatchewan. I thought they would be interested to know that the Irish had been honoured in that way.

LIBRARY OF PARLIAMENT

REPORT OF LIBRARIAN TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual report of the Parliamentary Librarian for the fiscal year 1979-80.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Reports of the Department of Veterans Affairs and of the Canadian Pension Commission for the fiscal year ended March 31, 1980, pursuant to section 8 of the *Department of Veterans Affairs Act*, Chapter V-1, and section 4(2) of the *Pension Act*, Chapter P-7, R.S.C., 1970, including reports of the Pension Review Board, the War Veterans Allowance Board and the Bureau of Pensions Advocates for the same period.

Report of the Governor of the Bank of Canada and Statement of Accounts for the year ended December 31, 1980, pursuant to section 26(3) of the *Bank of Canada Act*, Chapter B-2, R.S.C., 1970.

Report on the operations of the *Shipping Conferences Exemption Act, 1979*, for the year 1980, pursuant to section 20 of the said Act, Chapter 15, Statutes of Canada, 1978-79.

● (1415)

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Health, Welfare and Science have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

FOREIGN AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Buckwold be substituted for that of the Honourable Senator Stanbury on the list of senators serving on the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Stanbury be substituted for that of the Honourable Senator Frith on the list of senators serving on the Special Joint Committee on Official Languages; and

That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ESTIMATES

PUBLIC SERVICE—GOVERNMENT POLICY

Hon. Richard A. Donahoe: Honourable senators, last Thursday I directed a question to the Minister of State for Economic Development concerning the government's commitment to take steps to reduce the size of the public service, a commitment which was broken when the main estimates provided for an increase of 3,085 person-years during 1981-82. The minister, you will recall, dismissed my effort to elicit actual government policy on this question by asserting that, obviously, the government would increase, where necessary, the personnel allocations for law enforcement, fisheries surveillance and other essential services.

I draw to the minister's attention Fact Sheet No. 6, which is part of the package that accompanied the estimates. Allowing that some of the personnel increases of those agencies and departments whose staff will increase by more than 100 per cent in 1981-82 could loosely be described as essential, I would ask the minister how he rationalizes staff increases of 790 for Taxation, 554 for Customs and Excise, and 507 for Energy, Mines and Resources as far as relating to either law enforcement or fisheries surveillance?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it would not be very hard to make the argument but it might take quite a long time and, therefore, I will not try to do so. If I am simply asked my opinion as to how we can apply those increases to the criteria, I am sure that Senator Donahoe would not argue that in the Taxation Department income tax returns and other related things need to be dealt with within a reasonably short time. Whatever staff is necessary for that ought to be in place. My honourable friend will also recognize that there are a number of new activities with respect to the National Energy Program and, certainly, we want them to be administered by competent staff in an efficient way.

● (1420)

Senator Donahoe: I have a supplementary question. I would further draw to the minister's attention the fact that following his reply on a previous day I checked the reports of the statement of last April, in which the President of the Treasury Board, Mr. Johnston, made his commitment to reduce person-years in the public service. My research has failed to reveal even a hint of a suggestion that person-years might actually increase by as much as one, let alone over 3,000 in 1985. If the government were to decide that further taxation for services,

for example, was essential for the individual security of Canadians, can the minister indicate when the government altered its policy in this particular matter?

Senator Olson: I will take that question as notice, and will endeavour to find some instances where there have been some reductions. I do not have that information at my fingertips at this moment.

Senator Donahoe: As my final supplementary, I would ask the minister for details, if he can obtain them, about the government's supposed painless means of reducing the public service. In his April statement, the President of the Treasury Board said that he "would unveil within a month details of this new painless policy."

Allowing that my inability to find such a statement does not necessarily mean that one was never made, I would be grateful if the minister could bring to the Senate complete details of the program by which the government "painlessly" cuts the size of the public service while increasing its size this year by more than 3,000.

Senator Olson: Without accepting any of those arguments, I will take the substance of the question, which is to try to find out whether or not a statement was made. If so, I will bring it to the Senate as soon as I get it.

ENERGY

OIL—ATLANTIC PROVINCES—SECURITY OF SUPPLY

Hon. Robert Muir: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. As he is probably aware, the Persian Gulf oil exporters meet today and they may decide on a large cutback in crude oil production, to take effect upon cessation of the war between Iran and Iraq.

So that Atlantic Canadians, in particular, can be assured of continued security of supply, would the minister bring to the Senate a progress report on imports from Mexico, including long-range meteorological forecasts bearing upon shipping in the Gulf of Mexico?

Hon. H. A. Olson (Minister of State for Economic Development): Yes, honourable senators, I will try to get that information, although my honourable friend should realize one other fact with respect to the meeting of OPEC ministers. One of the things they are considering—or, at least, were reported to be considering—is a reduction because, to use their term, there is an oil glut in the world. If that is so, it would seem that the supplies we might need over the next few weeks or months will be relatively easy to obtain, albeit at a price higher than some of the other oil that is available to us.

Senator Muir: Thank you. It would seem to me that over the next few months we shall have to look a little farther than that.

I have a supplementary. Has the government analyzed its potential supply situation in the event of large cutbacks, and would the minister share with us that information? In other words, for how long can we anticipate this so-called glut lasting, ensuring a plentiful supply? Has the minister any information to the effect that we have a plentiful supply for a long period of time?

Senator Olson: Well, honourable senators, I suppose it is the continuing responsibility of the government—which it takes very seriously—to ensure that there are adequate supplies of crude oil in Canada in the various positions where it is required.

With regard to the second part of the honourable senator's question, as to how long is "long", I do not believe that attempts have been made to absolutely guarantee supplies for years into the future. We assume that the sources of supply will be providing those requirements as time unfolds; but I can assure my honourable friend that the government is indeed cognizant of its responsibility to do what it can to ensure that there are supplies for the projected periods of time that have been considered valid in the past.

Senator Muir: That brings me to a further supplementary. In view of the fact that the minister and the government seem to have changed their minds in connection with what we were told here and in the other place a few years ago, that there were plentiful supplies of oil in Canada that would be forthcoming for years to come, which did not develop, I trust that the predictions and forecasts will be much better on this occasion.

● (1425)

Senator Olson: Honourable senators, there is no change in my view that there are supplies in Canada for years and years to come. What is a problem at the moment is the timing of the commencement of production of the processing plants that are needed to put those supplies into the consumer stream. My honourable friend will recognize at once, I am sure, that this government has done everything possible to get those processing plants in place so that much larger and more secure supplies of oil from Canadian sources will be available to Canadian consumers.

Senator Muir: Well, honourable senators, when the honourable gentleman and I sat in the other place we did have official information from the Department of Energy, Mines and Resources along the lines I have suggested. All I am saying is that I hope that in the future forecasts will not be as erroneous as those were.

THE ESTIMATES

REDUCTION IN ECONOMIC DEVELOPMENT ENVELOPE

Hon. Guy Charbonneau: Honourable senators, I would like to address a question to the Minister of State for Economic Development.

On Thursday last I asked Senator Olson a question about the main estimates, and about the fact that the main economic development envelope was provided with $282 million less than the budget had allocated for economic development. The minister replied by saying that in fact the estimates had

provided for a 22 per cent increase over the budget in so far as economic development is concerned. I wonder if the minister still stands by that statement.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, this question provides me with an opportunity to provide what would otherwise have been a delayed answer to the question raised by Senator Charbonneau on March 12, which concerns the size of the economic development envelope.

The difference noted by Senator Charbonneau between the amounts shown for the economic development envelope in the October 1980 budget and the main estimates for 1981-82 occurs because of a change in presentation. At the time of the October 1980 budget the distribution of planned outlays by envelope did not include the following centrally recorded adjustments: the revisions to cost estimates of on-going programs to be made at the time of final preparation of the main estimates; the repayment of previous years' loans that are now offset by new loans.

In the expenditure plan by envelope, however, as shown in Part I of the 1981-82 main estimates, the envelopes have been adjusted to reflect these items. I am therefore able to assure the honourable senator that there has been no reduction or lessening of priority with regard to economic development.

FOREIGN AFFAIRS

LAW OF THE SEA CONFERENCE—OBSERVER STATUS FOR SENATORS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. This concerns the Law of the Sea Conference.

Since the Law of the Sea Conference is so important to Canada, and since it has been continuing for quite a number of years, has there ever been an allocation of observer status to members of this chamber, as well as to members of the other place, at that conference?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am not aware of any such official request for the Senate to designate observers or participants for the Law of the Sea Conference. Certainly, however, an inquiry will be made.

Senator Marshall: As I understand it, the office of the President of the Privy Council sends to both parties an allocation of observer seats at different times during the Law of the Sea Conference, and then it is up to the particular party to submit names. I am wondering, since there is a definite interest in this chamber in the Law of the Sea Conference, depending on the part of the country you come from, why, over the years, we have not been allocated, on a party basis, on both sides of the chamber, some sort of observer status. The meetings go on for eight or ten weeks.

Senator Perrault: The honourable senator, of course, is aware that the general principle has been established. For example, Senator Williams has attended an international conference like the Law of the Sea Conference. Indeed, the Honourable Senator Williams has attended a number of international fisheries conferences. I am not aware, however, that as a standard practice the Senate has been granted the right to designate observers for all international conferences. Certainly, I have not been contacted to provide names from the government side to participate in Law of the Sea meetings. I think the honourable senator's suggestion is a very interesting and useful one, however.

Senator Marshall: Would the Leader of the Government in the Senate inquire and see if arrangements can be made for the Senate to have seats as observers at this conference?

Senator Perrault: Honourable senators, the inquiry will certainly go forward. I know the Honourable Senator Marshall's interest and expertise in this area. I think that it could be very useful to have observers from the Senate at the Law of the Sea meetings.

● (1430)

ST. PIERRE AND MIQUELON—IMPLICATIONS OF 200-MILE LIMIT

Hon. Jack Marshall: I have another question which arises out of the problems that exist now over the East Coast Fisheries Treaty. Certainly, the government is aware of the fact that there is another potential problem regarding reciprocal treaties between countries, and that has to do with the 200-mile limit and its implications for the little islands of St. Pierre and Miquelon. I note that negotiations have been going on between Canada and France for many years, but we never hear of their progress. It is obvious that St. Pierre and Miquelon could extend their limit to 200 miles, which would certainly conflict with Canada's boundaries and the minerals and fish lying within them.

Could the Leader of the Government make an inquiry of the Department of External Affairs and prepare a statement on the present status of the negotiations with France and/or St. Pierre and Miquelon with regard to the median lines between the two countries and any plans for future negotiations, which indeed go into the implications of the Law of the Sea as to minerals and the ocean seabed?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no updated information on the situation. The last round of negotiations on maritime boundary delimitation between Canada and France concerning St. Pierre and Miquelon took place in January 1979. Negotiations will resume this year, and I can inform the honourable senator that it appears as though those talks will resume in May, so there will be another round of bargaining at that time.

Given the complexity of these negotiations and the fact that they are about to resume, it would be inappropriate at this stage to discuss the details of the negotiations, including the respective legal positions, or to comment beyond that on the press reports which appear from time to time.

As far as the alleged resources around St. Pierre and Miquelon are concerned, exploration is neither taking place nor is likely to occur until an agreement is reached on the

delimitation of the maritime boundary between France and Canada. However, the discussions will resume tentatively, at least, in May.

MULTICULTURALISM

EXPENDITURES ON ADVERTISING

Hon. Heath Macquarrie: Honourable senators, in honour of St. Patrick's Day I would like to ask a question in the area of multiculturalism. Like the Irish, the Scots are now called, under the new jargon, "non-visible ethnics." Heretofore I thought that I belonged to an impecunious minority, but the status is "non-visible ethnic."

The other day I was impressed and appalled to note that the Minister of State for Multiculturalism had reported that spending on advertising alone in the information budget would reach $60 million for this fiscal year, an increase of $10 million over what was forecast; and that the total information budget for the government, which had been forecast at $111.9 million, would reach $204.1 million in the next fiscal year and would escalate to $225.2 million in the following fiscal year.

In the light of these statistics, which are fearful altogether, can the minister indicate whether there is some reason for such an enormous and frightening escalation? Is the hard sell becoming ever harder? Is it more difficult to convince the Canadian public of the benevolence of their government? Or is it a fact that the whole thing requires, as is hinted in a recent article in the *Globe and Mail,* more careful study as to what in fact has been done in this super-salesmanship job which is costing the public so many, many dollars?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have great respect for the Honourable Senator Macquarrie's judgment and eloquence in this chamber. However, surely one cannot argue, on the one hand, for greater freedom of information and a greater need for the government actions and, on the other hand, when the government responds positively to the suggestions to communicate its actions while at the same time protesting, as the honourable senator has just done, when the government responds positively to suggestions that it communicate more effectively opposition critics speak of "freedom of information" and the need to keep the people of Canada well informed about government activities, yet they proceed to criticize those efforts, alleging that they are too costly. Of course, communications costs are increasing, but the government feels that it has a responsibility to provide as much information as possible about the various programs approved by Parliament. As my colleague, Senator Frith, has just observed, it is necessary to use modern communications techniques in the process. Extensive communications programs of various types have been adopted in most of the provinces, including, for example, the Province of Ontario. Radio, television and print advertising describing a wide range of provincial activities, are presented by all of the provinces, including Ontario, Alberta and British Columbia. As a proportion of total provincial budgets, I suggest that the cost of these provincial programs is far in excess of the national government's publicity expenditures. A well-informed public is a more aware public, in the view of the national government.

[Senator Perrault.]

REGIONAL ECONOMIC EXPANSION

ATLANTIC PROVINCES—PRODUCTION OF IRISH MOSS

Hon. Raymond J. Perrault (Leader of the Government): While I am on my feet, and cognizant of the fact that it is St. Patrick's Day, may I furnish further information about Irish moss?

Some Hon. Senators: Hear, hear.

Senator Perrault: I appreciate the fact that the Minister of Supply and Services for Canada has met the target date of March 17 with this information. I have discussed with my colleague the lack of information which has been available on this subject, and I have received a communication in response to the request for more details concerning the reply which Statistics Canada provided to Question No. 12 on the Order Paper raised by Senator Macquarrie. Statistics Canada have informed me, in a letter written by the Honourable Jean-Jacques Blais, as follows:

> 1. A similar question was submitted on April 3rd, 1978. The reply submitted by Statistics Canada stated that insofar as Statistics Canada was concerned, the information concerning the value and tonnage of Irish Moss produced in the Atlantic Provinces was confidential. This reply conforms with the reply recently tabled to Senate Question number 12.
>
> However, the reply tabled on October 10th, 1978 provided information obtained from other sources, namely the Departments of Fisheries and the Environment and Industry, Trade and Commerce.
>
> 2. The information requested, if provided, would make it possible to relate the particulars to an individual identifiable organization. This information is, therefore, not allowed to be disclosed under the Statistics Act.
>
> 3. In reference to the point raised by Senator Godfrey in the Senate on Wednesday February 25th, 1981, who stated
>
> > "... (Senator Perrault should) also draw to the attention of the bureaucrat responsible, the letter from the Prime Minister, which told bureaucrats that, until the Access to Information Bill became law, they should act as if it were law",
>
> it must be pointed out that the proposed Access to Information legislation does not allow disclosure of information where privacy is protected by another Act of Parliament.
>
> In conclusion, it is clear that Statistics Canada has maintained the same position as that taken in 1978, which is that the confidentiality clauses of the Statistics Act preclude the release of any information concerning the value of tonnage of Irish Moss produced in the Atlantic Provinces.

I do not know whether that reply will assist the Honourable Senator Macquarrie, but an effort was made to obtain at least an explanation.

• (1440)

Hon. Heath Macquarrie: Honourable senators, I think I am entitled to observe that this St. Patrick's Day is a good day for all of us in more ways than one. It has shown the Honourable Senator Perrault at his humourous best. I cannot see how anyone could—and I appreciate the noted occasion of the day—bring in that question on Irish moss, which took nine months to get no information on, to say, "The reason why we have this $111 million budget is that we are giving people information all the time." I do not think he could have hit upon a worse indication of how well things are going. These costly millions are not, in fact, providing the information which the provinces would give any of these high-priced propagandists for nothing. I am not convinced that a province is such a confidentially-surrounded unit of business that that must be denied.

I would say that whoever came up with that second answer did not earn his share of that $111 million, any more than did the misanthropic, uninformed person who gave the earlier answer. All I will salute is the honourable leader's sense of humour and his effort to do his part dealing with a group of people who, while they may be very well paid, are not by any means very sensitive to the kinds of things which are of real importance to the people of this country.

Senator Perrault: Honourable senators, I think it can be said that in the process of gathering information from a number of sources across the country and in asking companies for confidential information, if some of those companies conclude that that material will be used publicly and the source of the information will be identified, they may be quite reluctant to participate in the rather extensive information-gathering process engaged in by the government in recent years.

I think the honourable senator is aware that there could well be great reluctance on the part of many companies to provide confidential information, if there is any possibility that it could be used to their competitive disadvantage at some point in time. That is the nature of the problem I think we are facing here.

I believe in a free and open government and in access to information, but the difficulty which I have cited most certainly exists.

Senator Macquarrie: Honourable senators, I will certainly not take up the time of this house arguing the point, but I do not know what I can do, or what branch of the government I can call on, to get across my message that I am not asking about individual companies but about provinces. Why is there this constant barrage: "We cannot open the books of companies"? I do not want to see them. I want to see how the industry is developing in the four Atlantic provinces.

ENERGY

ALASKA HIGHWAY GAS PIPELINE—FINANCING OF UNITED STATES SECTION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Austin asked if President Reagan or any of his officials had indicated that they were "prepared to change, or to propose a change to, the existing legislation in order to allow the producers in Alaska to participate as equity holders in the financing of the United States portion of that pipeline."

May I say in reply that in his statement to the press on March 11, 1981, Secretary Haig stated:

> "What we reiterated was the American assurance that we are going to seek as soon as possible the completion of the U.S. segment of this pipeline through private financing and that's a reassurance and a restatement of our earlier assurances in this area. . . . We are going to do all within our power to see that it is available."

I understand from Secretary Haig's statement that the Reagan administration is prepared to do as much as the Carter administration in seeing this project completed, including the introduction of a legislative amendment to permit producers to have equity participation in the pipeline, if this is necessary to secure private financing.

• (1450)

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION—AMENDED AND RESTATED LOAN INSURANCE AGREEMENT

Hon. R. James Balfour: Honourable senators, might I inquire of the Minister of State for Economic Development when he expects to be in a position to respond to my question to him of February 24 concerning the Chrysler loan?

Hon. H. A. Olson (Minister of State for Economic Development): I shall inquire into the matter and give the honourable senator a reply tomorrow. Hopefully, it will be a reply to the question, but if it is not ready I will at least try to respond to the question that was asked today.

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Martial Asselin: On March 2 I asked Senator Perrault a question regarding the sale of Nordair to Regionair. At that time the minister said that he would try to bring a statement to the Senate. Will the minister be doing that today or later this week?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, any supplementary information which may be available has not yet been received by me. Another inquiry will go forward today to find out whether further information can be brought to the chamber this week. Certainly, we shall aim to have something for the honourable senator tomorrow, if he requires that further information.

[*Later:*]

Senator Perrault: Honourable senators, I seek leave of the house to revert very briefly to Question Period on a point of clarification.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Perrault: Earlier today Senator Asselin asked a question with respect to Nordair and asked for further information on that subject. I did make a statement about Nordair on March 12, at page 2031 of *Senate Hansard*. I presume he seeks information in addition to that which I gave in my reply. It was a fairly detailed reply, and I would not wish to obtain additional information if the data required by Senator Asselin is included in that reply.

Senator Asselin: Honourable senators, I am sorry I did not look at the answer Senator Perrault gave on March 12. I will do so, and if I need further information, I will let him know.

JUDGES ACT

BILL TO AMEND—THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-34, to amend the Judges Act and certain other acts in consequence thereof.

[*Translation*]

Hon. Martial Asselin: Honourable senators, before proceeding with the third reading of this bill, I merely wish to make a very brief comment on the bill which, in my opinion, is important. In this way I will not be unduly delaying its passage. However, in view of the fact that it has been on the order paper for such a long time, and that it was also considered under the previous government, it is absolutely essential that the judges be granted the increase provided in the bill.

Unfortunately I did not have time to attend the meetings of the Committee on Legal and Constitutional Affairs which studied the bill. However what surprised me, and what is also a source of concern for the judges, is the fact that in this legislation amendments are made to the provisions concerning the judges' contribution to pension in anticipation of their retirement or their death.

Senator Flynn dealt briefly with the matter when he spoke to the bill on second reading. Senator Frith touched lightly on it too. But there is the matter of the second class of judges that was created by the previous bill, which the minister is now attempting to do away with, by allowing or requesting that a number of judges contribute while others are not required to do so.

I must say that the situation causes some uneasiness among the members of the judiciary.

The minister, while the bill was being studied in committee at the other place, decided to withdraw that part of the legislation and to have this important matter looked into further, possibly by a committee of experts. I did not notice how that committee would be established but I should like to know whether or not Senator Frith can tell us just what direction his inquiry will take, and whether he will be presenting a report to Parliament in the near future with a view to remedying the situation that existed previously. Throughout that whole period, some judges had to make contributions with their own money in anticipation of their retirement or their death. Will those payments be interrupted until such time as the committee now studying the matter brings in a report?

If we allow this situation to continue to prevail for a year or more in the judiciary, where judges are paying that contribution, I am afraid the present uneasiness will grow.

I feel that the minister should stop these contributions until such time as the committee now examining the legislation reports to Parliament.

Senator Frith: Honourable senators, without wanting to close the debate but merely in an attempt to answer the question put by Senator Asselin, I should like to mention, as a sort of preamble, that if I understand the situation correctly with regard to pensions, the matter is implied in the legislation now before us. It is mainly by implication that we are now dealing with this matter.

First of all, the question of contributions. If I correctly size up the present situation we are not in a position to stop temporarily the contributions owing to the fact that in the act as it now exists the differences to which Senator Asselin has alluded can be found.

As I said in the debate on second reading I think that those aspects are more harmful and worse—if that is possible—than the situation as it relates to salaries. Both are similar, that is for sure.

In my opinion anyway, the current situation with regard to pensions is totally unacceptable.

Second, if I fully appreciate the position of the government, there has been strong opposition in the other place; I would rather not mention a party, but I think it was the New Democratic Party—but aside from that there was opposition to that aspect of the bill. That is how I see the position of the government which is giving full support to the aspect of pensions and that in turn was the position of Senator Flynn when he was holding the justice portfolio. According to the information I have the government intends to continue supporting the position taken by Senator Flynn.

So as not to delay one aspect of the bill which has gained general support, they have accepted—not decided, but accepted, rather, under pressure—that the bill be split to settle the issue of salaries and postpone the other aspect for the time being.

This brings me to the third point, the intervention of Senator Asselin which, in my opinion, was an appropriate question to raise. How long would it take to settle the issue which was being studied at the same time as the other aspect? It is hoped, and I, for one, certainly hope that the whole thing will not be postponed for a year or more. Finally, I share Asse-

lin's concern when he asks: "What can be done that has not already been done?"

I regret that I cannot come up with a satisfactory answer for Senator Asselin or for myself. But in the meantime, as a final remark I would say that we must accept that aspect of the bill. As for me, I promise to continue my efforts to settle the question of pensions. Senator Asselin and myself and, I believe, a number of other senators and many other Canadians, are determined that this harmful problem must be solved.

● (1500)

[*English*]

Hon. John M. Godfrey: Honourable senators, on March 11 Senator Frith moved the second reading of this bill. The usual practice in this house, unless there is some urgency, is for an opposition senator to adjourn the debate after the mover's speech. This serves the useful purpose of allowing senators to ponder, for at least 24 hours, the merits of the bill before deciding whether they want to speak on it or how they want to vote.

Senator Lawson happened that day to be making one of his infrequent, lightning-like descents on the Senate—here today and usually gone before tomorrow. Senator Lawson only graced this chamber with his presence on nine different occasions last year and, as we all know, he is not a member of any committee. No wonder, then, that he is evidently unfamiliar with, or at least rusty on, the most elementary procedures of this chamber. He tried to speak before Senator Frith had spoken after moving second reading. He then tried to speak before Senator Frith had finished and was still on his feet, apparently unaware that a senator has the floor, when he is speaking, until he sits down.

I thought it would be of some benefit to Senator Lawson if he had to stay around a second day to refresh himself as to the Senate's procedures, after all these years. I decided, therefore, to adjourn the debate before Senator Lawson could speak.

Senator Frith asked for speedy and non-partisan passage of this bill. He stated:

> —some of the mechanics are matters which honourable senators may wish to study and raise questions about in committee.

There was no indication whatsoever from Senator Frith, during his speech, that he wanted the debate on second reading completed that afternoon so that the committee could begin studying the bill the next morning. When he pointed that out and asked me to withdraw my motion to adjourn the debate, I did so.

The next morning, at the beginning of the proceedings of the Standing Senate Committee on Legal and Constitutional Affairs concerning this bill, I raised an objection to the way this bill was being rushed through without senators being given a chance to study "some of the mechanics" so that they could raise questions in committee. I asked that the committee members not complete their consideration of the bill that morning, but that they adjourn after hearing the evidence of officials from the department so that any honourable senator could have a chance to study the bill and raise questions if he so desired. Furthermore, it would give any member of the public, who wished to do so, a chance to appear before the committee. I fully appreciated that it would be most unlikely that questions would be raised or that a member of the public would want to intervene.

However, as the provisions for raising judges' salaries would be retroactive, I could not see what all the rush was about. The answer of the chairman of the committee, Senator Goldenberg, to that was to the effect that the government considered it a matter of urgency and wanted the bill to be rushed through, and that, apparently, was the only reason he needed. While the government's wishes may be all important to Senator Goldenberg, they certainly are not to me.

I felt that the desire of the government for speedy passage, in itself, was irrelevant unless it could give some valid reason for it. The reason given by the officials as to why the passage of the bill could not be delayed for several days was so feeble that I will not bother to mention it.

The committee sat for little over an hour and reported the bill without amendment.

I was then informed that Senator Frith wanted to have third reading that afternoon. This could only be done by the Senate unanimously waiving the rules that require one day's notice for third reading. When I inquired from Senator Frith what the rush was all about, I was simply informed that royal assent had been arranged for that afternoon.

That did not seem to me to be a valid reason either, and I therefore refused unanimous consent for the waiving of the rules and decided to use the debate on third reading to say a few words on the desirability of this body following procedures established over many years, after much thought and experience, and for fairly obvious reasons, unless there is good reason for making exceptions, which we do from time to time. I should say, in all fairness, that Senator Frith did amplify his reasons for wanting third reading that day, after I had refused to waive the rules.

May I remind honourable senators that I am Joint Chairman of the Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments? A few of us meet once a week in splendid isolation. Most of the actual work in preparation for those meetings is done by our distinguished legal counsel, Mr. Graham Eglington. Much of his work is to examine the process and means by which the myriad of regulations are enacted by the government and to advise us when the process and means are irregular.

I would like to refer honourable senators to the fourth report of our committee this session, which we made last July and which is still under debate in this house.

In paragraph 10 of that report, we state:

> It is no exaggeration to say that the evolution of our constitutional system since Magna Carta has consisted of a series of controversies and conflicts over means. It is very easy for those responsible for fisheries policy or the protection of wildlife, or for those charged with rendering

> manpower mobile, checking illegal work by immigrants, trying to reduce Post Office deficits or with protecting Canadian industries from overseas competition to come to see their policy objectives as all important, and to consider the means employed to achieve those objectives as subsidiary or even unimportant matters. While administrative efficacy may be the dominant objective of the administrative process, for the community as a whole, it is only one object and particularly when seen historically, not necessarily the most important one.

Honourable senators, departments of government frequently become very irritated with our committees when they are in pursuit of a very worthy object, and we object because they have not meticulously followed the proper procedure. I am willing to wager, however, that they are probably no more irritated than Senator Frith was with me last Thursday when I insisted that normal procedure be followed with respect to the passage of this bill, and that the procedural rules of this house not be waived. Senator Frith was following a very worthy object, namely, passage of this bill which had been unduly delayed in the House of Commons.

However, if Senator Frith is ever able to persuade me that following correct procedure is silly just because the object is worthy or would not affect the results, then I will quit as joint chairman and as a member of the Joint Committee on Regulations and other Statutory Instruments. I had better warn Senator Frith that he will have some difficulty in finding someone who will agree to take my place. While it is regarded as important, it is also regarded as a job involving a lot of dreary detail which no one else wants to take on. In the unlikely event that anyone is feeling sorry for me, I should hasten to say that I personally find the work rewarding because it is important.

Incidentally, in taking the position I did last Thursday that normal procedures be followed, I was considerably comforted by the fact that I was sure that judges, as a group, would understand and approve of my action. After all, they spend a great deal of their time making sure that proper procedures are followed before they arrive at their decision. We are all familiar with the expression "due process of law," and that is what it is all about. Justice must not just be done, but must be seen to be done by due process.

In conclusion, may I say that I regard this as an isolated case? Over the years, I have always admired the way Senator Flynn has insisted that the rules not be waived in the passage of legislation, unless there is some good reason for it. This means that, ordinarily, senators do have a chance to look at a bill and make a contribution to the debate or the proceedings in committee, if they wish to do so. It also ensures that the public are given a reasonable opportunity to ask to be heard at the committee stage or to make representations to senators.

Because Senator Flynn was the original sponsor of this bill, when he was Minister of Justice, he was evidently somewhat biased in favour of permitting the Deputy Leader of the Government to get the consent of the Senate to waive its rules. I am handing back to Senator Flynn, with complete confidence, the job of making sure that our rules are not waived in the future when there is no justification for doing so. Of course, if there is another bill still lurking in the House of Commons which Senator Flynn originally sponsored as Minister of Justice, then I will be prepared, once more, to fill his shoes on a temporary basis to make sure that the usual and proper procedure is followed when it reaches the Senate.

Incidentally, I am happy to say that I completely support the bill, and I trust that it will receive speedy passage in this chamber today.

[Senator Godfrey.]

Hon. Allister Grosart: Honourable senators, I rise, briefly, to support the position taken by Senator Godfrey. I would suggest that those who have the responsibility for the order of proceeding in this house pay more attention to rule 3 than they have been doing recently. Rule 3 reads:

> Notwithstanding anything in these rules, any rule or part thereof may be suspended without notice by leave of the Senate, the rule or part thereof proposed to be suspended, and the reason for the proposed suspension, being distinctly stated.

Some honourable senators will remember that it was on my initiative, after about three or four years of complaint, that it was finally decided, by those who have the responsibility for the management of the proceedings in the Senate, to at least state the rule or part thereof. We have now included the phrase "Notwithstanding rule . . ." and the rule is identified. It took about three years to persuade the management of the Senate to adopt that.

I had hoped, at the same time, that they would adopt the second part, that is, the reason for the proposed suspension being distinctly stated. That practice was followed for about a month, and then it was dropped. I believe there are understandable reasons why that might be regarded as onerous, because often the reasons for requesting leave are very obvious. The point made by Senator Godfrey, I think, is important. Honourable senators should know why leave is being asked for, because that is the point of the rule that the reason for asking for leave be clearly stated. There is nothing too onerous in that, I think, and I can understand that the omission on the part of the Leader of the Government or the deputy leader may be because they themselves are fully aware of the reasons and they assume that everyone else knows them. They have the task of preparing each day's proceedings, and so the reasons are familiar to them.

● (1510)

I was delighted when Senator Godfrey took the position he did, remembering some of the background of that particular bill and another bill, indeed, where something of the same sort happened where honourable senators were not aware of what had been going on in the corridors or behind doors. Therefore, I suggest, again, with respect—because I know the problems that the Leader of the Government and the deputy leader have—that they consider more carefully the information role that is assumed in rule 3.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I thank both Senator Godfrey and Senator Grosart for contributing to my on-the-job training, but in this particular case, apart from the general observations they have made, which I support, they forgot that I did try to explain my position. As a matter of fact, when Senator Godfrey explained why he refused leave, and I started to explain why I was asking for leave, I was called, I thought, to order. Anyway, I did continue and gave the explanation. In any event, so as not to prolong the matter any further, although Senator Godfrey and I are obviously unrepentant, we have used the opportunity to consider the whole question of the rules, and the question of asking for leave. As Senator Grosart has very usefully drawn to our attention, any one of us who asks for leave to suspend the rule can fall into that trap, namely, that everybody knows why it is being asked for. So he makes a very worthwhile suggestion; that when we are asking for leave to suspend the rules we be very clear in explaining to honourable senators why we are doing so, and we do not assume that everybody in the chamber knows.

In this case, at least it is on the record as to why we did ask for leave, and that question is now a bit passé since notice was then given and we are now faced with third reading. I have nothing further to add at this stage, and I ask that the bill receive third reading now, pursuant to due notice given.

Motion agreed to and bill read third time and passed.

CANADA STUDENT LOANS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from March 12 the debate on the motion of Senator Riley for the second reading of Bill C-55, to amend the Canada Student Loans Act.

Hon. Rhéal Bélisle: Honourable senators, in rising to take part in this debate, on behalf of this side of the house, I wish to compliment Senator Riley on his very good presentation of Bill C-55, an act to amend the Canada Student Loans Act. He explained to us that it was a non-controversial bill. Based on the experience we had in this chamber when a bill was presented and tagged as a "simple" bill, and then the debate lasted for days, I would not go so far as to say that it is a simple bill.

The sponsor of the bill expressed his desire, and the desire of the department, to put this bill through the Senate without too much delay. In reading *Hansard* of the other place, I noticed that after the Honourable Francis Fox, the Secretary of State of Canada and Minister of Communications, introduced the bill, only two spoke on it, one from each party.

On Thursday I said that in preparing my comments today I would consider the views expressed by the sponsor of the bill and Senator Buckwold. Senator Buckwold expressed his concern regarding many abuses in the past, and said that machinery should be found by which to have a greater number of students reimburse their loans.

A member of the other place suggested that one way to control those abuses was a means test. I do not agree with a means test, and I am sure that it was not in the mind of Senator Buckwold either. I personally feel that a means test should not be applicable at any stage of the student loan, based on the experience that we have had with means tests in the Department of National Health and Welfare, where unlimited abuses have also been reported. I feel that if we impose a means test on students, we lack faith in their morals and confidence in their ability to honour their pledge. If there is a group of citizens we should trust, it is those who are willing to educate themselves and be our successors. Without a means test, it gives the students more flexibility and independence.

Senator Riley began his comments by outlining the purpose of the Canada Student Loans Act, which is to enable full-time post-secondary students in financial need to obtain loans to continue their education. The amount of the loan is determined by provincial authorities in accordance with minimum criteria agreed to by all participating governments. The loans are advanced by chartered banks and other designated lenders, such as credit unions. The Canadian government pays the interest charges on loans, while the students are enrolled in university, and for a six-month period thereafter. It also guarantees lenders against any loss under the program. Since the act was introduced in 1964, it has been amended only once, in 1970, although changes in loan limits have been effected twice by means of appropriations items.

● (1520)

According to Senator Riley, one of the most important changes contained in Bill C-55 arises from the need to accommodate the increase in the number of courses which are less than the traditional 26 weeks in length. These are now available to young people as a result of the rapid vocational institutes at the post-secondary level. The main effect of this bill is to allow students in community colleges to qualify for aid under the Canada Student Loans Act.

At the other end of the spectrum, the bill also provides for increased loans to students enrolled in courses longer than the traditional university academic year of 32 weeks, thus making it more practical for such students to continue their education without undue financial hardship.

The current legislation provides for a maximum loan of $1,800 in an academic year of at least 26 week's duration. The amendment proposes that loans be available to persons in periods of study of at least 12 weeks' duration. This amendment takes into consideration changes which have occurred in Canadian education patterns since the initial bill was introduced.

Bill C-55 also proposes that the loan limit of $1,800 be expressed on a weekly basis, thus relating the maximum amount of loan aid a student may receive to the length of his or her course and, therefore, to the costs. The proposed weekly loan limit of $56.25 amounts to $1,800 for a 32-week course, the traditional university course length in which the majority of students are enrolled.

Since the current legislation entitles students in 26- to 31-week courses, and in semesters of 13 to 15 weeks which form part of a longer course, to $1,800 and $900 respectively, it provides that such students remain eligible for loans up to these limits rather than the lesser amounts which would result if the $56.25 weekly limit were to be applied. This is particularly important in certain cases, notably those of students at Memorial University in Newfoundland.

It was argued that these two proposals will go some way toward meeting the financial needs of both those enrolled in colleges of applied arts and technology and similar institutions in courses between 12 and 26 weeks in length and those enrolled in courses longer than 32 weeks.

In concluding, he said the bill, while important, does not make sweeping changes at the moment. The changes are those essential to update the act in light of changing course patterns.

In addition to these modifications, the bill proposes several amendments of a housekeeping nature. First, it proposes dropping the current requirement for a 12-month waiting period before applications may be accepted from those with permanent resident status. The Immigration Act of 1977 no longer permits a student to convert student visa status to permanent resident status while in Canada. Hence, the need for the waiting period is no longer relevant and it has been removed.

The bill also proposed inclusion of specific authority for the Governor in Council to make regulations respecting the denial of further assistance to those deliberately abusing the program. It also includes authorization for the Governor in Council to make regulations restricting payments to banks under the guarantee where a bank has failed, without cause, to submit claims for loss promptly, thus avoiding unnecessary accumulation of interest charges against the student borrower. The bill provides for a change in the minister responsible, consequent upon the transfer of the program from the Department of Finance to the Department of the Secretary of State.

Finally, the bill includes the alteration of the loan year start date from July 1 to August 1 to coincide with the banking fiscal year, thereby facilitating interest payments to lenders.

In speaking for the opposition, I would say that these amendments are long overdue. I may add that many of them do not go far enough. The assessment process for granting loans should be universal, with all provinces adhering to the same criteria.

I feel that the government should have a mechanism to monitor the standards of foreign universities when Canadian students use these loans to attend such institutions. If the provinces are not equipped to do this, the federal government should take the responsibility to do so.

Honourable senators, what I have in mind is that when a loan is made to a foreign university, the latter should have a certain standard of criteria acceptable to Canadian universities, so that when the student comes back to Canada, either to continue or further his education, the credit that he has earned there could be applied toward his obtaining a Canadian diploma or degree.

[Senator Bélisle.]

I welcome the change in eligible course length under the program, but note that it still does not include apprenticeship programs, where a person will receive on-the-job training. We all know that in this day and age we need to train our students, our workers, and all those who are willing to learn, new methods and new technology. If we are to decrease our high rate of unemployment, then I would say to the minister that the apprenticeship programs should be part and parcel of this bill.

I would much rather teach an apprentice how to borrow student funding and pay it back to the government, than how to apply for unemployment insurance benefits while he is continuing his education. An apprenticeship program is post-secondary education. It is just as important as a university education or a community college education, particularly with the critical shortage of skills that we have here. Therefore, I ask the minister to look carefully into this area when reviewing the report of the federal-provincial task force on student loans, because this act could pertain to apprenticeship programs which have been approved by the provinces.

In reading the report of the task force, which was established in 1979 and reported to the minister on December 2, 1980, I noticed that it reflects the task force's activities in a number of key areas: A review of past studies in the area of student assistance, both in Canada and elsewhere; an analysis of existing student aid to programs in Canada; and a consideration of the potential future trends that might bear on student aid in the 1980s. In addition, the task force brought together detailed statistical information on the operation of existing federal and provincial student aid programs.

The task force received some 300 submissions from interested organizations and individuals, and conducted three special surveys—one of the general student population; a second of graduates of post-secondary programs; and a third of financial aid for students in colleges and post-secondary institutions.

At the request of student organizations and the Council of Ministers of Education in Canada, and of the Secretary of State, they agreed that adequate opportunity should be given to students, student groups and the public generally to provide input into the report. Accordingly, comments are invited by June 1, 1981. The two levels of government have agreed that the task force will be asked to receive this public input and present an analysis for ministerial consideration by December 1981.

• (1530)

Honourable senators, in view of the fact that this report of the task force is not completed, and that they will still be presented with submissions which they will continue to study, I feel that this legislation is half-baked and that, within a year or so, we will have to amend this bill again in order to implement the latest findings of the task force. The government always says that there are great emergencies which require the passing of certain legislation, which then has to be amended some time later anyway. I personally feel that we should have waited for a final report before introducing this legislation.

Knowing that it will have to be amended again, I do not see the necessity of referring this bill to a committee, and I feel that it should receive third reading whenever the government wishes.

Hon. Daniel Riley: Honourable senators—

The Hon. the Speaker: I wish to inform honourable senators that if Senator Riley speaks now, his speech will have the effect of closing the debate.

Senator Riley: Honourable senators, I wish to express my appreciation to Senator Bélisle for his kind words and for his sage comments and recommendations, even though I know he has reservations with respect to certain aspects of the bill.

I appreciate his reference to the possible need for apprenticeship assistance, but the apprenticeship system is financed by both the provincial governments and the employers, and as I understand it this system has worked out very well. It may be that in the recommendations of the task force, which will be coming out in June, there will be reference to the apprenticeship system and assistance to it. As I pointed out, the system has been working very well, and I have heard very little criticism with respect to this process.

I point out again that there is some need for having this bill passed as soon as possible, particularly bearing in mind that it is merely a housekeeping or stopgap bill which is intended to benefit the students of this country until such time as the recommendations of the task force can be placed before the government, and that will be after they have heard all the briefs and representations of the general public, student bodies, university faculties and the like. I am advised and assured that it is the intention that new amendments will be introduced to the 1964 statute. I, for one, am eagerly looking forward to seeing these amendments, which may well encompass many of the recommendations that the honourable senator has suggested today.

Honourable senators, passage of this bill was considered to be urgent in the other place. All parties agreed it was a bill that had to be passed as soon as possible, for the benefit of the students concerned. In order for the students to be able to apply for loans by July 1, a great deal of printing is required in respect of brochures and application forms. This printing, as honourable senators know, does not occur overnight. The material has to be prepared.

In view of the fact that this legislation is intended for the benefit of students, I know that Senator Bélisle and all other honourable senators will agree that there is some requirement for urgency. Therefore, I concur with Senator Bélisle in asking that this bill not be referred to committee, which was the procedure followed in the other place.

I have here, by the way, an answer to Senator Buckwold's question of the other day. It is quite detailed. He asked about an article in the Toronto *Star* of April 17, 1978. I have made this information available to Senator Buckwold, and if honourable senators are interested, as I am sure many of them will be, I will ask that this reply be printed as an appendix to the *Debates of the Senate* of today.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of answer, see appendix, p. 2088.*)

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Riley: Honourable senators, I know that our Irish senator may have some objection to this, but I move, with leave of the Senate and notwithstanding rule 45(1)(b), that this bill be now read the third time.

Hon. Jacques Flynn (Leader of the Opposition): Will there be royal assent later today? If there is to be no royal assent today, we gain nothing. We can have royal assent tomorrow, and we might as well have third reading of this bill tomorrow. Last Thursday I was willing to let the Judges Act amending bill be read the third time because it was understood that we would have royal assent on that day.

Senator Riley: That is quite agreeable to me, Senator Flynn.

Senator Riley moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, March 12, the debate on the motion of Senator Olson for second reading of Bill C-60, to amend the National Energy Board Act.

Hon. R. James Balfour: Honourable senators, it is not my intention to take up the time of the chamber at any length with respect to Bill C-60, an act to amend the National Energy Board Act.

As was explained by my honourable friend, Senator Olson, last week, this measure—and its predecessor, Bill S-12 of a previous session—is the product of a great deal of thought and deliberation, in the main on the part of members of this chamber in committee about two years ago.

In substance the bill reforms the process of right-of-way acquisition for pipeline purposes, including the determination of routes and the amount of compensation, and the manner in which compensation shall be paid to affected landowners.

● (1540)

Coming from western Canada I am, of course, conscious of the need to adequately protect the rights of surface owners across whose land pipeline facilities are required to be built. At the same time, within my own practical experience while living in the west, I have observed that in the vast majority of cases, once a pipeline is in place, the effect on the operator of the surface of the land is generally insignificant.

I have had a discussion with Senator Hastings, the Chairman of the Northern Pipeline Committee, of which I am a member, and he has assured me that, notwithstanding the

urgency of passing this legislation, adequate opportunity will be provided for representatives of both landowners and pipeline companies to appear and be heard.

I believe that time is of the essence since it would be most regrettable if, for example, the Montreal extension of the gas pipeline were delayed through the regulatory process, including acquisition of right-of-way, to the extent that potential gas users will be denied access to gas supply during the coming winter of 1981-82.

I have another concern which will be explored at greater length and in greater depth during the committee proceedings, and that is the question as to whether the re-determination provisions for compensation payments, which the bill contemplates will occur at five-year intervals, will become an onerous and expensive burden—a cost burden, I point out, which will not be borne by the pipeline company, since the cost of renegotiating these contracts will be passed on to either or both of two other groups, namely the gas producer and/or the consumer.

There will be literally thousands of separate transactions which could be affected by this provision and, if one uses one's imagination, one can visualize a virtual army of lawyers and land men in constant motion renegotiating acquisition contracts.

It has occurred to me that either a longer time interval might usefully be established for renegotiation or, alternatively, a re-determination formula could be established at the time the original contract is entered into, which would obviate the need for renegotiation. However, these are questions which can perhaps more properly be raised in committee and I, for one, will keep an open mind on this point.

Honourable senators, I believe that is all I can usefully contribute at this stage, and we on this side would be pleased to have the bill referred to the Northern Pipeline Committee for further study.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government), for Senator Olson, moved that the bill be referred to the Special Senate Committee on the Northern Pipeline.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from Thursday, March 12, the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. George J. McIlraith: Honourable senators, at long last we have before us for consideration the motion for an Address to Her Majesty the Queen asking that there be placed before the Parliament of the United Kingdom an act to amend the Constitution of Canada. This proposed legislation is set out in detail in the Address which we are being asked to approve.

When the proposals were first put forward by the Prime Minister on October 2 last year, they were not presented to Parliament as is the usual practice and, indeed, the resolution containing the proposed message was not placed before either the Senate or the House of Commons, but was merely tabled. A simple motion to establish a special joint committee to study the document, which was not before Parliament, was moved in each house. In due course, the committee was set up and it, on the completion of its work, tabled its report, but did not present it to either house as was required by the motion creating it.

However, on February 13, 1981, the resolution before us appeared on the order paper. It is substantially the original resolution as amended by the joint committee of the two houses, subject, of course, to a very slight technical change. I welcome the fact that the matter has finally come before us for consideration. As honourable senators know, last autumn I objected to the manner in which Parliament was by-passed, and indeed, to the whole procedure as then envisaged.

I have nothing further to say now with respect to the procedure, other than to express the hope that no Canadian government will ever again follow such a course of action. I welcome the government's change of heart in bringing the proposed Address before Parliament rather than merely relying on a motion for concurrence in a committee report and representing that as being an Address.

I would like at this point to express my respect for the work done by the members of the joint committee, those appointed by both this house and the other place. I recognize that they had to do their work under severe time constraints, without having had the benefit of a decision of the two houses as to the principles contained in the legislation, which would have been done at the second reading stage had this legislation been enacted by our own Parliament. I recognize also that they did not have the benefit of independent committee counsel and experts to assist them, but had to rely for assistance on the public service proponents of the bill, the research facilities of the Library of Parliament, albeit rather good facilities, and the Parliamentary Centre for Foreign Affairs and Foreign Trade. None of this assistance was under their own control and direction. Yet, notwithstanding these difficulties, they patiently heard representations from many different segments of the community. They made many amendments which improved the resolution greatly. I, for one, appreciate their efforts.

As I have attempted to follow the debate and, indeed, reports in the media about it, I fear there is much confusion in the public mind as to what Parliament is being asked to do—perhaps I should say there is a lack of information as to what we are being asked to approve. I, therefore, would like to take a moment to look at the resolution itself and try to indicate what I see as its substance.

Before doing so, it is perhaps well for us to remind ourselves that the British North America Act, passed in 1867, created a

federal system for the government of Canada, giving sovereign and exclusive jurisdiction to each province over a number of regional and local matters as set out in section 92. In addition, and notably in section 93, it gave the provinces rights in some other areas. It is to be noted that subsection (1) of section 92 gave the provinces exclusive power to make laws in relation to:

> The Amendment from time to time, notwithstanding anything in this Act, of the Constitution of the Province, except as regards the Office of Lieutenant-Governor.

The federal authority was given power to make laws for the peace, order and good government of Canada, to make laws in relation to all matters not coming within classes of subjects assigned exclusively to the legislatures of the provinces and, for greater certainty, it was declared that the exclusive legislative authority of the Parliament of Canada extended to all matters as set out in section 91 of the act.

● (1550)

As to the amendment of the British North America Act, the provinces had the authority to amend the Constitution as I have indicated. Originally, no such authority to amend the Constitution in respect of its sphere of jurisdiction was given to the federal Parliament. Later, the power to amend the Constitution, in all matters within its exclusive jurisdiction, was given to the federal Parliament in the 1949 amendment to the British North America Act. I will be making further reference to that amendment later in my remarks.

It will be seen that the sovereignty of Canada, which resides in the people of Canada, was set up in a federal system that provided for its exercise by the people of Canada, through their elected legislative assemblies in the provinces, in certain local and regional matters, and its exercise in all other matters through the Parliament of Canada.

I acknowledge with pride the great efforts of our political leaders of both parties, who have had the responsibility of government, in taking the necessary steps towards securing our total independence. Very little has been said in this debate about the development of our constitutional practice in this respect during the first great war and the decade immediately thereafter. I, for one, shall always feel grateful to Sir Robert Borden, our Prime Minister during that war, to the Right Honourable William Lyon Mackenzie King, our Prime Minister for practically the entire decade after that war, and to the Right Honourable Ernest Lapointe for their work in extending and perfecting our independence.

The most significant event in this process, which, in fact, was only the culmination of the rapid changes in constitutional practice, was the Imperial Conference of 1926, which was continued in the Imperial Conference of 1930. These conferences between the representatives of the governments of the United Kingdom and the six dominions—namely, Canada, Australia, New Zealand, the Union of South Africa, the Irish Free State and Newfoundland—adopted certain resolutions, one of which established the constitutional position that no law thereafter made by the Parliament of the United Kingdom could extend to any of the dominions as part of the law of that dominion. This is subject to a qualification, but I shall deal with that later. At that point the thrust of these conferences was to declare that the six dominions were free and independent, and that each was sovereign in its own right and was in no way under the control of the Imperial power. They were splendid conferences.

To give statutory effect to the conclusions of those conferences, the Statute of Westminster was passed by the United Kingdom Parliament in 1931. Incidentally, approval of that statute was expressed in the Canadian Parliament through the procedure of a Joint Address of both Houses of Parliament. That debate makes for very interesting reading, and I would commend it to parliamentarians.

When the actual legislation was prepared, it became apparent that while the sovereignty of Canada was divided between two jurisdictions, the provincial authority and the federal authority, there was no method of amending our Constitution.

To meet this problem, which was recognized by all the authorities concerned with the passage of that legislation and with the full concurrence of the provincial authorities and of the federal authorities, provision was made whereby the United Kingdom retained, for what was then thought to be a short, temporary period, jurisdiction in relation to amending the British North America Acts, 1867 to 1930, as set out in section 7 of that act.

So that there will be no danger of my being accused of misreading that section, I shall put it on the record in its full terms. It reads as follows:

> 7. (1) Nothing in this Act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930, or any order, rule or regulation made thereunder.
>
> (2) The provisions of section two of this Act shall extend to laws made by any of the Provinces of Canada and to the powers of the legislatures of such Provinces.
>
> (3) The powers conferred by this Act upon the Parliament of Canada or upon the legislatures of the Provinces shall be restricted to the enactment of laws in relation to matters within the competence of the Parliament of Canada or of any of the legislatures of the Provinces respectively.

Honourable senators will note that the power retained by the Imperial Parliament was not a reservation over our Constitution, but a reservation over amendments to the British North America Act.

As I have said, it is to be noted that this reservation in section 7 relates only "to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930". The United Kingdom Parliament did not reserve any other rights over our Constitution, and, indeed, has no jurisdiction whatever in respect of our Constitution, save and except what may be derived from this reservation in the Statute of Westminster. It is to be noted also that that reservation relates only to the British North America Acts, 1867 to 1930, and, since it is a

statute of the United Kingdom Parliament, our Interpretation Act is not applicable to its interpretation.

When one looks at the Statute of Westminster, one sees that its whole substance and purpose is the giving up of any imperial control over the authority of the dominions, and to confirm in the dominions their complete sovereign independence from the Imperial authority. Section 7 must be read in that context. It is not to be read as if it were an act standing by itself, as is being done by some of the proponents of the legislation which is before us.

The next significant development in the perfecting and making obvious our complete independence was the 1949 amendment to the British North America Act. It transferred from the United Kingdom Parliament any power under section 7 to amend the Constitution, and gave such power to the federal Parliament, subject to certain exceptions. Again, so that there will be absolute clarity as to exactly what this 1949 amendment to the British North America Act implies, I shall set out its full wording:

> 91. It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces; and for greater certainty, but not so as to restrict the generality of the foregoing Terms of this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all matters coming with the Classes of Subjects next herein-after enumerated; that is to say,—
>
> 1. The amendment from time to time of the Constitution of Canada, except as regards matters coming within the classes of subjects by this Act assigned exclusively to the Legislatures of the Provinces, or as regards rights or privileges by this of any other Constitutional Act granted or secured to the Legislature of the Government of a province, or to any class of persons with respect to schools or as regards the use of the English or the French language or as regards the requirements that there shall be a session of the Parliament of Canada at least once each year, and that no House of Commons shall continue for more than five years from the day of the return of the Writ for choosing the House: provided, however, that a House of Commons may in time of real or apprehended war, invasion or insurrection be continued by the Parliament of Canada if such continuation is not opposed by the votes of more than one-third of the members of such House.

● (1600)

It will be seen, then, that all that is left within the jurisdiction of the United Kingdom Parliament, under clause 7 of the Statute of Westminster, is the small range of matters outside the exclusive jurisdiction of the provincial legislatures and outside the exclusive jurisdiction of the federal Parliament, or, in other words, those coming within the exception set out in section 91(1) of the British North America Act. You will note that by that section the legislation made it very clear that the power given to the federal Parliament, unlike that which the provinces had enjoyed from the first, was to amend their own Constitution, not just the B.N.A. Act, which is only part of the Constitution.

The resolution before us is for an Address to Her Majesty the Queen to cause to be laid before the United Kingdom Parliament legislation set out in the Address, for enactment by that Parliament. Of course, it must be limited to the jurisdiction that the United Kingdom retained under the Statute of Westminster and after passage of the 1949 amendment to the B.N.A. Act. That is the only jurisdiction they have in the matter.

Let us look at the resolution before us. It starts off with a draft of a very short act, to be cited as the Canada Act, which merely provides that schedule B to it shall have the force of law in Canada henceforth, and that no act of the Parliament of the United Kingdom passed after schedule B, which is to be known as the Constitution Act, comes into force shall extend to Canada as part of its law.

The proposed Constitution Act is then set out in detail in some 65 clauses.

Part I, bearing the heading "Canadian Charter of Rights and Freedoms," is made up of 32 clauses, or half of the proposed act. Many of the proposed rights and freedoms—indeed, most of them—are laudable objectives. That is not the point which concerns me. I am one who, by the way, would have wished to see a Charter of Rights and Freedoms that would command the respect of all Canadian people and of all the legislative bodies that have the responsibility of legislating in accordance with it. But more of that later.

The charter contains a great conglomeration of rights and freedoms, some mere transfers of provisions in the Bill of Rights, some transfers from other parts of the B.N.A. Act, some wholly new. Of the new guarantees or rights contained in it, it is interesting to note that some are in an area of jurisdiction over which the federal government now has exclusive legislative jurisdiction and which could be enacted by the federal government without the necessity of going to the United Kingdom. Some—such as the right to use both official languages in the legislature of New Brunswick—are within the jurisdiction of the federal Parliament, with the consent of that province, to have enacted by the Parliament of the United Kingdom under section 7 of the Statute of Westminster. And some—such as the proposed section 15—clearly are legislation affecting not only matters within the federal jurisdiction but also matters which are within the jurisdiction of the provinces; indeed, matters which may be within the exclusive jurisdiction of the provinces.

As all honourable senators know, clause 15 deals with the discrimination provisions. Perhaps it is useful to quote that clause for the record. It states:

> 15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal

benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

Those are laudable objectives; I do not want anyone to misunderstand me on that. However, they are being made binding on the provinces. They would require all of the legislation now in existence in each of the provinces to be examined to see if it is, in any way, in violation of that laudable provision.

That is all very well, but we are attempting to do that without the provinces having any part in the draftsmanship or in the examination of exactly what that means. I could give you, perhaps, a hundred examples of legislation that, of necessity, deals with discrimination on the basis of age. There are many provincial pension schemes which discriminate on the basis of age, as they must; certain regulations for the licensing of motor vehicle drivers discriminate; and there are examples of discrimination in a wide range of acts.

It is true that there is what purports to be a saving clause in the Charter of Rights and Freedoms, but, again, is the saving clause to be the only remedy for those provincial legislatures, without their having been concerned in its preparation or in its draftsmanship?

Senator Hicks: Before my honourable friend leaves this subject, would he permit a question?

Senator McIlraith: I would prefer that you put the questions later. I am quite agreeable to questions; do not misunderstand me.

To make very clear the extent to which this does trench upon the area of provincial jurisdiction, I would draw your attention to clause 31(1)(b) of the Charter of Rights and Freedoms, which states that this charter applies:

(b) to the legislature and government of each province and to all matters within the authority of the legislature of each province.

So much for Part I of the resolution. As I have said, it consists of half of the clauses of the resolution.

Part II deals with the rights of the aboriginal peoples of Canada. I am inclined to think that that is within the exclusive jurisdiction of the federal Parliament, and that it might not have been necessary to include it in the resolution at all—but there may be other views on that.

Part III of the proposed act deals with the subject of equalization and regional disparities. To me, it is rather unclear as to whether this adds anything to the existing constitutional practice, so successfully established over the last few decades. In any event, if it does in any way change the constitutional practice in the area of equalization payments, it is clear that the provision seeks to commit the provincial governments.

● (1610)

Part IV of the act provides a mandatory requirement for a constitutional conference by the Prime Minister and first ministers of the provinces once each year, something that was formerly done by mutual arrangement and by a simple announcement in the House of Commons.

Part V deals with the interim amendment procedure and rules for its replacement, and is an important part of the resolution.

Part VI will come into force with or without amendment two years after the Constitution Act comes into force. Part VI deals with the procedure for amending the Constitution of Canada and will, if not amended in the meantime, be the permanent amending formula for our Constitution.

Part VII addresses some wholly new provisions having to do with non-renewable natural resources, forest resources and electrical energy, and adds to the rights of the provinces certain additional jurisdictions in this respect.

Part VIII contains some general provisions dealing with the language versions of the act, the date of its coming into force and some incidental provisions necessary to complete the patriation of the Constitution.

It will be noted that only three of the eight parts in the resolution before us relate to the subject of patriation of our Constitution or the amending formula. The other five parts relate to other matters.

It will be seen at once from an examination of the resolution that the measure before us is not a measure to patriate the Constitution with an amending formula, but rather is a series of basic amendments to the Constitution and then, when that is accomplished, a patriation of the amended Constitution, not a patriation of the present Constitution as we seem to be led to believe. In other words, patriation with the necessary amending formula is not the main thrust of the measure before us. It is only incidental and tied to drastic changes in our Constitution of a most basic and fundamental nature. All this is to be brought about by the two houses of the Parliament of Canada unilaterally requesting the parliament of another sovereign power to do it for us, albeit that other power is a very friendly power.

So far as I can observe, virtually all Canadians want their Constitution brought back to Canada. They all recognize that this carries with it the necessity for an amending formula, and while there is some discussion as to the amending formula chosen—that is, amendments in the future to be brought about by the Parliament of Canada together with a combination of the provinces as set out in the provisions of the resolution—there is no real objection. There is some limited suggestion that the requirements of the combination be changed slightly.

I take second place to no one in Parliament in my desire to have the Constitution returned to Canada with an amending formula making it possible for all changes to our Constitution henceforth to be made in Canada, for Canadians and by Canadians. None of them will be made in another sovereign jurisdiction, albeit as I said a few moments ago, a friendly one. I must, out of fairness, say that the Parliament of the United Kingdom has several times during my years in Parliament made it clear that they found it embarrassing to have to

legislate in relation to the Canadian Constitution. On two occasions—the first when I was a private member of the House of Commons and the second when I was a minister of the Crown—the Prime Minister of the day reported directly the desire of the Parliament of the United Kingdom to be free of the responsibility reserved to them in the Statute of Westminster, and their desire that we make provision for our own amending procedure.

I, for one, am most anxious that the Constitution be patriated to Canada, and that that be done now. This, obviously, involves providing an amending formula. The government's proposal that amendments be made only with the consent of the provinces for the first two years is an excellent one. Its proposal for an interim amending formula with the concurrence of a combination of the provinces, as set out in the proposal, is also excellent. There may be some who will argue about bits and pieces of it. It is, undoubtedly, the closest we can come to having the approval of the provinces and certainly, as far as I am concerned, the government is well justified in using it. I believe it is within the proper legislative jurisdiction of the Parliament of the United Kingdom to enact it, since it is incidental to removing the last item of control over our sovereignty by that Parliament, even though that control is only in the nature of a limited trusteeship in respect of amending a limited part of our Constitution.

The proposal contains a new and basic change in our Constitution by permitting the use of a referendum to bypass the provinces in certain circumstances. While I do not like the introduction of the referendum, I am quite prepared to accept it in the proposed interim amending formula. Perhaps that can be justified because of what is now popularly called the deadlock or the failure of the eleven heads of governments to reach agreement. The special joint committee deserves credit for the excellent improvements they have made in the provisions relating to it. I regret that they did not make it clear that it was to be used only in the interim proceedings to break the present deadlock. I regret that it may, under the proposed legislation, continue in our permanent amending formula. I again repeat my request to the government, that even at this late date they proceed with the patriation of the Constitution, the amending formula and such other items as are properly within well-established constitutional practice and good parliamentary practice—for example, the language provisions pertaining to the province of New Brunswick and those pertaining to aboriginal rights.

However, where I part company with the government is in their attempt to procure basic amendments to the long-established sovereignty of the legislatures of the provinces in the spheres of jurisdiction assigned to them, and to do this without the concurrence of the legislatures of the provinces, and, knowing they cannot do it directly, also seeking to have it done by the United Kingdom. To succeed in this latter effort, they would return us to colonial status, and then have another sovereign power pass the necessary legislation. This is totally offensive to me as a Canadian, as I believe that it will be found offensive to all Canadians who study the matter. It is not acceptable to have one sovereign jurisdiction diminish or take away the powers of another sovereign jurisdiction, nor is it acceptable to return us to colonial status.

Honourable senators, in the event that it has been missed—it has not been mentioned in the debate here—I would like to take a minute to show you just what is in clause 55(1) of the resolution before us. It provides:

> Class 1 of section 91 and class 1 of section 92 of the *Constitution Act, 1867* (formerly named the *British North America Act, 1867),* the *British North America (No. 2) Act, 1949,* referred to in item 22 of Schedule 1 to this Act and Parts IV and V of this Act are repealed.

● (1620)

A few minutes ago, I read at length section 91.1, yet—with our having the power to amend our Constitution, and there is no better way of our amending the Constitution than by repealing a clause in one of the acts comprising it—we are asked to go to the Imperial Parliament, which in 1949 had transferred that sovereign authority to the Canadian Parliament, and to say, "Repeal that section for us."

I am a Canadian. I have been proud to be a Canadian. I have always thought that we were free and independent. Yet what we are asked to do is quite unnecessary because, while it is obvious that if the legislation passes the sections to which I have referred will have to be repealed, it is already within the power of the Canadian Parliament to do so. However, we are asking the Parliament of the United Kingdom to do this, even though it can be done by a simple act of the Canadian Parliament to come into force if and when the legislation passes.

I have spoken about the jurisdiction of the United Kingdom Parliament. That is a matter for them to decide; but it is a matter for us to decide whether or not they have remained within their jurisdiction, and when, in our courts, we decide that, it may well be, as the matter now stands, that such legislation, if we think it is beyond their jurisdiction, renders those parts of the legislation a mere nullity.

However, I will leave those two points—the point with respect to one sovereign jurisdiction exercising authority over another, and the point as to returning us to colonial status.

It may well be that it is beyond the jurisdiction of the United Kingdom Parliament to enact such provisions without the concurrence of the provinces, because they divested themselves of that authority many years ago.

The constitutional practice that causes the United Kingdom to enact legislation affecting Canada on the request and consent of the federal government does not confer on them any right to repeal or override the provisions for sovereignty which the Canadian people now have.

It is interesting to note that in all cases of amendments to the British North America Act involving the provinces directly, with the exception of the 1907 act, the constitutional practice has been for the federal government to obtain the consent of the provinces. In the 1907 act, when one province objected, it is interesting to note that the Canadian govern-

ment of that day sent a message to the United Kingdom government requesting them to hear the objection of the premier of the province, and, on his objection having been made, the federal government consented to a change in the proposed legislation to meet his wishes—the striking out a couple of words only, but very important words.

The leaders of both political parties have approved this constitutional practice of obtaining provincial approval of amendments where the amendment related to provincial jurisdiction. Let me quote some of them. For instance, in *House of Commons Debates* of January 28, 1907, at column 2199, the following quotation will be found from the Right Honourable Sir Wilfrid Laurier, who was then Prime Minister:

> Confederation is a compact, made originally by four provinces, but adhered to by all the nine provinces who have entered it, and I submit to the judgment of this House and to the best consideration of its members, that this compact not be lightly altered. It should be altered only for adequate cause and after the provinces themselves have had an opportunity to pass judgment on the same.

Then, omitting a few words:

> This House ought to hesitate in passing judgment until it has before it the views of all the provinces affected.

Let me quote from *House of Commons Debates* of February 18, 1925, at page 298. The Honourable Ernest Lapointe, then Minister of Justice, said:

> The British North America Act itself is not only the charter of the Dominion of Canada; it is just as much the charter of the provinces of Canada . . . Would it then be fair for us to arrogate to ourselves the right to change the act which is just as much the Constitution of the provinces as it is our own? . . .
>
> Within their sphere the provinces enjoy the powers of self-government just as much as the Dominion Parliament does, and if so, surely the Dominion Parliament cannot take upon itself the right to change a statute which gives to those provinces the powers which they enjoy—

I have another quotation. This one is from the precis of discussions of the Dominion-Provincial Conference of 1927. It is the official precis, number 3, dated November 4, 1927, at page 11. The Honourable Ernest Lapointe said:

> —Canada in view of the quality of status which she now enjoys as declared at the last Imperial Conference and in view further of the cumbersome procedure now required, should have the power to amend her own Constitution, and that legislation should be asked for from the United Kingdom for that purpose. In order that adequate safeguards should be provided it was proposed that in the event of ordinary amendments being contemplated the provincial legislatures should be consulted and a majority consent of the provinces obtained, while in the event of vital and fundamental amendments being sought involving such questions as provincial rights, the rights of minorities, or rights generally affecting race, language and creed, the unanimous consent of the provinces should be obtained.

I then come to *House of Commons Debates* of May 11, 1931, page 1474. There was a private motion for Canada having the right to amend its own Constitution. The Honourable Hugh Guthrie, who was then the Minister of Justice, said:

> My contention has always been that in all matters appertaining to the legislative jurisdiction of the Parliament of Canada the Parliament of Canada has the right, and should have the right expressed, to make such amendments to the Constitution as it shall see fit. But, on the other hand, the rights of the provinces of the country are just as plenary, just as high as the rights of this Parliament. Can this Parliament therefore, by amendment or alteration of any kind, interfere with the rights which are specially set apart as matters of provincial jurisdiction and provincial concern, without the consent of the various provinces of Canada? . . . I submit that we cannot. In respect of any matters arising under section 92 or section 93 of the British North America Act, this Parliament cannot, without the consent of the various provincial legislatures, amend the British North America Act in any respect—

Then again, on May 11, 1931, according to *House of Commons Debates* at pages 1477 and 1478, the Honourable Ernest Lapointe said:

> But those amendments have to be made through the statute enacted by the Imperial Parliament. In that matter the Imperial Parliament is not really a dominating power; it acts as a trustee and guarantor and merely gives effect to the will of the Canadian people.

Further on, in the same debate, he continued:

> I think that the amendments to the Constitution could be divided into two classes: First those which would affect the provinces, which would add powers to the federal Parliament and in that way affect provincial rights. In such cases surely the British parliament, even under the situation as it exists today, would not agree to pass a law to effect a change. Then the other class would be amendments which would give broader effect to the federal power within its own jurisdiction. I agree that the provinces under the constitution as it is need not be consulted, and that was the position taken by various prime ministers on other occasions . . . ; but on the question of the respective jurisdiction of the Dominion and the provinces, there is no doubt that this could not be changed by either without agreement with the other—

● (1630)

You will note that it was quite clear in his mind that when dealing with the respective jurisdictions of each of the sovereign bodies there needed to be consent.

Again, in the *House of Commons Debates* of January 28, 1935, at page 222, we have the Honourable Hugh Guthrie saying:

> Would it be fair to assume that a province which has been clothed with exclusive authority in certain matters should now calmly submit to limitation of its powers at the instance of the Senate and House of Commons? Would a province agree to any alteration in regard to its exclusive jurisdiction? I take the view that the provinces should be and must be consulted in regard to any important change in our constitutional act which affects provincial interests. I agree that some constitutional changes are necessary, but I submit that the only way of bringing them about is by agreement between the parties to the original bargain . . .
>
> I think that we would have to have agreement. I do not think the parliament at Westminster would disregard the views of the provinces merely at the request of the parliament of Canada. If the provinces refused to agree upon any fundamental question which concerned their rights I doubt very much if the parliament of the United Kingdom would grant such amendment.

In the *House of Commons Debates* of 1943, at page 4366, the Honourable Louis St. Laurent said:

> I would readily concede to hon. members that if there were to be any suggested amendment to change the allocation of legislative or administrative jurisdiction as between the provinces, on the one hand, and the federal parliament, on the other, it could not properly be done without the consent of the organism that was set up by the constitution to have powers that would assumedly be taken from that organism.

Then again, in June 1946, we have Mr. St. Laurent—who, by the way, was then the Minister of Justice—saying:

> I submit again that the statute apportioned the sovereignty to parliament for certain purposes and to the legislatures for other purposes, and what is assigned to the legislatures is in no wise under the jurisdiction of this parliament and cannot be touched without the consent of those who have jurisdiction over it. But what is within the powers of this parliament, this parliament can deal with without requesting the consent, or submitting to the superintendence of any provincial legislature.

Then, in that same debate, a few days later, the Minister of Fisheries of the day, Mr. Bridges, spoke, and quoted with complete approval the following statement of the Minister of Justice, Mr. St. Laurent. Of course, it is Mr. St. Laurent's words that I am quoting, though, as I say, Mr. Bridges made it clear that he supported them totally. Mr. St. Laurent said:

> The provinces, that is to say, the people of the provinces, are all represented in this parliament, and for the purposes of such matters as are confined to the jurisdiction of this parliament it is by those representatives here that the people of the provinces speak. There are other matters given by the act to the jurisdiction of the provincial legislatures and the provincial governments; with respect to any of those it is my view that it would not be possible to deal with them without the consent of those to whose jurisdiction they have been confided.

Then we come to proceedings of the constitutional conference of federal and provincial governments of January 10, 1950, at page 9. This is the Right Honourable Louis St. Laurent speaking. By this time he had become Prime Minister of Canada. He said:

> It is, and has always been, the view of the present federal government that the exclusive jurisdiction of the provinces which gives a federal character to the constitution of Canada must be respected.
>
> I should like to repeat again the opinion I have expressed on many occasions that, regardless of the legal position, nothing placed by the constitution under the jurisdiction of the provincial legislature should be dealt with or altered without provincial participation.

That is the word used on that occasion.

Then we come to 1965 and the remarks of the Right Honourable Lester B. Pearson, Prime Minister of Canada. In his introductory remarks to "The Amendment of the Constitution of Canada", in February, 1965, at page vii, he had this to say:

> In any federation, the two most critical questions are the distribution of powers between the two levels of government and the manner in which the constitution can be changed. A federation is necessarily a delicate balance between conflicting considerations and interests. It is to be expected that the most delicate of all questions should be the way in which such a balance might be altered.

Then, again, we have the Right Honourable Lester B. Pearson speaking in the House of Commons on January 20, 1966:

> My right honourable friend also referred to the fact that we said very little in the Speech from the Throne about constitutional amendment, and that we seemed to have dropped the Fulton-Favreau formula. We have not dropped it, Mr. Speaker. We shall do our best to put it into effect if and when we get the agreement of all the provinces, but without that agreement it cannot be done.

These are the views of some of the leaders in parliamentary life. All of them made the comments I have referred to during the time I have been observing Parliament, except for the ones made by Sir Wilfrid Laurier. The rest of them, after Mr. Guthrie's, occurred when I was a member of the House of Commons.

To me, it is imperative that good constitutional practice be followed in all cases if the sovereignty which is shared between the federal authority and the provincial authority is to work in a way that is satisfactory to Canadians.

I should make this clear now. Canadians who reside in a province exercise this sovereign authority in two different ways: in local and provincial matters they exercise it through their elected members in the legislatures; in the federal field, in all other matters, they exercise it through the federal

Parliament and through our federal authority. The only limitation on the latter is this anachronistic provision in the Statute of Westminster covering a very limited field, which I dealt with a few minutes ago.

As I have said, to have the federal system work in a satisfactory way, if we are to respect the two sovereign authorities, I completely reject—and I must make this clear—the assertion of some provincial leaders that the governments of the provinces speak for all the people of the provinces, and that the federal authority is something that is limited to the will of these collective sovereignties. That proposition is abhorrent and, indeed, I do not think it merits much discussion here. It is nothing of the sort.

• (1640)

The federal authority must speak for Canada. We must have a strong central government, but, by reason of our history, our geography and our diverse origins, it is necessary that, in matters of a local and regional nature, the local or provincial authorities should have sovereign jurisdiction. When the premiers assert that their governments speak for all the people in the provinces in all matters, they are wrong. The federal members of Parliament speak for their provinces in all matters except those limited ones assigned to the legislatures of the provinces.

I, for one, have felt that, in the decades since the second world war, we in both houses of the federal Parliament, have carelessly or inadvertently neglected to separate and emphasize the authority of the federally-elected members of Parliament. We have seen the provincial premiers usurp the role of the federal members of Parliament by speaking for the provinces in all matters instead of only those matters that lie within the jurisdiction of the provincial legislatures. This has arisen innocently enough and in large measure due to the signing of a great multiplicity of agreements between the provincial governments and the federal authority on various joint programs.

I hope that when the resolution before us and matters arising out of it are resolved, our federal government, whether it be Liberal or Conservative, will give attention to this point and make an effort to keep clearly before the public the fact that the provincial members of the legislatures represent Canadians only in the class of subjects assigned to the provinces, and that the federally-elected members of Parliament represent Canadians in all other matters.

Several of the provinces have indicated their opposition to this resolution by commencing litigation in the courts of their provinces to question its validity. Appeals from these cases will undoubtedly come to the Supreme Court of Canada in due course. This litigation will not be completed and will, presumably, continue before the courts while the legislation before us is being dealt with. I regret that the federal government had not made a reference directly to the Supreme Court of Canada under section 55 of the Supreme Court Act. I notice, for instance, that the questions raised by the Manitoba government in the Manitoba Court of Appeal did not take into account all the matters affecting the validity of the present course of action. The jurisdictional question was not raised at all. I do not propose to pass on all of the litigation before the courts, but one cannot help but notice the inadequacies of some of the court references on the part of the provinces.

My objection to the resolution lies in the attempt by the federal government, without regard for proper and long-established constitutional practice, and possibly even illegally, to bring about far-reaching and extensive changes in our Constitution. Parts of the proposed legislation may well be beyond the jurisdiction of the United Kingdom Parliament. Even if it should decide that it has the power to pass the resolution in its entirety, it is possible that the Canadian courts may find otherwise, and such parts of the legislation would be a mere nullity insofar as Canadians are concerned. I do not understand the reluctance of the federal government to refer these parts of the resolution to the courts for decision.

The difficulty with the provinces' litigation which is now before the courts is that it does not raise all the matters that may affect the decision as to the legality of the procedure or as to the legality of the proposed legislation, if passed. In my view, we should delete those provisions that diminish the sovereignty of the provincial legislatures in matters within their exclusive jurisdiction and which drastically amend the Canadian Constitution. We should proceed with the patriation provisions, the amending formula provisions and the one or two other items that I have mentioned as being clearly within both our federal authority and that of the United Kingdom Parliament under what is left of section 7 of the Statute of Westminster, and which fully meet our constitutional practices.

There is a widespread feeling of frustration and dissatisfaction with, and alienation from, the federal government in large areas of this country. This is most obvious, perhaps, in western Canada and Quebec, but it exists to a limited extent elsewhere. To add to this feeling of frustration and alienation, there is the fact that this government, like the last one, has no representation from large and important regions of the country. It derives its support mainly from central Canada.

Surely, all this indicates that more than ever we should proceed with great delicacy. Surely, we should not further exacerbate the already dangerous alienation of such large segments of the Canadian population.

To proceed as we are being asked—unilaterally, with a federal Parliament without representation in large sections of the country and against the expressed opposition of the provincial governments—is wrong. It is wrong for three reasons:

First, it is not legal. It is beyond our jurisdiction to proceed as we are. Yet we do not let the courts decide; we simply press on.

Secondly, it is contrary to long- and well-established constitutional practice, which may even be construed as law through long usage. Again, we do not let the courts decide. Why?

And, thirdly, it is politically wrong for us wilfully to jeopardize the unity of this country as we are doing. We in Parliament surely have an obligation, in serving our country, to keep it strong and united. Yet, if we persist, we may be

contributing to the break-up of the present federal system and its replacement by some lesser system of government.

We in the Senate were sent here for the purpose of protecting the regional interests of the country against the mere weight of the popularly elected majority from the thickly populated parts of the country. I believe that, by the very nature of our country, such a provision is necessary and desirable.

I have served in Parliament now for the past 41 years. During that time the governments have been headed by five prime ministers. I have been a Liberal all my adult life. All of the political leaders I noted earlier in my remarks were leaders I respected and admired. With the exception of Sir Wilfrid Laurier and the Honourable Hugh Guthrie—whom I merely met but could not say I knew—they were friends of mine. Were they all wrong? Were all the leaders of the Liberal Party in the past three-quarters of a century totally wrong, or could it be that our present government is wrong in taking a diametrically opposed course of action to the one all those leaders thought necessary and proper? Could it be that the present government is wrong in this attempt to make these basic amendments to our Constitution unilaterally, with a bare majority in the federal Parliament? And here I refer to the portion about which I have spoken; not the portion dealing with patriation.

● (1650)

I want patriation but I cannot acquiesce in the wrong and dangerous course we are being asked to follow in most of the proposed legislation before us. In the exercise of my responsibilities as a senator, I have no alternative but to vote against this resolution in its present form.

Hon. Henry D. Hicks: The question I wanted to address to my honourable friend refers to clause 15. I am sure that he had noted that clause 15 begins by stating that "every individual is equal before and under the law" and goes on to say that every individual is entitled to the "equal protection and equal benefit of the law." Some of the preceding clauses, and notably clause 6, refer to "every citizen of Canada." When clause 15 refers to every individual, does it not include non-nationals who are resident in Canada and might it not preclude a provincial government from enacting legislation for residents of the province who are Canadian citizens exclusively and enable others to take the same benefit from that legislation? It seems to me that clause 15 as it is presently worded could have very wide ramifications. Has my honourable friend given that matter any thought?

Senator McIlraith: In answer to Senator Hicks, I have not thought specifically about that situation. The clause was put in there for another purpose, which appears in the transcript of evidence given before the committee. I believe committee members will correct me on that if I am wrong.

However, I have noticed that the Charter of Rights—which I would like to look upon with a feeling of respect and pride and as a rather elegant piece of draftsmanship—while the motives for it may be quite laudable, as I said in my remarks last fall when I was raising the procedural point, is "devoid of distinction" or perhaps I said "destitute of distinction". In any case, there are many portions of that charter which should be reviewed more thoroughly. I apologize for giving this kind of indirect answer to the honourable senator.

Senator Hicks: In light of my honourable friend's knowledge of the work of the committee, knowledge which I do not share, would he comment on an anomaly which I cannot explain that is found in clause 45. It deals with the amending formula, or the so-called Victoria formula. Clause 45 refers to the concurrence of two or more of the Atlantic provinces and two or more of the western provinces that have in the aggregate a population of at least 50 per cent of the population of the western provinces. Why were the Atlantic provinces not accorded the same protection as the western provinces?

Senator McIlraith: I am afraid I cannot answer that question. However, I believe that it is probably because of the small population of Prince Edward Island. However, I am not qualified to give an answer or, more precisely, I have not looked at that point.

Senator Hicks: On the contrary, that clause would mean that Prince Edward Island and Newfoundland could frustrate the interests of the Atlantic provinces, though together they do not have as great a population as either of the other provinces.

Senator McIlraith: Yes, but the purpose was to give Prince Edward Island some rights, otherwise it would have no say in such matters.

Senator Macquarrie: Hear, hear!

Senator McIlraith: I must say that I have not specifically looked at that point.

Hon. R. James Balfour: Honourable senators, the afternoon grows late, and I would like to assure you that my intervention will not be lengthy. At the outset of my remarks, I extend to my colleagues on both sides of the chamber who participated in the work of the Special Joint Committee on the Constitution my congratulations on a difficult task performed with great diligence and skill that did great honour to this institution. As well, I have been greatly impressed by the high level at which the debate has been conducted by those who preceded me. I disagree with many of the positions taken by speakers opposite, but I recognize and respect the sincerity and strong conviction which motivates those who have taken those positions.

I also expressed my opinions in this chamber last October on the matter of constitutional reform. I regret to say that little has occurred since then to allay the doubts and concerns which I had at that time with respect to the path the government of Canada has set out upon. I am opposed to what is proposed to be done, not upon legalistic or technical grounds, but upon two fundamental grounds which, in my view, transcend much, if not all, the surrounding underbrush of constitutional reform.

It is proposed that fundamental, far-reaching changes to the constitutional relationship of the Governments of Canada, federal and provincial, shall be carried out by the legislative

actions of a foreign country. That, honourable senators, is wrong. As part and parcel of that constitutional change, it is proposed that in the future constitutional amendments may be achieved by the unilateral action of the federal government through a process of a referendum. That likewise, honourable senators, is wrong.

Last October I expressed my views in strong terms concerning the offensive process by which the Prime Minister intends to achieve his constitutional objectives, namely, by an act of the Parliament at Westminster. I speculated with respect to his motives in this regard, particularly in light of his well-established representations as opposing any continued vestige of colonial status so far as the conduct of the affairs of this country are concerned. I wondered then, as I wonder today, if by this means he hopes to incorporate changes in our Constitution which would not be subject to review by the Supreme Court of Canada. At the same time I suggested, as others have suggested, that the substance of the resolution before us could easily, at the initiative of the federal government, be referred to the Supreme Court now for a determination of its validity within the context of our Constitution.

The question of unilateral amendment is so offensive to both the opposition in this Parliament and practically all the provincial governments of this country that I have concluded the government is motivated to make this drastic change in our constitutional relationship because it has concluded that the existing federal system no longer works and that progress in this country can no longer be achieved by the judicial process of consensus. On that premise the Prime Minister of Canada justifies in his own mind arbitrary and unilateral action against the opposition of both the provinces and, if recent Gallup poll figures are to be believed, 65 per cent of the people of Canada. On that premise the government intends to take unto itself the power unilaterally to amend the Constitution of Canada over the heads of elected governments and legislatures of the provinces of Canada, and it proposes to do this by asking another country, Great Britain, to, in effect, alter basic Canadian rights and freedoms, an act which amounts to a blatant surrender of Canadian sovereignty.

This action was recently and succinctly characterized by the former Leader of the Opposition as a coup d'état. Mr. Robert Stanfield is correct in that assessment. Again and again it has been stated by members of the government party that Canadian federalism is a 54-year record of failure. The fact of the matter is that Canadian federalism in years past has produced agreements between the two levels of government on such matters as hospital insurance and the delivery of medical services, on a Canadian pension plan, on fiscal equalization, on highways and on energy, and, most recently—in September—on the so-called Vancouver consensus as the basis of an amending formula which would make it possible, as it must be made possible, for Canadians to change their own Constitution here in Canada.

● (1700)

Canadian federalism can and does work when reasonable governments and reasonable leaders permit it to work. The system fails only when its leaders permit it to fail. I reject completely the proposition that 114 years of our history as a successful, Canadian federal state should now be abandoned to be replaced by some form of unitary state.

Our federal system grew out of the diverse nature of this country, Canada. I submit that no other system will succeed here. No other system will adapt to our diversity, our size and, if you like, our geography. This carries with it significant regional differences which, if we are to remain a united country, must be accommodated, and accommodated by a process of negotiation and consensus. To do otherwise, I suggest, means running a grave risk of tearing this country apart; and then, indeed, our 114 years of history will become truly irrelevant.

The Parliament at Westminster has no business deciding the substance of the Constitution of Canada. But what is more to the point, Canada, as a mature, independent nation, has no business asking the British to do what it is asking them to do, namely—to use the words of the Prime Minister of Canada—to hold their noses and pass it. There is only one acceptable act for the Parliament at Westminster to perform, and only one proper request to be made of them by this country. They should be requested to send the Constitution home immediately with an amending formula acceptable to Canada, and then let every other question of our Constitution be decided in Canada by Canadians.

On motion of Senator Guay, debate adjourned until later this day.

RETIREMENT AGE POLICIES

REPORT OF SPECIAL COMMITEE—DEBATE CONCLUDED

The Senate resumed from Tuesday, January 13, 1981, consideration of the report of the Special Committee of the Senate on Retirement Age Policies, entitled *Retirement Without Tears,* tabled in the Senate on Tuesday, April 15, 1980.

Hon. David A. Croll: Honourable senators will recall that the last time I spoke on this matter I said we were awaiting the report of the Ontario Royal Commission on Pensions. I have now received the report which comes in the form of eight volumes, the price I am informed, being $60 a set. Fortunately, I was one of those to receive a free copy. Contained in that report are 93 recommendations.

The contents of the report are best summed up by William M. Mercer Limited, one of the Canadian authorities on the subject. They state:

> The Ontario Royal Commission Report has departed considerably from other recent pension studies. It does not recommend increased coverage for non-earners under the CPP. It does not recommend significantly increased vesting for private pension plans. It does not press for adjustments to reflect the cost of living in private pension plans; but instead recommends the introduction of an Inflation Tax Credit to allow government to deal directly with the problem.

> The main thrust of the proposals is to introduce a provincial universal money purchase pension plan—

Similar to the RRSP.

> —to solve long term economic problems—a solution which would cost the private sector very little and would take 47 years to mature.

We haven't got the time.

The Senate was the first to study the field of retirement pension policies, and that was in November 1977. Since then the subject has become the most urgent problem facing the people of this country, and it is so recognized.

Today Canada has the worst industrial pension plan of all the industrial countries in the world. How we got into that position is beyond me. Obviously, our sight in that direction was rather limited.

Five reports have been prepared on the subject of retirement pension plans. First there was the Senate report which you have before you and which I will deal with in a moment. I almost fell out of my seat this morning when, on my desk, appeared the William M. Mercer Limited *Recipe for Action*, dated March 9, 1981, containing all of the recommendations encompassed in our original report which is now public property. Our report was sensible at the time we made it, and it still is.

The Senate report tended to favour the Canada Pension Plan as the only plan which could provide the best possible pension most efficiently, and for the least amount of money. So far, this thesis has been upheld.

The Quebec government also completed a study of this matter and it came to the same conclusion with respect to the Canada Pension Plan, although it could not agree on premiums. The Economic Council of Canada said that we should go along with the Canada Pension Plan in order to strengthen our institutions. The Lazar Task Force, which was set up by the government, produced an excellent report containing four choices, without recommending anything.

Contained in the Senate report are five ingredients necessary for a pension plan, and they are all contained in the Canada Pension Plan. The first is complete portability. That means that a man working in the Yukon, who moved to Newfoundland, could transfer his pension plan with him. As it presently stands, a man could work in a factory for, say, seven years and when he leaves he takes with him no portion of what the employer has contributed to his pension plan, although the pension is part of deferred salary.

● (1710)

Everyone recommended that vesting be changed and applied after one year. In France vesting is immediate; in Sweden it is at 28 years of age and immediate; in the Netherlands it is immediate at any age; in the United States it is after 10 years; in the United Kingdom it is after five years; and in West Germany it is after 10 years. But in Canada we have the craziest rule of all: you must be 45 years of age and you must work 10 years before you can get vested. How we got left, in the whole civilized world, with that kind of regulation is hard to understand.

[Senator Croll.]

In addition to that, we have indexing, and nobody can match us on that. We have universality, which means that the premium cannot vary as between men and women. We have the mandatory survivors' benefits. That is most important of all. Thousands and thousands of women are left without pensions because their husbands did not make any provision for benefits for them. The husbands intended to do it, but they never did.

We have 750,000 old people without pensions in this country today. If a private pension plan could fill these requirements, that would be fine, but it cannot. One of the first successes we had was regarding compulsory retirement. That has been a winner, because we had the first case in New Brunswick in which a man recovered almost $30,000 for being improperly fired. Non-discrimination as to age has been added to the Bill of Rights.

We have a judgment of the Supreme Court of Manitoba in which the judge says:

> In conclusion, pursuant to Queen's Bench Rule 536, I declare that section 6(1) of *The Human Rights Act* does apply to the position of the applicant. The University of Manitoba may not refuse to employ her or to continue to employ her because of her age.

Many arbitration awards have been made from time to time. In any event, the golden handshake has gone out of fashion, and it will appeal to Senator Grosart that an employee will have to have some green rustling in his hands when he shakes hands with an employee as he bids him goodbye.

One of the important things that has come about is a top-level conference of every organization in this country that will be held on March 31, April 1 and 2, and the Senate will be represented at it.

This was one of those situations you get into, and then do not really understand how you did. I was a member of the Pension Plan Committee when we held the pension hearings, and there was much opposition to it. Agreement was reached, except for the province of Ontario. We needed two-thirds of the population and two-thirds of the provinces to formulate it. The province was holding back and would not agree. Finally, they made a bargain and said that Ontario would go in—this is at the request of the pensioned people—if we would limit the pension to give them a chance to fill the vacuum. At the time that seemed sensible to me. We were dealing with fine and honourable people. We would take a low pension with a low premium and let them fill the vacuum. Ten years later, here I am to tell you that they did no such thing. Ten years ago the pensions of this country consisted of 53 per cent paid by the government, 35 per cent paid by the man himself, and 12 per cent private pensions. It has not increased one bit. They know it, and they are in great trouble, because either they come up with something now or a certain portion of the field will belong to us.

On top of that, we have been waiting around for things to happen. Saskatchewan went off on its own and started making some changes in vesting and other matters. The changes were radical but necessary. I would like to read part of an article from the Toronto *Star* dated November 15, 1980:

> Wes Robbins, Saskatchewan's minister of revenue, who's responsible for the province's pension legislation, says he hopes that companies don't find the new laws too burdensome.
>
> "If that's the case, the state might have to take over the whole private pension system itself. Our aim is simply that private company pension plans should have the same fair characteristics of the Canada Pension Plan—full portability and a full pension after a working life."
>
> Robbins says that the province moved fast on the pension reforms because everyone else was dragging their feet.
>
> "The fact is that these changes have been discussed for many years by pension people and not one province has done anything about it. Senator (David) Croll told us to go ahead—just as we did with Medicare—and the rest of the provinces would follow."

They did go ahead, and the rest of the provinces will follow. I cannot say what it will bring forward, but it should bring forward a pension much in excess of $290. We were taken in rather badly because we fixed our employer-employee premium rate at 1.8 per cent. The United States rate is 6.13 per cent. In Italy, the employee pays 7.15 per cent, and the employer pays 16.35 per cent, and if they are short the government makes it up. In the United Kingdom the employee pays 7.75 per cent and the employer pays 8.75 per cent. The U.K. government pays approximately 18 per cent on top of that. In Greece the employee pays 4.75 per cent and the employer 9.50 per cent. In Germany the employee pays 9 per cent and the employer 9 per cent. They add no subsidy in France. The insured person pays 3.45 per cent, the employer pays 7.7 per cent, and the government pays nothing. The model plan is the French plan. They give a good deal of consideration to their pension plan, and give a lot of thought to what it will mean at the end of the day. They watch it very carefully.

● (1720)

We talk about a man working 10 years, of coming to the end of the Canada Pension Plan and receiving $290 per month. I have here the Senate Report on Poverty updated from 1969 to 1979. A man and his wife receiving less than $11,700 are poverty stricken in this country. An individual earning less than $5,860 is poverty stricken. Not only have we given people pensions that were not adequate, but inflation has produced two million pensioners who are caught. Their pensions are worth 20 or 30 per cent less than they were worth when they commenced. We have got ourselves into a situation that we did not intend to get into.

The conference to which I referred will include everyone who wants to attend. The minister has said that if the conference does not come up with something satisfactory in connection with pensions, the government will have to step in. Everyone has said that, including the labour people. We do not want that to happen.

Sometimes the situation reminds me of the automobile industry. As a boy, I recall that when the Ford Company started to build cars someone came to see Henry Ford and asked, "Why can't we have a blue car or a yellow car, or a car with some colour?" Henry Ford replied, "You can have a car any colour you want—so long as it is black."

The automobile industry in the United States and Canada insisted on making big cars because there was big money in it. Then along came the small car, which has taken much of their business away. We now have to deal with businesses such as Chrysler, in the motor industry, and Massey Ferguson—companies which will not change their policy. They want to operate in their way, or else; but the world does not accept that view these days.

I wanted to give honourable senators a report to indicate that we in the Senate have made a contribution. That contribution is recognized. Our report will be before the people of Canada, and already it has been well received. At the last moment they are coming around and are saying, "You were right; it is something that we need."

I would like to thank honourable senators for giving me another opportunity to speak on this subject, because it is one that is vital to Canadians. The committee has done a good deal that is of special interest to people who need the kind of help that we are providing. They are people who have never been able to do very much on their own; they have always been caught in the middle.

The Canada Pension Plan is a better plan than an RRSP, a Registered Retirement Savings Plan. In the latter there is a forward charge, there is no indexing, and some of the money can be taken out. In the Canada Pension Plan you cannot do that. It is your pension; it is indexed; it does not cost you anything—and that is what we are trying to sell to the Canadian people. But sometimes we find it hard to sell them something that is such a great bargain.

Anyway, we have submitted our report. Others have made reports that are equally as good. The victory belongs to all of us together, and I hope that the conference will produce some necessary and essential results.

Hon. Senators: Hear, hear.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, this order is considered as having been debated.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before moving the adjournment until 8 o'clock this evening, I feel that honourable senators would wish me to say something, inadequate though it is, to express our appreciation to Senator Croll for the work he has done on this subject. We are proud to be associated with him and are grateful for the honour that he brings to the Canadian Senate through tireless effort during a lifetime of public service, and

currently in connection with pensions. We are reassured, proud and pleased that he will be representing us and the people of Canada at future conferences dealing with these matters.

Hon. Senators: Hear, hear.

Senator Frith: Honourable senators, I move that the Senate do now adjourn during pleasure, to reassemble at the call of the bell at approximately 8 o'clock this evening; and that at that time Order No. 6, standing in the name of Senator Guay, be called.

Motion agreed to.

The Senate adjourned during pleasure.

At 8.10 p.m. the sitting was resumed.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from earlier this day the debate on the motion of Senator Perrault that an address be presented to her Majesty the Queen respecting the Constitution of Canada.

Hon. Joseph-Philippe Guay: Honourable senators, our debate on the Constitution Act, 1981 has been extensive and thorough. All have been given the opportunity to speak on the matter, and because of this we can say that this Constitution is being prepared quite differently from the way in which the B.N.A. Act was prepared, or, for that matter, the Manitoba Act. It has been shown by one historian that those documents were prepared by a small number of CPR lawyers for the benefit of a select few. That is one interpretation of those happenings long ago. We know, however, that the same could not be said of this Constitution Act, since many Canadians have participated in its conception and preparation.

I have noted with pleasure and satisfaction, as many other senators have, the variety of groups, briefs and representations that we have received and which have been so useful to us. Indeed, so many valuable contributions have been made that I hesitate to add to the length of this debate. However, I think it is necessary and that it is my duty to mention a few important points.

[Senator Frith.]

Before doing this, I would like to thank the Right Honourable Pierre Elliott Trudeau for his dedication and effort with regard to the Constitution. I would also like to thank the joint chairmen of the Special Joint Committee on the Constitution, Senator Hays and Mr. Serge Joyal, for having done such a good job as representatives of the Senate and the House of Commons, respectively.

I have listened with interest and appreciation to the contributions of other honourable senators, and have particularly noted the remarks made by Senator Olson, Senator Hays and Senator Steuart. They have expressed the true feelings of Canadians on the Constitution, and I wholeheartedly approve of their remarks.

The Honourable Senator Flynn thought that Senator Olson's speech was the most despicable he had ever heard in this place, and that it was absolutely shameful. I was here when that was said. I was hoping that Senator Flynn would be here this evening, since I have a remark to make in this regard; but after he reads my speech in *Hansard* he may wish to confer upon my speech a judgment similar to the one that he made at that time. Nothing would please me more than to be ranked with Senator Olson as a master of Canadian history. That would really be something.

[*Translation*]

As senators, we represent more than a community, a province or a region, namely Canada. But I am a Franco-Manitoban, and as representative of that proud community I can bring to this debate a different perspective.

When Manitoba became a province of Canada in 1870, the two great language groups were equal in number, and the Manitoba Act recognized that duality by enshrining language and education rights. This earned us the name of "Little Quebec", because in Manitoba there was a duality based on goodwill and harmony. It is sometimes tedious to recall the historical errors, missed opportunities and bitter deceptions we went through after so promising a start. But it is sometimes necessary and useful to remember one's history. Be that as it may, until very recently we have experienced oppressive language legislation, private schools without funding, a political and cultural climate that was hostile not only to the French language but anything that wanted to be or was different. The administration of justice wished to serve everyone, provided everything went on in English. There were principles of equality, opportunity and free education in the school system, but francophones had to put up with cardboard schools, a lack of teaching materials and the sad picture that went on for years, and I said years, of having to hide their French books when the inspector went through the schools.

Our parents, our generation and our children put up with all this to ensure the survival of their culture and their language in Western Canada. How did we do it? Through tremendous sacrifices, self-denial and patience, with the assistance of our enlightened friends who were willing to help us. Among them, there was Quebec and I would like to take this opportunity to thank on behalf of my fellow-citizens in the west "la belle

province" for everything they did for us. Most Quebecers, it is true, are aware of the dramatic achievements of French Canadians in the west, but most westerners are unaware of it. The people of Quebec came to our help during those trying times and made common cause with us. From Quebec came members of religious orders and lay teachers who served for many years and were paid ridiculously low salaries. From Quebec also came funds collected by "Survivance dans l'Ouest" well known to all Quebecers. Thanks to those nickels and dimes collected in Quebec schools and parishes and to financial aid provided by the Knights of Columbus, especially, in setting up the first French radio station in western Canada, CKSB in St. Boniface, we managed to survive. Finally, our culture and our language survived hoping that one day, our rights would be acknowledged.

With the recent judgment rendered by the Supreme Court of Canada, with the amendments to the educational legislation and, finally, with this constitutional resolution which we are debating today, the French-speaking residents of Manitoba have at long last achieved equality.

In a speech delievered recently in Brandon, Manitoba, our Prime Minister, the Right Honourable Pierre Elliott Trudeau, was expressing the hope that we would be given an opportunity to devote to our cultural growth most of the energy we have expended thus far to obtain justice, and yet, even under such difficult conditions, French Manitoba has already contributed a lot. A stranger visiting us cannot expect to find the 44,000 French-speaking Manitobans gathered in a community such as, for instance, Quebec City, Grandy or Saint-Hyacinthe. Our francophones set up camp out west with the first arrival of settlers and today we can find them in small communities scattered throughout the prairies. Our community, small in number and growing in adversity, has made a generous cultural contribution to the efforts of French Canada. Our writers and our artists are known all across Canada. Our young graduates hold key positions in the Canadian metropolis and in our capital city. Our farmers have done Canada proud. In all endeavours this small community successfully manages to give much though it has received little.

• (2010)

[*English*]

Having known firsthand the difficult times unilingualism has had in Manitoba, and having contributed throughout my political career to the great efforts for bilingualism in this country and to the recognition of educational and linguistic rights for all Canadians, it is with enthusiasm that I support this resolution, which will bring us one step closer to full partnership. I am concerned, however, that this resolution perhaps does not go far enough, since it does not guarantee to the French speaking people of Ontario the same basic rights as have been recently recognized in Manitoba and as are to be found in clauses 16 to 20 of the resolution.

Some Hon. Senators: Hear, hear.

Senator Guay: Some may even wonder that many amongst us who have fought for bilingualism and for the recognition of basic and elementary rights for French Canadians could support a resolution today which does not extend those same rights to all Canadians at every level of government.

One thing about my party is that we can speak quite freely without being told what to say, and I am taking this opportunity to do that.

Senator Perrault: Hear, hear.

Senator Doody: It's a wonder the light fixtures didn't crack.

Senator Guay: I would like to hear you all; I am listening very carefully.

Should we not take this opportunity and settle, once and for all, the historic grievances of the Franco-Ontarians? The answer to that question is not legal but political, and in politics in Canada provincial premiers have their say.

Senator Flynn: Oh, yes?

Senator Guay: And I am disappointed in Premier Davis of Ontario. I thought that we had achieved greater progress, greater understanding and a greater willingness for change in Canada, but Mr. Davis has refused this unique opportunity to provide services in the French language to his French-speaking community. Why don't you people over there talk to him, then?

Senator Flynn: Why don't you put clause 133 to him?

Senator Guay: Mr. Davis justifies—

You know, I have been sitting here, honourable senators, for a long time, and I have noticed during my time here that the Honourable Leader of the Opposition seems to enjoy interrupting whoever is speaking, notwithstanding who it may be. He will make a certain comment and start to laugh, and in fact he is laughing at his own jokes! He does not want to listen; therefore, he is continually interrupting people because he does not want to learn anything.

Senator Flynn: From you, it's impossible!

Senator Guay: I believe that, as Leader of the Opposition, he should set an example to his backbenchers and at least keep quiet when someone is making a speech in this chamber.

Senator Perrault: Hear, hear.

Senator Guay: Mr. Davis justifies his inaction by saying that bilingualism cannot be imposed. It has never been imposed. A proper study of our history reveals, rather, that in the area of language legislation, if anything was imposed at any time it was English unilingualism.

In the final analysis, though, I agree with Mr. Davis that bilingualism cannot be imposed, but I would like to add that, at the same time, it cannot be repressed. We have embarked in Canada upon a process of which this constitutional resolution is but a step on the path that will eventually lead to the recognition of bilingualism throughout Canada. It will happen without being imposed. It will happen through popular will, as those candidates who oppose it will discover at the polls. It will happen because there exists in Canada a growing number of citizens, especially amongst the young and educated, who are

not only dedicated to eradicating historical grievances and injustices, but who perceive a tremendous opportunity for achieving a truly bilingual country at every level of government, in our work places and in our leisure activities. Many of you present today will see this happen and will bear witness to the foresight of our Prime Minister in these developments.

This constitutional resolution will play a role in educating those who fear bilingualism in this country, when they see the results of our deliberations consecrated in the Constitution and when they see its principles applied. I know that they, like others before them, will come to espouse those ideals. Certainly, a new climate will come about in Canada in which our citizens will no longer be subject to that demagoguery emanating from certain circles.

I would like to refer now to Jim Richardson's latest blunder, the advertisement that he placed in all the newspapers across Canada—a full-page advertisement containing nonsense. If nothing else, this advertisement proves to all that in our society one only needs to be rich in order to have the news widely circulated. Substance is of no importance to Mr. Richardson; nor is truth, it would appear. In this advertisement he asks the question: "Can a bilingual Canada ever be united?" I am sure that all of us here will agree that the answer to that question is, yes, a bilingual Canada can be and is a united Canada.

Senator Perrault: Hear, hear.

Senator Guay: If Mr. Richardson truly believes that bilingualism is a dividing factor, I wonder why he did vote for the Official Languages Act himself, particularly when he was in cabinet. If bilingualism is a dividing factor, how then could the honourable gentleman publicly support official bilingualism over a number of years? How could he remain a member of the cabinet supporting bilingualism while believing that it was dividing this country? Honourable senators, he must have been suffering terribly and with profound anguish, having to hide his true beliefs in such a manner and for so many years.

● (2020)

I have here another example. It takes the form of an article by Professor Lowell Clark, of the University of Manitoba, which appeared in the Winnipeg *Free Press* on Wednesday, November 26, 1980. I compliment the *Free Press* for printing such an article because it does not happen too often. Although I do not believe that I can, I would like to have this article appended to my speech tonight. However, I suggest that all honourable senators read the article which outlines some of the history of the year 1887. The only difference is that federally the Conservatives were in power, and provincially most of the provinces were represented by the Liberal Party. The same problem existed at that time. I quote from the article by Professor Clark:

> Along with these developments there was a series of racial and religious feuds between the French-speaking and English-speaking Canadians stemming from the Riel affair. One result was the emergence into prominence of D'Alton McCarthy, a renegade Conservative, who commenced a crusade against the official status of the French language throughout Canada. He may be regarded as the James Richardson of that day.

Who reveres D'Alton McCarthy today?

On the subject of federal-provincial relations, Professor Lowell Clark's article may be of some assistance to this chamber. We have heard many comments of late by the opposition with regard to the state of federal-provincial relations. Professor Clark wrote a most interesting comment. He said:

> In the television debate which he held with Prime Minister Trudeau and Mr. Broadbent during the 1979 election campaign, Mr. Joe Clark made a comment which seems to have escaped all and sundry. He said that all successful Prime Ministers had had harmonious relations with the provincial premiers, and in this connection he twice mentioned Sir John A. Macdonald, our first Prime Minister. Nothing could be further from the truth.

This article was written by a professor of the University of Manitoba who had done some substantial research. The author goes on to relate how Sir John A. Macdonald set the pace for federal-provincial relations, how his time in office was marked by continuous rumblings and confrontations with the provinces—provincial bills were disallowed; there were the 1886 Nova Scotia secession election, annexation and the first interprovincial conference convened by Quebec's Premier Mercier. Such were the "harmonious relations" to which the Honourable Leader of the Opposition refers. Professor Clark wrote further on in the same article:

> To him the meeting (at Quebec) was nothing more than a league of malcontent provinces in organized opposition to the national policies and national leadership of the Dominion.

The "him" refers to Mr. Macdonald. I suggest that honourable senators read this article.

Senator Flynn: What are you trying to prove?

Senator Guay: I agree that Sir John A. Macdonald was a successful Prime Minister, and I am sure that comment will please Senator Flynn. However, none, except perhaps the Right Honourable Leader of the Opposition, Joe Clark, would qualify Sir John A. Macdonald's relationship with the provincial premiers as "harmonious". Mr. Clark would have the history of this country conform to his wishful notion. Federal-provincial squabbles are as old as this country, and to blame our Prime Minister for this state of affairs is tantamount to intellectual dishonesty.

Senator Perrault: Shame!

Senator Guay: The Right Honourable Joe Clark's position on federal-provincial relations is another example of where the real problems lie within this country. I could also mention Manitoba Premier Sterling Lyon and some of his recent statements, but may I say, instead, to all honourable senators that it is not worth the effort to mention what he has said or done? If these gentlemen chose to work for unity rather than for disunity—consciously or unconsciously; if these gentlemen sought true harmony rather than petty political advantage; if

these gentlemen sought common and reasonable grounds for understanding and comprehension amongst all Canadians, then we could make further progress in many areas.

Luckily for Canada, our destiny does not depend on these gentlemen. Luckily for Canada, Liberal policies on bilingualism, biculturalism and multiculturalism have produced results.

Senator Perrault: That is a good, objective comment.

Senator Guay: As an example, I cite the gala held last Tuesday at the National Arts Centre in celebration of President Reagan's historic visit. We saw in that cultural event the elements which truly represent the makeup of Canada. I am convinced that this Constitution Act, as proposed for our consideration, provides a basis for the solution of problems and challenges facing this great nation.

Senator Perrault: Hear, hear!

Senator Flynn: Bravo!

Senator Guay: Finally, honourable senators, there is no better way of ending my comments than by quoting a fellow senator.

Senator Asselin: Senator McIlraith?

Senator Guay: I feel that Senator Rousseau's ending to her speech of March 3, 1981 would be an appropriate ending to the remarks of any one of us here today. I would like to quote that ending in its entirety.

Senator Flynn: Why don't you quote the whole speech?

Senator Guay: Senator Flynn, I wonder if you talk in your sleep. I also wonder if you laugh in your sleep.

Senator Flynn: Certainly, when I dream of you.

Senator Guay: Senator Rousseau's ending was one of the best I have heard. It is as follows:

> I have no doubt that following this debate we will have given the future generations a permanent solution to our constitutional problem, and to the Canadians of today, the pride to say "Long live Canada" on the 1st of July, 1981, for they will then be in possession of the missing element that will give the word Canada the meaning of country.

That is the meaning it actually deserves.

[*Translation*]

Senator Tremblay: Would Senator Guay allow me to ask him a question to clarify a point which his remarks have raised in my mind—

● (2030)

[*English*]

I am not sure whether I should ask my question in French or English. With your permission, Senator Guay, I shall ask it in French.

[*Translation*]

Senator Guay: Why not? I am bilingual, I speak French, and I made part of my remarks in French.

Senator Flynn: We were deeply moved by your conclusion.

Senator Tremblay: As Senator Flynn has just indicated, I was deeply moved by Senator Guay's argument. My question is this: would Senator Guay's argument in favour of the bill under review mean that we should add Manitoba to the province or provinces already referred to in this bill, namely, New Brunswick, a province represented here in a certain way by his neighbour to the right, to those which must apply for more . . .

Senator Guay: Do you have a question?

Senator Tremblay: . . . than that which is provided under Section 133, for Clauses 16 to 20 of this bill—

Senator Guay: Do you have a question?

Senator Tremblay: —cover a lot of ground—

Senator Frith: It is a "bootlegged" speech.

Senator Tremblay: This is not a speech, and I realize, Senator Frith, that you cannot feel the punctuation, although there is some punction in my question. In view of the fact that Clauses 16 to 20 provide for a lot more than what is provided for under Section 133, does Senator Guay's intervention mean that we should include much more than what is covered under Section 133 which applies now to Manitoba—comma, as requested by Senator Frith—namely, Manitoba?

Senator Langlois: Why not include the province of Quebec?

Senator Tremblay: The honourable senator has caught on to the meaning of my commas pretty well!

Senator Guay: Honourable senators, I thought Senator Tremblay would never get to his question. I should like to point out, honourable senators, that frankly you are asking me to make another speech in this chamber. Because, to answer your question, I would need not five minutes but half an hour; I am quite willing to do it though, mind you!

The fact is that I am surprised that you are comparing, in a way that seems different to me, the assets or the rights of Manitoba with those of New Brunswick, because our rights have just been recognized, as I said in my speech a few minutes ago—

Senator Flynn: You already have—

Senator Guay: Please let me speak, Senator Flynn. You will get your chance too, if you so wish, later on. With regard to the specific question, in order to give an adequate answer I would have to speak for a good long while and I feel that I have said enough for tonight.

Senator Tremblay: You will allow me to understand, comma, that in the light of what you have just said, comma, you are not willing to make a specific proposal, this evening, in the Senate, that would place Manitoba—

Senator Langlois: And Quebec.

Senator Tremblay: —on an equal footing—bracket, since we are talking about punctuation, Senator Frith, bracket—and Quebec? Question mark. Why not? Question mark.

Senator Flynn: Why not?

Senator Tremblay: Why not? Question mark. Once again, close the bracket. Let us now come back to the main topic: I understand, Senator Guay, that you are not ready to recommend to this house that Manitoba be placed on an equal footing with New Brunswick.

Senator Frith: Exclamation mark!

Senator Tremblay: No, period and paragraph!

Senator Guay: I should like to tell the honourable senators, and especially Senator Tremblay, that I only wish he could be even 75 per cent as pleased as I am this evening with the Constitution as it stands. It seems to me that Manitoba has already made a giant's stride. Which does not mean that we will sit on our laurels and say "Good enough!". Quite the contrary. But I do appreciate very much what has been accomplished to this date—

Senator Flynn: By whom?

Senator Guay: —and I would point out that, had you been listening carefully, you would have understood that I am sincerely happy even with what has been accomplished until now. I am proud of our Constitution, as it stands, which will give equal status with regard to the official languages of Canada.

Senator Asselin: You already have them!

Senator Guay: Well, I am talking for my province. I would simply say to you, members of the opposition, that if we at least appreciate the crumbs that are thrown to us, why are you not supporting them, please, you who are supposed to be knowledgeable in this field?

Senator Flynn: We are not taking anything away from you.

Senator Asselin: That does not give you anything.

Senator Guay: You should be helping us instead of thwarting us.

Senator Tremblay: Could I suggest to Senator Guay that he consult with Mr. Justice Monin, who was, at the time we had the Bloc universitaire, in 1941, among the fighters in Manitoba, coming from St. Boniface. He would confirm what Senator Guay has just said, that what was done during those years was in accordance with what has been said in 1979 or 1980—

Senator Flynn: In December 1979.

Senator Tremblay: In 1979. At that time, if I recall well, it was not done. Quite the contrary.

Senator Guay: That is what you say.

Senator Tremblay: I suggest that you consult with your fellow Manitoban, Mr. Justice Monin.

Senator Guay: There you are, quoting bits of sayings. I am not the one who said these things. You are quoting from what Mr. Justice Monin has said. I am not in a position, honourable senators, to know what Mr. Justice Monin said in Manitoba or maybe what he told Senator Tremblay.

Senator Asselin: You said he was a great man.

Senator Guay: I am not in a position to know what Mr. Justice Monin has said. I know him quite well, but I am not aware of his conversations with Senator Tremblay. I once again ask Senator Tremblay to support us, to help us gain benefits for French-speaking Manitobans, and even to offer suggestions, if he thinks I am not doing things the right way.

Senator Tremblay: I am offering you . . .

Some Hon. Senators: Order.

The Hon. the Speaker: Order.

Senator Tremblay: I am prepared to support you, if you propose that Manitoba be entrenched along with New Brunswick.

Hon. Fernand E. Leblanc: Honourable senators, I hope that Senator Tremblay will not take me to task as Senator Guay did but, on the other hand, we shall see at the end of my speech, if he so wishes. I find it impossible, honourable senators, to stay out of such a historic debate and I cannot help but try to make a contribution, however modest, on such a controversial issue, as we just saw, the outcome of which will change completely the political situation in Canada. In a debate of such significance, in such an emotional legal dispute, it is indeed not very easy to avoid repetition.

Even though we will often hear the same arguments sometimes in different form, I think it is an exercise of the utmost importance and of unquestionable value.

When I was first elected to the Government of Canada in 1964, I entered immediately another historic debate, the debate on the Canadian flag. I see that some of the emotional arguments used at that time are repeated occasionally by the opposition, especially in the other place, in the present debate.

The debate is apparently becoming as heated and as extravagant as in 1964, when the Right Honourable John Diefenbaker said of Prime Minister Pearson, and I quote:

> "He has created splits in the nation which will remain vivid in the memory of Canadians for more than one generation.

This is what the same gentleman said about the flag:

> This proposal is going to divide Canada as never before—

You will agree with me, honourable senators, that these arguments are still being made today, as well as many others that have been put forth in 1964 and, of course, it would take too long to restate them now.

Senator Flynn: So get on with it!

Senator Leblanc: But since I had the honour and the privilege to participate in the flag debate in 1964 as a member of the House of Commons, I could not but draw a parallel as I now participate in the debate on the Constitution, in 1981.

Senator Flynn: Obviously!

Senator Leblanc: Not being a lawyer, I will not try to express legal opinions, and I will leave it to the distinguished lawyers who sit in this House.

I would be remiss, however, at this point in my speech, in failing to extend my most sincere congratulations to the joint

chairman of the joint committee representing the Senate, the Honourable Harry Hays, as well as to all those senators who have actively participated and who have therefore sacrificed their precious time and who have expressed their views clearly and precisely. I think the value of their contributions cannot be assessed in monetary terms.

I also wish to extend my congratulations to those members who had to neglect their other duties for some time, especially the joint chairman representing the House of Commons, Mr. Serge Joyal, whose work, patience and general attitude have been praised by people from all parts of Canada and by all the political parties.

We all agree, judging by the speeches heard in the Senate up to now, that the committee has definitely improved the original proposal of the government. We are now in a position to debate this new text submitted by the committee to the Canadian Parliament.

In my intervention before the Senate on Wednesday, October 29, 1980 on this very subject, I dealt briefly with the issue of the unilateral aspect of this proposed resolution. This action is not, I think, as unilateral as many people claim it is. All Canadians agree on the principle of patriating our Constitution, like the Right Honourable Leader of the Opposition, the leader of the NDP, most honourable senators and members of the other place. Mr. Yurko, a Conservative member of Parliament, has even obtained unanimous consent in the House of Commons already for a motion requiring the government to patriate the Constitution. In addition, on January 20, 1981, the Honourable Jake Epp, official spokesman of the Progressive Conservative Party, stated the following before the joint Committee on the Constitution at the outset of this presentation, and I quote:

● (2040)

[*English*]

> In presenting our proposed amendments to the government's resolution we do so in the knowledge that it is the popular will of Canadians that our Constitution rest in this country. It is also the popular will that we have a Charter of Rights and Freedoms for the Canadian people embedded in the Constitution. The Progressive Conservative Party's position in these matters reflects the popular will.

[*Translation*]

As the Honourable Mr. Epp says so well, the Progressive Conservative party agrees, and so does the population, as he states that his party is reflecting the will of the public. The provinces in general agree, but what Canadians are mostly beginning to disagree about is the amending formula, the referendum and the wording of the Charter of Rights and Freedoms. In fact, no one disagrees about the principle but rather about the form of the resolution. The proposal also has the support of most NDP members, most of whom are from western Canada. It has the support of the Conservative Premier of New Brunswick, the support of the Ontario premier, another Conservative, and the support of two of the three major political parties in Canada, which represent nearly two thirds of the members of Parliament.

How then can we talk about unilateral patriation with an amending formula when the Right Honourable Leader of the Opposition himself has proposed patriation with an amending formula? Moreover, Mr. Broadbent, the leader of the NDP, proclaims that he is not only in agreement, but also enthusiastic, and all the parties represented in Parliament want patriation with an amending formula.

We should insist instead of the high degree of consensus which exists and which certainly indicates that this is not unilateral patriation since the word "unilateral" is defined in the dictionary as:

> Affecting one side only—involving only one of several persons or parties.

With your permission, honourable senators, I would like to look at the famous unanimity rule which now prevails. To this date, no prime minister has been able to reach unanimity, even though the political adversaries of the Right Honourable Pierre Elliott Trudeau are trying to make him seem solely responsible for the failure to reach unanimity. In spite of all their efforts, the following prime ministers never obtained a consensus: King, Bennett, St. Laurent and Diefenbaker. There was always at least one province that did not agree, and since 1927, the principle of unanimity has failed. As a matter of fact, if we apply this principle to our public or private lives, we can see that it is impossible to reach unanimity, whether in Parliament, in municipal councils, in school boards, in co-operatives, in associations of young people, not so young people or senior citizens, in religious orders, and so on. In view of the impossibility of reaching unanimity, we must find another way to break a perpetual deadlock.

The role of heads of governments is to try to give appropriate direction to the people. It is not necessary to have unanimity since this concept has caused the failure of all patriation attempts in the last 54 years. We have no choice: We shall have to patriate without unanimity. We only need a high level of consensus as I said earlier, and I believe that we now have it.

We are now taking a first step, that of patriating the Constitution. A second step will be to grant another period of two years to the provinces to attempt to reach the miracle of unanimity that everyone wants. Indeed, sections 36 to 44 in Part V of the proposed resolution provides for a constitutional amendment procedure which could be used in the two years following the implementation of the permanent amendment procedure described in Part VI and the proclamation of the rest of the act.

● (2050)

During that two-year period, it will be possible to amend the Constitution with the unanimous consent of the eleven governments. This "interim" agreement will renew the principle of unanimity. If during that time the provinces do not forsake the tradition and cannot reach agreement, an alternative solution will become mandatory and the formula prescribed in Part VI

will automatically come into force. Being naturally an optimist, I am convinced that the provinces will make every effort to achieve the unanimity which has eluded them so far. Unlike the Honourable George Hees, I have not yet lost hope, once the Constitution has been patriated, to see the provincial premiers reach agreement with the central government on the constitutional issue.

That two-year period offers the provinces a last chance to amend the Constitution with unanimous agreement. We will see if in fact the provinces will take this extra time at their disposal to reach unanimous agreement when negotiations resume. We will see if they will take into consideration the fact that Canada is the only sovereign country in the world that must still ask the Parliament of another country for permission to amend its own Constitution. However it seems that right now the provinces cannot agree among themselves and achieve that unanimity.

In that respect, I would like to quote an article published in the newspaper *La Presse* of Saturday, February 28, 1981, written by Marcel Adam and entitled "Can the provinces only agree to disagree?"

> It is not enough to alert public opinion and to try to have it endorse one's cause. Such constructive initiatives must also be taken as are likely to end the crisis. Otherwise the provinces will be saying that Mr. Trudeau is right, he who points out that the provinces are still unable to reach a consensus every time the premiers or their intergovernmental ministers hold a meeting to define their strategy.
>
> From that standpoint, it is difficult to say that Mr. Trudeau is wrong. The only time the provinces managed to show a common front was at the very end of the September conference when they isolated Mr. Trudeau and made him look like a bad partner. This obvious consensus did not amount to anything, it was nothing more than the result of ad hoc underhanded dealings achieved in a catastrophe. On that occasion they delivered a monster: the so-called Vancouver amending formula which the provinces themselves find rather shaky today. So they are trying to draft a new one but the operation appears laborious. How can they ask for a new constitutional conference and maintain, as Mr. Blakeney did recently, that a consensus might be reached? The best trick Mr. Trudeau could pull on them would be to call them together to show Canadians once again that there is no relying on them to break out of the constitutional impasse.
>
> In a press conference, Mr. Trudeau admitted that if early in the month, in Montreal, the provincial premiers had reached an agreement on these counter-proposals, they would have put the federal government in a bad position.

The Quebec government launched a shameless advertising campaign, at taxpayers' expense, feeding the people all kinds of slogans instead of appearing before the joint committee to argue its points as other provincial governments have done.

Senator Flynn: Mr. Ryan did not come.

Senator Leblanc: He is not the premier either, he will come after April 13. We will certainly be glad to have a new premier in Quebec. So he will come after April 13. The Quebec government uses slogans that say: "We must not be had", "Ottawa wants to take away Quebec's right of veto", and many others. That is completely untrue since the opposition and several provinces are complaining precisely on the fact that Quebec will have the right of veto.

That is very distasteful propaganda, in my opinion, by a government which wants to separate its province from the rest of Canada and which would have its people believe that their elected representatives in Ottawa are about to betray and deceive them. This is the same government which claims that the Trudeaus, the Ouellets, the Lalondes, the Chrétiens, the De Banés, the Joyals and others, who have repeatedly and openly fought to have the rights of French-speaking Canadians respected throughout Canada and especially in Quebec, have overnight become the enemy of the province they represent. That is pure fantasy, nonsense and hypocrisy, I would even go so far as to say that it is treachery. Quite the contrary, federal representatives want now more than ever to ensure the survival of the French language by enshrining it in gold letters in our new Canadian Constitution.

This proposal is but the embryo, although still imperfect, of our future Constitution, of which all Canadians, I repeat, all Canadians will be proud in the years to come. This is but the beginning of a process which will take many years to reach its peak. Although imperfect the document now before us deserves our support, because it is not the end of a constitutional debate but rather a promising start. If unfortunately, and I am convinced to the contrary, the proposal was sent back with a negative vote, all of us parliamentarians would jeopardize for I do not know how long the considerable time and effort, the more than 300 hours of hard work by the joint committee, and all the other efforts that have gone in that project before and after the committee was established.

There will remain in a subsequent stage to be negotiated the sharing of the tax basis between the two levels of government. The confrontation should start early in 1983, because the five-year tax agreement will terminate in 1982.

We at the federal level must keep in mind, honourable senators, that Canada is one of the most decentralized federations in the world, because the total provincial spending is now double that of the national government. This is a disquieting situation that we should seriously ponder. How can the national government exert its influence on the national economy if it does not have the tools needed?

In fact, a number of questions arise. What do the people want? A weak federal government with strong provinces? Or a strong federal government with weak provinces? Or something in between?

It must also be remembered that spendthrift federal governments were largely responsible for financially and politically launching provinces that have now unlimited ambitions, some of them especially. As it grew poorer and went seriously into debt—almost out of all proportion—Ottawa divested itself from the means to effectively intervene in an economy plagued with inflation and unemployment. How do we reverse the process? How can we reverse the trend that endangers our federation? How do we get out of the deadlock?

process? How can we reverse the trend that endangers our federation? How do we get out of the deadlock?

Let us start by accepting the proposal. This will further the issue, and let us trust our government in this first stage to a renewed and modernized Canada.

• (2100)

[*English*]

On motion of Senator Manning, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 2067*)

CANADA STUDENT LOANS PROGRAM

COLLECTION PROCEDURES FOR DEFAULTED LOANS

1. When a claim for loss is paid under the guarantee provisions of the legislation the debt becomes due the Crown.

2. All defaulted accounts are passed to commercial collection agencies under contract to the government to locate, monitor and collect from delinquent borrowers. It should be noted that more than 3/4 of all defaulted accounts were claimed as losses because the borrower failed to keep the bank advised of an up to date address or refused to respond to bank letters.

3. In the event a debtor refuses to provide financial statements to the government agents in order that an equitable monthly repayment schedule may be established, the account is referred to the Department of Justice for registration of a judgment and subsequent collection by that Department of Justice for registration of a judgment and subsequent collection by that department under the judgment.

4. As of June 30, 1980.

	79,045	students had defaulted.
(29.7%)	23,490	of students had repaid their loans in full.
(33.3%)	26,283	of those students were paying on a monthly basis.
(20.6%)	16,263	of those students had repayments temporarily suspended due to unemployment, illness, return to school, etc.
(10.2%)	8,080	of the students were in course of being located by agencies.
(4%)	3,150	accounts had only recently been transmitted to collection agencies.
(2.3%)	1,779	accounts had been written off because of the death of the borrower, permanent disability or other justifiable cause.

These figures show that almost 85% of students who have defaulted have since repaid, are repaying on a regular basis or have justifiable reason to have their repayment program suspended but are maintaining contact. Since only some 2% of accounts have been written off after 16 years of operations it seems clear that virtually all loans outstanding will be repaid over time.

5. In the 5 cases quoted in the Toronto *Star* article of April 17, 1978, although, as noted in the article, all had been contacted by our agents this was only after extensive tracing operations which, in some of the cases, extended over several years as the debtors concerned continually moved. Two of the accounts have since been paid in full and the others are repaying on a monthly basis. The article quotes four as saying that they either paid no attention to notices, or refused to pay or, in one case, "after quitting school, he hit the road—a guitar in one hand, a suitcase in the other—I had no account at a bank or anything—this individual had, as noted in the article, been found by our agents and has since paid in full." It is true that, in some cases where a debtor moves frequently and leaves no forwarding addresses, it may take some time for our agents to locate and arrange repayment. I believe the procedures outlined are effective and the statistics bear this out.

THE SENATE

Wednesday, March 18, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Commission of Inquiry relating to the Security and Investigation Services Branch within the Post Office Department (Commissioner, His Honour Judge René J. Marin), dated January 7, 1981.

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Health, Welfare and Science have power to sit while the Senate is sitting on Tuesday next, March 24, 1981, and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, if leave is granted, I will explain the reason for my motion.

Senator Flynn: Explain why you want leave.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I make this motion as house leader on behalf of Senator Bird, who, as deputy chairman, was presiding at a recent meeting of the Health, Welfare and Science Committee when the need for this permission arose. I now yield to Senator Bird, and ask her to explain why the committee should have that permission.

Hon. Florence B. Bird: Honourable senators, as you know, Bill C-40 was passed on the understanding that we would study its subject matter later, which we are doing, instead of forgetting about it.

This request relates to the witness whom we heard last night. Senator Marshall was very helpful, and I am grateful to him for his participation, but at a quarter to ten, yesterday evening, after an extremely long day, he still had a number of areas that I felt were important to discuss. Senator Marshall suggested the witness return on another occasion, which I felt should be next week, because the minister is coming the week after, and we should be well primed with questions that should be asked. I do hope, therefore, that the Leader of the Opposition will agree to this request.

Senator Flynn: Why me? I do agree.

Motion agreed to.

● (1410)

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, while we are still on Notices of Motions, because this is the heading under which we usually discuss house business and our plans for sittings in the following week, I ask permission to make some comments.

Hon. Senators: Agreed.

Senator Frith: First, to tidy up the dangling end of a question just raised by Senator Flynn relating to the debate yesterday on the need to explain not only why a motion is being made but why leave should be granted, I would have had some trouble explaining why I asked for leave to move that the Health, Welfare and Science Committee be permitted to meet while the Senate is sitting, because there was nothing to prevent my giving notice of that motion for tomorrow.

At any rate, with regard to house business, honourable senators will remember that at this stage we frequently discuss, in addition to our business, the Constitution resolution which is before us. I am glad to report that we have continued to deal with this important piece of business in a co-operative manner. We have attempted to develop a schedule consistent with our wish to give everyone a full opportunity to debate, amend and generally deal with this important matter in the Senate. What I am about to say represents, I believe, the views of the leadership in the Senate and, I hope, all senators as to how we should proceed from this point on.

We have already had some weeks to debate the resolution, and I know there are still a number of honourable senators who wish to speak on the resolution, and perhaps propose amendments for consideration, debate and disposition. There are approximately 10 or 12 senators on this side of the chamber who still want to speak and perhaps the same number on the other side. These are not exact figures at all, but there seem to be some 20 or 25 senators who have indicated an interest in speaking on the resolution. I am not now dealing with the question of amendments, proposed or debated, but our judgment as to the schedule, and it appears that our requirements would be met if we were to increase the number of senators speaking per sitting instead of increasing the number of sittings.

I have discussed this matter with Senator Flynn and Senator Macdonald, and it is our recommendation that we have regular sittings next week—that is, Tuesday night, Wednesday afternoon and Thursday afternoon—and that we attempt to increase the number of senators speaking during each sitting. Therefore, I would ask honourable senators to be prepared to speak so that we may hear more speeches next week than we have in the past. I suggest that we judge the situation again next week at this time. In the event that we need to sit in the evenings or on Friday to meet our requirements, we will do so. However, our feeling today is that we probably will not need to. As you know, Senator Flynn and Senator Perrault have agreed on the principle that we provide time to discuss and debate this resolution after its disposition in the House of Commons. That would be the time when, as Senator Flynn has so poetically called it, "the last sprint" would take place and when we might find that we are sitting both extended hours and extra days in order to dispose of the resolution on the Constitution within the time frame which we will then try to settle upon.

● (1415)

I hope that this explanation will help honourable senators to make their plans and give them a good idea of what is happening. So, in sum, the intention is to sit regular hours next week, but we should be ready for extended hours in order to meet the requirement of allowing every senator the opportunity to participate in the debate.

I want to underline that it is the wish of the opposition and the government that, for the sake of the Senate, no senator or any other person be able to say that we in the Senate did not afford reasonable opportunity for all senators to participate in this important debate.

Hon. Allister Grosart: May I ask the Deputy Leader of the Government if we may assume from the statement he just made, and from previous statements, that there will be no attempt to bring on a vote to end debate on the resolution until we have received a message on the resolution from the other place?

Senator Frith: I cannot agree exactly with the honourable senator's phraseology because I do not believe that when dealing with a concurrent resolution we receive a message from the other place. However, the essence of what Senator Grosart has said is correct. At present it is agreed and desired by both sides that there will be a set time for debate on the resolution once it has been disposed of in the House of Commons.

Senator Olson: One day, 24 hours.

Senator Asselin: Shame.

[Senator Frith.]

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

ST. PIERRE AND MIQUELON IMPLICATIONS OF 200-MILE LIMIT

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. It is really supplementary to the question I asked him yesterday on the negotiations between Canada and France with regard to the islands of St. Pierre and Miquelon. I was a little slow on the uptake when the leader mentioned that the last round of negotiations between Canada and France concerning St. Pierre was in January 1979, and went on to say that it would be inappropriate at this stage to discuss the details of the negotiations. Would the honourable senator explain what he meant?

Hon. Raymond J. Perrault (Leader of the Government): The coming negotiations.

Senator Marshall: Then is there any way we can obtain information on the negotiations which took place in 1979, and why has it not yet been received?

Senator Perrault: Honourable senators, I will seek further information on that point, but before today I do not think the honourable senator had requested the information. The reference yesterday to the possibility of providing information with regard to the negotiations referred to the negotiations anticipated to take place in May.

Senator Marshall: I can understand that the negotiations taking place now would be classified.

HOUSING

MORTGAGE INTEREST RATES—ASSISTANCE TO HOMEOWNERS

Hon. Jack Marshall: I wonder if I could move to another subject and direct a question to the Minister of State for Economic Development. It is with regard to the pressures faced by homeowners in meeting their mortgage obligations. From the letters I am receiving—and I am sure other senators are receiving the same letters—the situation has reached crisis proportions. While I am aware that questions have been asked in the other place, I wonder if we can get a better answer from the Minister of State for Economic Development than was given in the other place by the Minister of Finance and the minister responsible for housing.

Hon. H. A. Olson (Minister of State for Economic Development): I may be able to give a better answer, if that is what my honourable friend would like, but I think, after careful analysis of the substance of the answers given in the other place, he will find that it is the same answer.

Senator Marshall: What does that mean?

● (1420)

Senator Olson: The Minister of Finance is, of course, primarily responsible for fiscal and monetary policy, along

with the Bank of Canada, and his answer has been consistent: he has no plans at this time to interfere with, or to be involved in attempting to change, interest rates.

Senator Marshall: Because of the pressure involved—and I am sure it is going to become more serious—I feel the time is coming when the minister responsible for the CMHC will not need more new houses, because there will be so many repossessions that there will be lots of houses for anyone who can afford them, since they will, of necessity, be reduced in price.

Could an attempt be made to appeal to these charter banks that are leaning on mortgage owners who are paying interest rates of 17 and 18 per cent, while the banks' profits are reaching between 70 and 80 per cent? Perhaps they should show some human responsibility by relieving the pressures on young Canadians who are trying to maintain their homes and not to lose them to the vultures that will appear in the coming months.

Senator Olson: Honourable senators, I will convey to the Minister of Finance those concerns expressed by the honourable senator.

THE ECONOMY

ANNUAL REPORT OF BANK OF CANADA—GOVERNMENT POLICY RE INFLATION

Hon. C. William Doody: Honourable senators, my question is for the Minister of State for Economic Development, and deals with the annual report of the Bank of Canada. The Governor of the Bank of Canada made it clear that the right monetary policies the bank has been following have not been successful in combatting inflation to the degree that he would like to see. He appears to indicate that other measures will have to be taken.

Would the Minister of State for Economic Development tell us what plans the government has in order to try to assist the Bank of Canada in bringing down these inflation rates?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the government of the day does not, publicly, indicate plans, nor does it lead public discussion with respect to the actions taken by the Bank of Canada from time to time.

My honourable friend knows that on occasion discussions are held respecting the monetary policy of the Bank of Canada. However, the government does not speculate on that subject prior to an announcement being made.

I would also caution my friend that what I am saying now does not, in any way, indicate that there will be any change in the present monetary policy, but if and when there is to be a change, it will be announced, in the first instance, by the Governor of the Bank of Canada.

Senator Doody: As a supplementary, I would point out that I am well aware of the policies of the Bank of Canada. Governor Bouey said, quite clearly, that he expects the tight monetary policies to continue; in fact, he thinks they may become tighter.

I asked what measures the government, particularly the Economic Development Committee of government, intends to take in order to support and help the fight against inflation. Governor Bouey indicated that, in themselves, the tight fiscal policies of the bank would not be sufficient to solve the problem.

Senator Olson: Honourable senators, I think I would agree with Governor Bouey, but I would point out that he said he was not confining the admonition to government action. Other action can be taken by business, commerce, and, indeed, consumers with respect to relieving inflationary pressures.

Senator Doody: I do not think that was a very direct answer; I am not even sure it was an answer. I realize that the public sector has been asked to assist, the business sector and all the others, and if I meet these people from time to time I will certainly ask them what they intend to do. Right now I am asking what the minister intends to do.

• (1425)

Senator Olson: Honourable senators, I could bring in a long list of policies that are already in place, although none of them is new or sensational, to indicate what the government has done to mitigate some of the problems involved. I think the thrust of my honourable friend's question is that we may have some fiscal policies that would compensate in large measure for the monetary policies. I do not believe that the question put in those terms can be answered any more precisely than I have already done.

Senator Doody: In effect, then, is the minister saying it has no further comfort for the people of Canada who are worried and concerned about this 12.2 per cent inflation rate, and that the policies in effect now are those we can expect to see during the coming year?

Senator Olson: My honourable friend can read the statements that have been made, particularly by the Minister of Finance, and make an interpretation from them. I think that he and other Canadians will get a lot of comfort from that and will realize it is a very responsible and balanced approach to the problem.

REGIONAL ECONOMIC EXPANSION

ATLANTIC PROVINCES—PRODUCTION OF IRISH MOSS

Hon. Heath Macquarrie: Honourable senators, I hope that this will be my last question about Irish moss. Despite any appearances, I am not at all mossified.

Hon. Royce Frith (Deputy Leader of the Government): Say it isn't so!

Senator Macquarrie: However, I am still disturbed that any member of this house should receive the dosage of evasion, if that is the way it comes, which came to me yesterday. I believe it would be very useful for students of this institution to peruse the long answer which the Leader of the Government was kind enough to give me yesterday. In it he pointed out that Statistics Canada was of the opinion that the value of Irish moss to

the three maritime provinces and its volume were confidential. Then, surprisingly, in the answer, they went on to say that while they did not give the information, other departments of government did. They went on to restate their views that the dissemination of this in a parliamentary answer was an affront to confidentiality, thereby, I would say, impugning the other departments.

I am not interested in that internecine warfare between departments. We all know that in the bureaucracy there are people who have a penchant for secrecy. We have all heard the old story about the *Christian Science Monitor* editorial which one External Affairs officer sent to another marked, "This is worth reading," and, a week later, it was marked as a classified document for the minister's eyes alone. That is a sort of inbred thing.

I ask the honourable leader, who is always eager to help the Senate and the cause of Parliament in the government, if he will find out from those more enlightened departments like Industry, Trade and Commerce, Regional Economic Expansion, and Fisheries and Oceans, just what the figures are. I would cite the same answer that Statistics Canada referred to yesterday given to a certain distinguished member of the House of Commons on October 10, 1978, who was told exactly the volume and value in the provinces mentioned. All I have done to change that from the earlier one, was to add Newfoundland. Senator Marshall tells me there is no Irish moss there, but I thought that in this new era of Peckford prosperity even the Irish moss might be growing, and I want to keep up with that. If the Leader of the Government will get me that information, I will guarantee that we will have no more moss until the next Parliament.

Hon. Raymond J. Perrault (Leader of the Government): Honourables senators, I have listened with interest to the question posed by Senator Macquarrie. I would appreciate it very much if he would provide me with a copy of the answer provided in 1978. It may be useful in my efforts to obtain supplementary information for the honourable senator. I want to assure honourable senators there is an earnest endeavour being made in order to obtain this information.

FOREIGN AFFAIRS

BRITISH HIGH COMMISSIONER—LUNCHEON ENGAGEMENT WITH DEPUTY LEADER OF THE GOVERNMENT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Deputy Leader of the Government. I noticed that he was having lunch with Sir John Ford, in the company of Mr. Prud'homme, Mr. Hal Herbert and, I think, Senator Neiman. I would like to get some assurance that Sir John Ford did not try to influence the people who were having lunch with him, and that Mr. MacGuigan will not have to make another investigation to condemn the behaviour of Sir John, even if at the same time giving him absolution.

Hon. Maurice Lamontagne: That is not very funny.

[Senator Macquarrie.]

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am pleased to be able to give the Leader of the Opposition unqualified assurances on both points.

Hon. Jack Marshall: Is he trying to get an appointment to the Senate?

THE SINAI—CANADA'S PARTICIPATION IN U.N. PEACEKEEPING FORCE

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Has Canada been invited to participate in a multinational peacekeeping force for the Sinai?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can confirm the fact that discussions have been held involving those who were party to the Camp David accords concerning a proposed multinational peacekeeping force in the Sinai.

• (1430)

As honourable senators are aware, Canada has played a role in the past as a valuable peacekeeper in troubled areas. I can state that Canada has not yet received any formal request to participate in the force, but if such a request is received it will be given very careful consideration.

Senator Bosa: I have a supplementary question. When we had troops on the Syrian-Lebanese-Israeli border, did we offer those troops to the United Nations or did we wait for the United Nations to ask for them?

Senator Perrault: Honourable senators, it is my understanding that a request was made to Canada to participate in that force. I understand that is the usual action taken by the United Nations in its peacekeeping initiatives.

[*Translation*]

EL SALVADOR—DISCUSSIONS BETWEEN PRIME MINISTER OF CANADA AND PRESIDENT OF THE UNITED STATES

Hon. Martial Asselin: Honourable senators, my question is for the Senate government leader. During the recent visit of the President of the United States and his party, the issue of El Salvador obviously came up. Did the American President ask the Canadian government to play any specific role at the political level in order to resolve the present conflict in El Salvador?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have received no memorandum on that subject from the Office of the Prime Minister. However, if some information is available, I will certainly ask for the opportunity to revert to Question Period in order to provide it.

Senator Asselin: Are you saying that you already have the information before you?

Senator Perrault: No. I am saying that I have not received that information, and I will not comment before I receive it.

Senator Asselin: When do you expect to get that information?

Senator Perrault: I can only direct a request to the office of the Right Honourable the Prime Minister and attempt to obtain it.

CANADIAN WHEAT BOARD

RECOMMENDED GRAIN AND OIL SEED ACREAGES

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. The Prairie snows have disappeared and now is the time when prairie farmers are thinking of seeding their crops.

I might say, incidentally, if honourable senators will allow me, that the minister responsible for the Canadian Wheat Board has been one of the most effective ministers in that portfolio that we have had for a long time.

Some Hon. Senators: Hear, hear.

Senator Buckwold: I do not know of anyone who has been more active. I am giving the minister some praise before asking my question. He has been a most effective and hard-working minister, and his efforts are much appreciated by western Canadian farmers—and even by some of the members on the opposition benches, judging from the smiles on their faces.

My question is: Can the minister inform the Senate of the recommendations he is making to prairie producers concerning the acreages they should plant this spring in grain and oil seed crops?

Senator Asselin: He has a big statement. Can I get a copy of it?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, apparently I have one supporter, and I thank Senator Buckwold. I can see that the number of supporters on the other side is not very great, but that's fine.

Senator Perrault: But they are smiling at you.

Senator Argue: The market outlook for grain this year is exceedingly good. The Canadian Wheat Board is able to sell all of the stocks of wheat, oats and barley that it now has on hand. As a matter of fact, world demand for those Canadian Wheat Board stocks exceeds the supply. So the challenge to grain producers in western Canada is to produce all of the grain they can possibly produce this crop year.

Because of the demand, certain recommendations are being made to producers to consider in connection with their planting program for this spring. I hesitate to recommend acreages to farmers, because the individual farmer has an excellent idea of what he should plant and produce in relation to his own particular farm, but I suppose that these recommendations will give farmers generally an idea of what the market outlook may be.

Consequently, I am recommending that the acreage seeded to spring wheat in western Canada be increased from 25 million acres last year to 27.5 million acres this year, an increase of 10 per cent.

With respect to Durum wheat, for which there is a premium price but demand is about equal to supply, I am recommending that there be no increase in acreage; that the acreage seeded to Durum this year should be the same as last year, namely, 3.5 million acres.

The demand for oats, particularly high quality oats, is excellent. As a matter of fact, there is a real problem for mills in eastern Canada to obtain high quality oats. For that reason, we are recommending an increase in acreage seeded to oats from 3.2 million to 3.4 million, a modest increase of 6 per cent.

The main feature, to encourage the production and marketing of high quality oats, is the provision this year for the first time of a grade of designated oats, namely oats of high quality. A farmer in the west, who wishes to market a carload of oats, can send in a sample, and if it is selected as high quality oats, and subsequently, when it is shipped, accepted as high quality oats, it will go into a special pool for a designated grade, and called a designated grade, for which grade, in the final payment, he will receive a premium. Therefore, this is a response to an excellent demand, one that has not been met to date in eastern Canada for high quality oats.

The recommendation for barley is an increase from 11.5 million acres last year to 12.7 million acres this year, an increase of 10 per cent. The world demand for barley is exceedingly high, the markets are excellent, and therefore there is the recommendation for a 10 per cent increase.

The recommendation for rye is really not a recommendation because the fall rye has already been seeded, it is in the ground, and it is noted that last year the acreage seeded to fall or winter rye was 800,000 acres and this year it is 1.1 million acres.

The recommendation for flaxseed is that there should be no change; that it should be 1.5 million acres this year, which is the same as last year.

The recommendation for rapeseed is 5.1 million acres this year, compared to 5.1 million acres last year.

The recommended increases in acreage can be brought about only by a decrease in summer fallow acreage, and that would mean a decrease of approximately 13 per cent.

In light of what are quite dry conditions in certain areas on the prairies, and in view of individual farmers' own practices on their farms in relation to summer fallow, all I can say is that individual farmers should consider increasing their acreage, and cutting down on their summer fallow. However, that is not a recommendation that would go against their best judgment. We are merely saying to them that the market for spring wheat, for high quality oats, and for barley, is excellent and acreages seeded to those grains should be increased.

[*Translation*]

Senator Asselin: Mr. Speaker, on a point of order. I would not want to underrate the efforts of the minister to fulfil his responsibilities as Minister of State for the Canadian Wheat Board. I just want to point out to him that he is just as stubborn as his other colleagues who are ministers. Ever since the session started we have been telling him that it is the right of the official opposition to receive an advance copy of all ministers' releases allowing us to make comments if we so desire.

However, quite cleverly the minister is being asked planted questions by senators on his side of the house, which allows him to make ministerial statements. Good for him if he scores points in so doing—

Does Senator Langlois wish to ask me a question?

Senator Langlois: You are imputing motives.

Senator Asselin: I still say that the minister is not acting in good faith. He refuses, just as the other ministers do, to co-operate with the opposition when making ministerial statements without providing the official opposition with an advance copy of—

Senator Guay: Ask your question.

Senator Asselin: I am raising a point of order not a question. What I say is this: the minister does not provide the opposition with an advance copy of his ministerial statements and therefore the opposition is unable to express its views. Once again I regret that the minister has seen fit to use his prestige as a minister to make this ministerial statement without giving notice of it to the opposition.

• (1440)

[*English*]

Senator Argue: Honourable senators, that is not a point of order; it is not a question of privilege;—

Senator Flynn: But it is!

Senator Argue: —and it really does not have anything to do with the practices of this house.

The Honourable Senator Buckwold asked me a question. It was open to any other senator, including senators opposite, to ask a question about what my recommendations may be with regard to increased acreage. I read, not from a prepared statement, but from a table. I think honourable senators will understand that it was in fact a table I was reading from, and that therefore—

Senator Asselin: Give us a copy in advance, and we will understand it.

Senator Argue: That is what I was doing. I am sure honourable senators on the other side of the house who are experts—and there are experts over there—in western grain matters are perfectly capable of asking questions on this subject, either directly or by means of supplementaries, and do not require me, when I answer a question, to come in with a prepared text and pretend that it is a statement to be made under Motions, which is not the fact.

[Senator Argue.]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, on the point of order that has been raised—and it has been raised once or twice before, with respect to information that I give to the house from time to time—we certainly do try to give the opposition a copy of the statement at least a few minutes and, sometimes, several hours before the sitting in this house.

Senator Asselin: When?

Senator Olson: The point that Senator Argue has made clearly demonstrates that members opposite do not do their homework.

Some Hon. Senators: Oh, oh.

Senator Olson: The statement that Senator Argue made today was made earlier in Saskatoon, and was carried in the press all across that part of the country. If honourable senators opposite had been doing their homework they would have known that and could have asked the question themselves.

To raise this as a point of order on the ground that this is a new statement that is being made today is absolutely invalid, and, therefore, there is no question of a point of order at all.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I do not think we should get excited, but the point raised by Senator Asselin is perfectly well founded.

Senator Argue: No, it isn't.

Senator Flynn: Well, I will ask His Honour the Speaker to rule on this question. He does not have to rule today, but he can do so later, for our future guidance.

What Senator Argue did, really, was to make a statement to the house as to the policy that he will suggest to farmers for this year. This is a ministerial statement. We do not have much experience with regard to this kind of thing in this chamber, because in the Senate we have only had ministers responsible for departments for two years.

I would like to draw the attention of honourable senators to rule 1 of our rules, which says:

> 1. In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, so far as is practicable, be followed in the Senate or in any committee thereof.

There is no doubt in my mind that, had the statement which Senator Argue made been made in the other place, it would have been introduced at the point where we have ministers' statements, and a copy would have been provided to the opposition in order to allow us to make comments if we so desired. I do not mind Senator Argue planting questions through Senator Buckwold, or anyone else—

Senator Perrault: Shame! Shame!

Senator Flynn: There is nothing shameful about that.

Senator Asselin: He did the same with Senator Molgat a few weeks ago.

Senator Flynn: If Senator Buckwold is scandalized by my remarks, he can stand up and say that he never discussed this

matter with Senator Argue, and I will accept his word. I do not mind that. I am just saying that, as a matter of practice, when a minister makes a statement of the kind made by Senator Argue, he should make it at any point in our proceedings he likes, but should make it as a statement and give notice of it to the opposition.

If the question was a real one I would not mind. But this was not a question; it was merely a matter of affording Senator Argue the opportunity to make a ministerial statement.

Senator Asselin: Hear, hear.

Senator Flynn: The point of order raised by Senator Asselin is well founded, and I would ask Your Honour to rule on it, not necessarily today but perhaps tomorrow.

Senator Buckwold: I have a supplementary.

Honourable senators, we were talking of seeding but are now into planting, and I resent very much the implication of the opposition that we plant questions on this side. We seed grain, but we do not plant questions.

All I can say is that the other side seems very nervous about this question. They do not seem to have a feeling for western farmers.

Senator Asselin: Be fair. Get on with your question.

Senator Buckwold: The fact is that the very same statements were made publicly by a minister, and that is one of the reasons why I asked the question. I went back home and I heard the same statements on the radio. I want the opposition to know that my questions are not always kind questions, in spite of the protestations of those on the other side.

The supplementary question I want to ask the minister responsible for the Canadian Wheat Board now is: In view of the very welcome news of the increased acreage that he has proposed, how can he justify the weakness of our transportation system and ensure the ability of that system to transport that grain to market, so that we do not have to ask more supplementaries and so that our friends opposite will not have something else to say about seeded, planted, and vegetated questions?

1981-82 CROP YEAR—INITIAL PAYMENT

Hon. Sidney L. Buckwold: My other question to you, Mr. Minister, is: Why have you not yet announced the initial payment for the 1981-82 crop year? This is something which farmers in western Canada are very interested in.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Boa): This will be a statement, I suppose, along the lines of the other statement, since it is not a prepared one. I will, however, do the best I can with the material I have before me.

The honourable senator asks what the transportation system is like, and whether it is going to be improved so that it can handle the situation.

Senator Asselin: Don't tell me you have an answer ready!

Senator Argue: There are none so deaf as those who will not listen. Evidently, my friends opposite do not want the information because they do not want to listen.

Senator Asselin: Will you table the material?

Senator Argue: I will send you the material. Meanwhile, we can all struggle along with it.

I do not agree with those who say that our transportation system right now, in relation to the transport of grain, is not a good one.

Senator Asselin: Is it a question of policy?

Senator Argue: I think it is an excellent transportation system, and that it is working very well.

● (1450)

Senator Asselin: Is it a new policy?

Senator Argue: No, it is not; it is just a good transportation system and it is doing very well. Last week, the number of carloads of grain unloaded on the west coast amounted to 3,243 and the number of carloads of grain unloaded at Thunder Bay amounted to 1,550—for a total of 4,793.

In order to consider the transportation system, I suppose one could look at this year's performance as compared to that of last year, keeping in mind that last year's was excellent, breaking almost all the records that had been established theretofore in regard to the delivery of grain to seaboard and to market. This year, to date, 89,188 carloads have been delivered to the west coast, and 138,259 carloads have been delivered to Thunder Bay—for a total of 227,447.

Senator Perrault: Hear, hear.

Senator Argue: Consider last year's figures: the number of carloads delivered to the west coast was 82,314, while those delivered to Thunder Bay amounted to 137,023—for a total of 219,337; an increase of some 8,110 cars which have been unloaded this year as compared to last year. What do you call that?

Senator Olson: Last year was a good year.

Senator Argue: Last year was a good year, and this year has been slightly better.

Some Hon. Senators: Hear, hear.

Senator Argue: Next year, whether farmers are able to bring about the production that is recommended will depend not only on their intentions as to what they seed but also on the weather—and nobody can say what that will be. So, no one really knows whether these targets can in fact be reached. However, if there is the need for an improvement in the transportation system, those in authority will have to give attention to the question of obtaining further hopper cars for the handling of grain.

Senator Asselin: Table the document.

Senator Argue: My impression is that the Government of Canada has fully determined that the railway system which is in use now is adequate, and that it will be in the future, in

relation to the handling of grain. I am confident that action will be taken in the future to make certain that the necessary quantity of hopper cars is made available.

Dealing with the further supplementary question as to why I am not recommending today initial prices that will be available on August 1, I would like to say that I tried that system a year ago. I may or may not be a popular minister—I am not saying that I am—

Senator Asselin: You would like to be, eh?

Senator Argue: —because I find that I am able to do nothing that receives general support or anything near unanimous support. However, sometimes I get a fair measure of support.

Senator Perrault: Hear, hear.

Senator Argue: Last spring I recommended certain initial payments, and I got into trouble because I was too careful, too conservative.

An Hon. Senator: That's incredible!

Senator Argue: I did not foresee that the markets would be expanding as they have. So I thought—keeping in mind my experience of last year, namely, making a recommendation very early in a period of expansion—that it might be wise to wait until July to determine what the market prospects will likely be. At that time I will endeavour to recommend to the cabinet initial prices, effective August 1, which will have a reasonable bearing on the prospects for the sale of grain and the price outlook for the coming year. These prices will possibly also be related to 70 or 80 per cent of the likely market price. It would seem that that is the range in which producers wish to have their initial prices set. Therefore, I am not making an announcement with regard to initial prices at this time. I anticipate that they will be announced this coming July, effective August 1.

Senator Asselin: You spoke like the good CCF, my friend.

Senator Flynn: Honourable senators, I would like His Honour the Speaker, in considering his ruling, to take what has just been said at length by the minister in light of rules 20 and 28.

Senator Olson: What does that mean? Are the answers too long, or what?

Senator Flynn: I was not trying to make you understand it.

Senator Argue: If you did, there would be only one understanding.

NATIONAL CAPITAL REGION

RECONSTITUTION OF DEFUNCT SPECIAL JOINT COMMITTEE

Hon. Louis-J. Robichaud: I should like to direct a question to the Leader of the Government in the Senate. Some years ago there was a special joint committee called the National Capital Region Committee which, in my estimation, functioned extremely well. Then the committee died, and since then it has not been resurrected. Could the Leader of the Government indicate whether there is any intention on the part of the government to resurrect that valuable committee?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the National Capital Commission, of course, remains in existence, but I will take Senator Robichaud's question as notice.

THE ECONOMY

ANNUAL REPORT OF BANK OF CANADA—GOVERNMENT POLICY RE INFLATION

Hon. Guy Charbonneau: I would like to ask the Minister of State for Economic Development a question concerning a matter that my colleague, Senator Doody, mentioned earlier relating to the figures released this morning, which show that the cost of living has increased in February by a full point to 12.2 per cent. That figure, incidentally, is two full points in excess of the budget projection regarding inflation for 1981. Last week, however, the Minister of Finance expressed contentment with his economic policies and their effects.

Could the Minister of State for Economic Development indicate that the cabinet will do its homework and establish a point above which inflation will not go before the government sheds its contentment in favour of action to reverse the situation?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not quite sure what is implied in that question. If it suggests that the government should directly intervene in the market, I can assure the honourable senator that there is no intention of pursuing that kind of action. However, I do not think that he can assume that the government is ever completely satisfied that there is no further improvement which can be made with regard to economic performance, but that does not mean that we intend to take overt action with respect to some of these matters.

If my honourable friend would like to examine the figures a little more deeply, he will find that there are some reasons for that fairly significant increase in February that could not have been contemplated last October.

Senator Charbonneau: The minister said that I have implied that the government should take action in the free market. I think the government has done so, but with no success. I am suggesting that the government should find some policy that would reverse the trend.

The minister has just mentioned that there were probably some items, such as food and energy, which would create an increase in the rate of inflation, which is the song we hear every month. But I would point out that I have done a little research, and I think that the underlying rate of inflation, exclusive of food and energy, has also increased by almost a full point in February. How would the minister explain that?

Senator Olson: Honourable senators, my honourable friend can find some explanation for that if he wants to look at the Statistics Canada figures, but I am not sure that he needs to.

It is evident that world-wide inflation exists. Canada's involvement in world trade is perhaps, with one or two exceptions, on a higher level than that of any other country in the world. As long as Canada is so deeply involved in world trade, we can either intercept those prices at the border—which we neither favour nor are contemplating—or we must accept a certain measure of imported inflation. However, so long as we do better than most of our trading partners, I will continue to believe that the management of our economic, fiscal and monetary system is as good as can be expected, and better than most.

● (1500)

Senator Charbonneau: Then, am I to understand that the minister and the cabinet are content with an inflation rate of 12.2 per cent?

Senator Olson: No, the honourable senator should not have that understanding at all. But what he can do is put all the answers he has received together, and from that information he should come up with a far more accurate conclusion than the one he has just stated insofar as the attitude of the government is concerned.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION—AMENDED AND RESTATED LOAN INSURANCE AGREEMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, yesterday Senator Balfour asked when I would answer a question he asked on February 24 concerning the government's assistance to the Chrysler Corporation. In fact, I answered that question on March 3 and he will find it in *Hansard* on page 1917, in the right-hand column.

[*Later:*]

Hon. R. James Balfour: Honourable senators, I appreciate the information provided to me by the Minister of State for Economic Development. However, I must confess that I fail to understand his response to my question. It seems to be a non-response. The response is that according to the minister the information I have requested is confidential customer information between the Department of National Revenue and Chrysler Corporation. That is to say, the quantification of the penalty has either been deferred or forgiven by the Government of Canada.

While I do not expect the minister to respond today or to even respond in the chamber, I would appreciate receiving from him at his convenience the statutory authority for failing to disclose to the taxpayers of Canada the dollar amount of the penalty which is, in fact, either being deferred or forgiven by the Government of Canada in favour of Chrysler Corporation.

Senator Olson: Honourable senators, I will take the senator's question as notice.

CANADA-UNITED STATES RELATIONS

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have answers for Senators Flynn, Marshall, Murray and Muir. Their questions related to the withdrawal of the United States from the fisheries treaty with Canada.

President Reagan, during his visit to Canada, confirmed the rationale for the withdrawal of the United States from the fisheries treaty with Canada.

After his election, President Reagan appointed Rozanne L. Ridgway as a special ambassador to examine the prospects of concluding the fisheries treaty. She examined the situation thoroughly and recommended that the treaty be withdrawn because the United States Senate would not ratify it. Ambassador Ridgway then recommended to Secretary of State Haig that the treaty be withdrawn using the same rationale.

Secretary Haig then made the same recommendation to President Reagan. There are no discussions planned for the moment because the treaty is now a dead issue. The Americans are moving forward with the ratification of the boundary agreement and the fish management plan.

FOREIGN AFFAIRS

GOVERNMENT POLICY RE SIGNING OF TREATIES WITH UNITED STATES

Hon. Raymond J. Perrault (Leader of the Government): On March 12, 1981, Senator Flynn asked a question concerning government policy relating to the signing of treaties with the United States. Senator Flynn, although I am sure it was inadvertent on his part, was not correctly interpreting government policy when he asked if Canada "would not enter into any negotiation with the United States unless we have assurances that the U.S. Senate will eventually ratify any agreement we may reach with the U.S. administration."

The government policy is that Canada wants the best possible assurances from the United States that the United States Senate will ratify a treaty or agreement before Canada signs or concludes such an agreement. This would not be a requirement simply to enter into, to use the word of Senator Flynn, negotiation with the United States.

Hon. Jacques Flynn (Leader of the Opposition): On the same point, I was merely asking if Mr. MacGuigan meant what he said in this regard. Apparently that is not exactly what he meant.

Senator Perrault: Honourable senators, I do not have before me the entire text of the remarks.

Senator Flynn: I was quoting Mr. MacGuigan.

Senator Perrault: In any event, I hope that the answer serves to clear up any questions which honourable senators may have.

NORTH-SOUTH SUMMIT MEETING—STATEMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a statement on the North-South Summit which I am pleased to bring to the Senate.

I am pleased to inform the house that the Vienna Preparatory meeting for the proposed North-South Summit agreed last Friday that the summit should be convened in Cancun, Mexico, tentatively on October 22 to 24, 1981. A list of 22 participants was confirmed. Included are eight developed countries—Austria, Canada, Federal Republic of Germany, France, Japan, Sweden, U.K. and U.S.A.—and 12 developing countries—Algeria, Bangladesh, Brazil, Guyana, India, Ivory Coast, Mexico, Nigeria, Philippines, Saudi Arabia, Tanzania, Venezuela—together with Yugoslavia and China. In addition, the U.S.S.R. will be approached to ascertain whether it wishes to be invited and, if so, an invitation will be extended.

A third preparatory meeting of foreign ministers of all proposed participants will be held in Cancun on August 1 and 2. The main purpose of the summit will be to see if substantive differences of view between countries involved in the North-South dialogue can be narrowed. It will be informal and non-negotiating. The agenda will likely include food and agriculture, trade and raw materials, energy resources, finance and international monetary affairs.

While the decision to postpone the summit was not based solely on U.S.A. concerns, it was based in part on the desire of the new administration to have more time to prepare itself. It is expected, therefore, that President Reagan will be able to attend.

GRAIN

STUDY BY CANADIAN WHEAT BOARD ADVISORY COMMITTEE

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, on March 12 last, in my absence, Senator Roblin directed a question to me, which was taken by Senator Olson. Senator Roblin was inquiring about a study which had been commissioned by the National Harbours Board and the Grains Group relating to the demand for transportation facilities to eastern Canada up to 1990. This study was conducted by Westburn Development Consultants Limited. Although Senator Roblin may have had a copy of that study, I understand that the results have not been made public and, therefore, I am not yet in a position to make them public in the chamber.

Senator Roblin also asked about a closed meeting of the Canadian Wheat Board Advisory Committee to discuss the possibility of prairie producers reaching the production targets suggested by the Canadian Wheat Board. The only *in camera* meeting sponsored by the Canadian Wheat Board Advisory Committee, of which I am aware, is the symposium held in Saskatoon last October. Three volumes of the evidence taken at that symposium, and the forthcoming recommendations, are now available. It is my understanding that they have not been officially tabled since the French translation is not yet ready. I am informed that copies of this material are available at the offices of the Canadian Wheat Board, at 423 Main Street, Winnipeg, for anyone who may wish to have them.

• (1510)

I have only one copy in my possession but I have requested another. When Senator Roblin returns to the chamber I will be happy to supply him with a copy of these reports.

CANADA STUDENT LOANS ACT

BILL TO AMEND—THIRD READING

Hon. Daniel Riley moved the third reading of Bill C-55, to amend the Canada Student Loans Act.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 18, 1981

Sir,

I have the honour to inform you that the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 18th day of March, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Ernest C. Manning: Honourable senators, it is now over five months since the government made public its package of constitutional proposals. In the intervening weeks, these proposals have been studied by a joint committee and debated at length in both houses of Parliament and across the nation.

The time is now approaching when we, in this chamber, must render our verdict on this controversial issue which has so grievously divided our country. Our decision will profoundly affect the future of this nation and, because of our unique role in this matter, may well affect the future of this house itself.

Stripped of all partisan political verbiage, the issue on which we must render our decision stems from two developments of which we are all aware. First, the government is asking the two houses of Parliament to join in requesting the Parliament of Great Britain to approve amendments to Canada's Constitution which will significantly change the nature and status of the federal union by which this nation was formed and under which we have lived for 114 years. Second, the wisdom of some of the amendments, and the procedure proposed to attain them, are open to serious question and are opposed, in whole or in part, by millions of Canadians and by eight of the governments of the ten provinces which are parties to our federal union. I have not included a reference to patriation because that is not an issue on which there is disagreement.

In light of these circumstances and our responsibility as senators to the regions of Canada, whose interests we represent, we must decide if we should or, indeed, can, give our support to the government's request.

May I first address the major consideration we must take into account in assessing the proposals themselves? The proposal to entrench a Charter of Rights and Freedoms in the Constitution is a significant departure from the concept of human rights which we have cherished in this country for over 100 years. The concept of human rights, which we inherited from Britain, rests on the conviction that men and women do not acquire their rights from the state. It holds that all human beings are born with inalienable rights which may be circumscribed only with the consent of the people themselves, through their elected representatives acting under the checks and balances of a parliamentary democracy. That is why, whenever it has been considered necessary to circumscribe the rights of individuals in the interest of society as a whole, or to provide individuals with the legal power to enforce some particular right, the procedure has always been by way of an act of Parliament or an act of a provincial legislature.

Advocates of entrenched rights frequently imply that for citizens to possess and enjoy such rights they must be entrenched in a constitution. This simply is not true. It has been a fact of our national life in this country for over 100 years that Canadian citizens have possessed and enjoyed a range of inalienable human rights extending far beyond the limited list of rights it is now proposed to entrench.

The concept of entrenched rights is an offshoot of the doctrine of the supremacy of the state, and a belief that individual rights are benefits bestowed by the state, rather than an integral part of that heritage of freedom to which all human beings acquire title at birth. It carries the implication that rights, not expressly conceded to individuals, remain with the state, which is the reverse of our Canadian concept that all rights belong to individuals except those which they, through the process of parliamentary democracy, voluntarily transfer to the state.

Our American cousins initiated the practice of entrenched rights on this continent when they passed their Bill of Rights in 1791, five years after the adoption of their Articles of Confederation and 15 years after their Declaration of Independence affirmed the doctrine of inherent inalienable human rights by those oft quoted words:

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are life, liberty, and the pursuit of happiness.

Proponents of entrenchment argue that even if unnecessary, it is desirable for two reasons: One, it provides every citizen with legal redress if his or her entrenched rights are violated—certainly, legal redress may sometimes be desirable, but when it is, it can more appropriately be provided by the enactment of federal and provincial bills of rights; and, two, it takes away from Parliament and the provincial legislatures the power to pass laws which diminish or infringe on the rights which are entrenched. This is the fundamental difference between protecting rights by statute and protection by entrenchment.

● (1520)

There is something paradoxical about the arguments advanced. To hold that our proven system of parliamentary democracy is the best form of government ever devised to ensure the rights and serve the interests of free men and women in a free society, and, at the same time, contend that entrenchment of rights is necessary to protect the people from the parliaments they elect, to say the least, requires a mind unfettered by the virtues of logic and consistency.

After all the abstract arguments have been made, the fact remains that the greatest guarantee that human rights will be respected is not statutes of parliament or constitutional entrenchments, but the amount of social, political and moral integrity we ourselves build into our society.

This was well expressed by a former Prime Minister of Canada in these words:

> Our basic constitutional inheritance from Britain is the supremacy of Parliament and Legislatures within their respective jurisdictions. Thus no Bill of Rights can offer absolute protection in our system, but a constitutional amendment would not necessarily achieve this either. The American experience suggests that their constitutional law and courts were often unable to prevent violations of rights. Rights and freedoms are not established or protected merely or primarily, or often at all, by proclamations of beliefs or written constitutions, but by the slow, sure building of a sound progressive social, political, and economic structure of law, justice and understanding. That

has been the British way, and it has worked there, and on the whole it has worked with us too. Rights require the protection of practice, not merely those of paper.

That wise observation was made by the late Right Honourable Lester B. Pearson during the debate on the Diefenbaker Bill of Rights. Canada would not be in the divided state it is in today if his successor had demonstrated comparable insight and wisdom.

For more than one hundred years our nation has demonstrated the soundness of those traditional twin philosophies of inalienable human rights and the supremacy of Parliament as the guardian of those rights. There is no logical reason to alter a system that has proven so eminently satisfactory. It would be a retrogressive step to transfer from the elected members of Parliament to the appointed members of the courts the authority and responsibility to define human rights and render decisions where the issue of human rights is the key factor involved. It is not a reflection on the courts to hold that it is improper to extend the role and responsibility of judges to decisions based not on legal facts but on the courts' interpretation of social policies and abstract rights, which belong in the political rather than the judicial realm. Adjudicating cases arising from disputed definitions and alleged violations of constitutional rights requires courts to make social and political as well as legal judgments.

Another cause for concern is the adverse effect entrenchment would have on the successful prosecution of criminals. The experience in other countries provides ample evidence that entrenchment of legal rights is far more advantageous to the criminal element than to law-abiding citizens. This was emphasized by the Canadian Association of Chiefs of Police in their submission to the joint committee. They said, in part:

> —we find the new proposals to be alarming in the extreme. We remain of the firm opinion that enshrining legal rights in a Charter of Rights and Freedoms in a Constitution is neither necessary nor desirable. In our view, U.S. constitutional provisions, similar to those now proposed by the Government of Canada, and subsequent judicial interpretation of those provisions, bear a significant degree of responsibility for the high levels of crime currently found across America.
>
> The Canadian people must understand that the appealing rhetoric of "due process" and "civil liberties" can disguise a gradual process which aims at the destruction of the law enforcement function. Instead of contributing to freedom and fair play, these concepts can be used as the basis for the gradual entrenchment of provisions whose cumulative effect will ironically result in not more freedom, but less.

These serious concerns voiced by those charged with protecting the lives and property of citizens are aggravated by the use in the proposed legal rights section of ambiguous terms such as "reasonable" and "unreasonable" which occur no less than four times, and such expressions as "cruel and unusual punishment." Such terms are open to a wide range of interpretations. Given the trends of our times and the bias in favour of the criminal of many civil rights pressure groups, it may soon be held cruel and unusual treatment to confine a rapist or murderer to a cell without hot and cold running water and a coloured television. When ambiguous terms in statutes are interpreted by the courts contrary to the intent of parliament, amendments can readily be made to clarify the intent, but when the provisions are entrenched in the Constitution such clarifications are next to impossible. They, therefore, become the basis for a continuous succession of appeals through the courts, while the guilty remain unpunished and justice languishes on the sidelines. In the eyes of the public, justice delayed is justice denied.

At a time when rampant violence and crime is a matter of far greater public concern than the government's desire to amend the Constitution, it is irresponsible and wrong to render, unnecessarily, the task of law enforcement even more difficult. This chamber should not be a party to such a retrogressive step.

The government's proposals do more than impair the supremacy of Parliament and provincial legislatures by restricting their powers to legislate on behalf of the people. In the field of education they take away from the provinces the exclusive jurisdiction that was a basic tenet of our federal union, and an undisputed right the provinces have possessed and exercised for more than a century. This is being done by making one facet of entrenched language rights a provision for parents to demand educational facilities in the official language of their choice at provincial expense, if the number of students in any community so warrants. The decision as to whether the number of students so warrants will no longer remain with the provincial government or elected school boards, but with the courts. Provisions of this kind discredit the government's oft-repeated assertions that their proposals do not in any way lessen the constitutional powers the provinces now possess.

I now turn to the matter of an amending formula. The proposals are complicated, and I will not delay the house by dwelling on the details. Basically, the provisions are that the so-called Victoria Charter amending formula may be brought into force by unanimous consent at any time within two years after the Constitution Act is proclaimed, or by proclamation under the Great Seal at the expiration of the two-year period, unless the legislatures of at least seven provinces representing 80 per cent of the population have formally made a joint proposal for an alternative formula. If so, a referendum will be held within two years to decide between the Victoria Charter amending formula and that proposed by the seven or more provinces. The formula approved by the referendum will become part of the Constitution Act, by proclamation, within six months of the referendum. Future amendments will then be made under the adopted formula or by way of a further referendum which may be authorized by the Governor General under the Great Seal of Canada if, within one year of a resolution of both houses of Parliament proposing an amendment, such amendment has not been endorsed by the number

of provinces required to give consent under the amending formula.

These proposals contain features which are discriminatory and objectionable, and if implemented will be permanent causes of regional resentment and alienation.

The Victoria Charter amending formula provides that an amendment affecting all provinces requires a resolution of both houses of Parliament, the approval of Ontario and Quebec, at least two of the Atlantic provinces, and at least two of the western provinces which combined have a population of at least 50 per cent of the four western provinces. The effect of this is to create three categories of provinces: (1) the two central provinces, each of which will hold a permanent power of veto over any amendment; (2) the four Atlantic provinces, any two of which will be sufficient to approve or reject an amendment; and (3) the four western provinces where two have an effective voice only if they represent over 50 per cent of the population of all four. This means that Prince Edward Island and Newfoundland, with a combined population of less than any one of the western provinces, could approve or prevent an amendment. But for the western provinces, the formula is different. No two of them can approve or prevent a constitutional amendment, unless one of the two is B.C., because no two of the other three represent 50 per cent of the population of the four western provinces combined. Such a provision is grossly discriminatory and does violence to the concept of all provinces as equal partners in Confederation. If the federal government had set out deliberately to devise a formula to alienate the prairie provinces further, they could not have come up with a more effective procedure.

● (1530)

Some provision to recognize the tremendous disparity in population between provinces is reasonable, but surely a far more responsible approach would be to give all provinces identical limited veto powers restricted to amendments which would deprive the province of a traditional constitutional power conferred on it when it entered Confederation.

The provision that the federal government will in the future be able to resort to a referendum if the required number of provinces fail to concur under the amending formula, may well become a cause of serious national disunity. Apart from the divisive effect of any referendum, it will be perceived as a political strategy to by-pass the duly elected provincial legislatures by bringing the full force of federal government propaganda campaigns to bear on the population as a whole. Such situations are not the ingredients of a meaningful federal union and will hinder rather than help in building a strong and united nation.

This brings me to one of the most important aspects that we, as senators, must consider in reaching a sound and objective decision. Whether the proposals are good or bad, sound or unsound, in a federal state a fundamental change should not be made in the Constitution of the nation without widespread public support and the concurrence of at least a majority of the provinces. Whether we agree or disagree with the proposals, we must ask ourselves whether it is right, legally, constitutionally and morally, for the Government of Canada to ask the Parliament of another country to amend our Constitution in the manner proposed, in the face of widespread public opposition and without the consent of at least a majority of the provinces, which are members of our federal compact and whose present constitutional rights and powers will be significantly affected by the changes proposed.

My submission is that it is not right, especially when it is extremely doubtful that the Prime Minister could obtain in this country today the governmental and public support necessary to implement his proposals under his own proposed amending formula.

Whether his action is legally defensible is a matter currently before the courts, but its moral and constitutional rightness, in the broad sense, is a judgment that we in this chamber must make.

There are three pertinent facts which we must take into account. First, the constitutional rightness of what the Prime Minister is asking has been challenged not only in Canada but also by some of the leading constitutional authorities in Britain, where members of Parliament are deeply disturbed about the constitutional propriety of what they are being asked to do. We will certainly be hearing more on this if the government succeeds in forcing its proposals through Parliament.

It should be remembered that for years the Judicial Committee of the British House of Lords was the highest court of appeal for constitutional references from this and other members of the Commonwealth. Its membership includes eminent constitutional authorities with a wealth of experience in constitutional law. Men of that calibre will not be intimidated by the Prime Minister's veiled threats, or the blusterings of the Secretary of State for External Affairs, into rubber-stamping the Constitution Bill, if they conclude that they do not have the constitutional right to do so without the concurrence of at least a majority of the provinces who are joint partners with the federal government in Confederation and whose legislative powers are being changed by the amendments.

Second, the course the government is following does violence to our longstanding Canadian tradition of proceeding with major constitutional amendments only after unanimous or near-unanimous support of the provinces has been secured.

Third, the inappropriateness of the government's arbitrary unilateral action, as I have pointed out in this house before, is underscored not only by the fact that eight of the ten provinces are opposed, but by the fact that the federal government party in the present Parliament is in no sense a representative national government. Over 50 per cent of its members are from one province, Quebec, another 36 per cent are from the other central province, Ontario, leaving only 20 government members from all the rest of Canada, and only one from the four western provinces whose six million people account for 25 per cent of Canada's population. For a federal government, with no broad national representation in Parliament, to use its numerical majority concentrated in the two central provinces to impose its will on the entire nation in a matter as vital as the

country's Constitution, in the face of strong opposition from all but one of the other eight provinces, is wrong and indefensible.

The government has sought to lessen its vulnerability by wooing the support of the NDP, whose members in Parliament are mostly from western Canada. There was a willingness on the part of the NDP national leadership to enter into a marriage of expediency in the hope of some political gain, but it did little to strengthen the government's position. Four Saskatchewan NDP members have repudiated their national leader's capitulation to the government's political seduction. The NDP Government of Saskatchewan has rejected the federal proposals, and has been joined in its opposition by the Manitoba and Alberta wings of the NDP. The government therefore remains without any truly national representation in its determination to force on the Canadian people the Constitution the Prime Minister has decided they need and are going to have, whether they want it or not.

I remind honourable senators that this pressure for constitutional change did not originate with the Canadian people. There has never been, and is not now, any significant public demand for constitutional change, certainly not of the kind the government is proposing. No urgent national situation exists that makes such action a matter of national necessity. The pressure for constitutional change was initiated by the Prime Minister and has become a national issue only because he has made it so. Nor can it be justified on the grounds of commitments to hasten constitutional change to satisfy Quebec's aspirations and concerns. What Quebec has long demanded and repeatedly emphasized during the referendum debate is a new federalism that will give the province greater autonomy in the management of those affairs which directly affect its internal interests. There is absolutely nothing in the federal proposals that gives Quebec or any other province more latitude to be masters in their own house. In fact, the very opposite is true. The effect will be to circumscribe further rather than enlarge provincial legislative powers.

We would all be delighted to see our nation adopt a new, modernized, made-in-Canada Constitution that would provide the foundation for a new federalism and a new national policy under which our two levels of government and the diverse regions of our country could work together in harmony, and in which our people could take justifiable pride. But it will never be brought about by the arbitrary course of action on which the government has embarked. In a democratic nation it is folly for a government, especially one with only limited national support, to try arbitrarily to force fundamental constitutional change, unless and until there is that widespread measure of public and governmental approval necessary to ensure willing and enthusiastic acceptance of the changes proposed.

That is why constructive constitutional change will always be the last step in a long and sometimes frustrating process, and the reward not of political leaders willing to tear the country apart to gain their own ends, but of those who by wise, patient, and constructive leadership have first guided the nation into an era of mutual trust, willing co-operation and national good will.

[Senator Manning.]

● (1540)

This is a far cry from what we find in Canada today. We are faced with a nation angered by its government, shot through with regional alienations, and divided as never before. We are faced with a controversial set of constitutional proposals born in an atmosphere of confrontation and ill will. We are faced with a government prepared to use its majority, drawn from only two provinces, to force on the entire nation a Constitution unacceptable to millions of Canadians and rejected by eight of the ten provinces. We are faced with a government determined to act unilaterally to alter the present constitutional rights and restrict the legislative power of those provinces, not only without their consent but over their vehement opposition. These are the sobering facts we must consider as we vote on this resolution.

As senators, we occupy a position uniquely different from that of the elected members of the other place. We constitute more than a chamber of sober second thought. We have been appointed to represent our respective provinces in this house. We have been selected to provide the necessary checks and balances on a parliamentary structure where representation by population results in imbalances that invite the kind of abuse of parliamentary majority power we are witnessing today. We, as senators, have a particular responsibility in matters where the Constitution of Canada is concerned. The positions we take and how we vote must never be dictated by party affiliations, party loyalties or party discipline. Our positions and our votes must reflect the positions of the regions and provinces whose rights and interests we are appointed to protect. To that end, far more than elected members of the other place, on constitutional issues which involve all provincial governments as well as the federal government, we have a responsibility to take into account the position of the governments of the provinces we represent.

It is superficial to argue that provincial governments do not represent the position of the majority of their people. In our democratic system, the smaller the unit from which a government is elected, the more accurately it represents the position of its electors, and for this reason provincial governments are by their very nature closer to the people than the government of the country as a whole. While federal members of Parliament speak for the people of their province in federal matters, provincial governments represent and speak for their people in matters where their provincial rights and interests are concerned, and that is at the heart of the issue we are dealing with in this debate.

We are all well aware that the obligation to represent the position and safeguard the rights and interest of their respective provinces in this instance creates a difficult problem for senators affiliated with the government's political party. It is not easy for a senator to reject the recommendations of a government of which he has been a long-time supporter; but sometimes his constitutional responsibility leaves him no choice. Surely that is what the role and responsibility of this upper chamber is all about. None of us, including those affiliated with the government party, are here to rubber stamp

whatever the government asks us to approve. In the case before us, our responsibility is clear. Not only are the government's proposals unsound in themselves, but eight of the ten provinces are on record as opposing the government's request that its constitutional package be approved. We, as representatives of those provinces, have an inescapable duty to give tangible expression to that opposition.

Over the years, the value of this upper chamber to the Canadian people has frequently been questioned. It has been criticized and belittled, often through ignorance, sometimes through prejudice, but not always without cause. Too often there has been a timidity with regard to exercising our constitutional power and responsibility to say "no" to the government majority in the other place. Too often there has been a tendency to protest questionable government proposals with our voices but not with our votes. As a result, the public has become increasingly critical of, or indifferent to, our existence and our role in the parliamentary process. Recently, when the government proposed removing the Senate's power of veto, intervention by senators persuaded the government to change its mind; but many may well ask, "Of what practical value to the Canadian people is the Senate's power of veto if it is not exercised even in those instances where there is an obvious constitutional responsibility to do so?"

The issue before us now is precisely such a case. It is doubtful if there has been an occasion in the past century when members of this chamber, as guardians of provincial interests and rights, faced a more obvious responsibility to say "no" to a government request. On this occasion at least, the eyes of Canada will be on this chamber as we vote. At such a crucial hour in our nation's history and on a constitutional issue of this magnitude, if party loyalties or discipline prevail over our responsibility to the provinces we represent, public disillusionment with this house will be complete.

If we fail in our responsibility on an issue of this importance to our nation, I, for one, and I am sure other senators as well, will find it extremely difficult, if not impossible, to continue to justify before the Canadian people the existence of the Senate.

On the other hand, if, on this historic occasion, we demonstrate by our votes the practical value of this house as the constitutional guardian of the rights and interests of Canada's diverse regions and provinces, we will by that one tangible act gain for this chamber a degree of public respect and confidence beyond anything it has known before. To paraphrase the words of Churchill: If this house endures another hundred years, men will still say, "This was their finest hour."

For the reasons I have stated, I intend to vote against this resolution. For the good of Canada, I earnestly hope that a majority of other senators will do likewise.

Hon. Florence B. Bird: Honourable senators, it is evident that the Honourable Senator Manning does not identify himself with a minority group, nor with the aboriginal peoples of our country. It is also plain that he is indeed not a woman.

I should begin by saying that I was ill during the month of February, and that to be absent during this vitally important debate has been, for me, a desperately frustrating and unhappy experience. Fortunately, I have been able to read Senate *Hansard* and to attend by way of television many of the meetings of the joint committee and the debates in the other place. I have also had a chance to think, to look into my own conscience, and to try to hold the truth *sub specie aeternitatis*.

It seems to me that as we face a momentous decision for our country we must acknowledge honestly the difference between shadow and substance.

By "shadow" I mean such things as warnings of impending doom, manipulation of the ignorant, organized defeatism, threats that Canada will not endure if we draft a new Constitution suitable for a pluralistic society in 1981, and also slanderous, unwarranted personal attacks from another country on the duly elected Prime Minister of Canada. Even in this country I find that arguments *ad hominem* are the cheapest, most despicable, least convincing form of political dialectic.

The truth—the substance—is that during the last three and a half months something exciting, heartening and very important to the future of our country has been happening here in our nation's capital. Hour after hour, day after day, the parliamentarians sitting around their big table in the West Block, under the harsh, hot lights and probing cameras, have slowly, laboriously and successfully produced a charter of human rights of which we can all be proud, and for which generations to come will call us blessed.

It was remarkable to see what happened to the members of the joint committee. At first there was considerable posturing and procedural filibustering. Questions from the opposition were often leading, loaded, even patronizing, in an attempt to belittle the whole important operation.

● (1550)

As the cold autumn days turned into winter, a change began to take place. Some of the members of the committee may have seen themselves on the delayed broadcasts on television and been ashamed. The television eye has a way of showing up what Damon Runyan called the "phonus belonus". It did that very effectively with Senator McCarthy in the United States during the 1950s. And it did it here during the committee hearings. Televising the proceedings acted as a valuable, modern educational process for the public as well as for members of the committee.

Anyway, after a while, the "phonus belonus" faded away. A new mood of responsible co-operation developed on both sides of the table as these men and women heeded the call of duty, "stern daughter of the voice of God." They had obviously become converted to the importance of their job by the high quality of the submissions, the sincerity of the witnesses and the cogency of the arguments put forward. And so they listened. They asked sensible, probing questions, obviously searching for clarification and understanding, and they made 67 valuable amendments.

Both of the chairmen put on an impressive performance of exemplary patience and careful fairness. Mr. Joyal grew in stature as he showed the same degree of intuitiveness, good

manners and forbearance to each and every one of the witnesses. Senator Hays was his usual good-humoured, irrepressible self—I trust that I am in order and I am sure he will accept the spirit in which I say, "That boy done us proud." I am sorry, but I thought that he would be here today.

Personally, I have a sense of urgency about the proposed Charter of Rights because I am a woman and because I have been involved in the cause of human rights for over 40 years. Anyone who has studied the shameful history of western women knows how long it has taken us to move from the status of chattels to that of persons under the law.

Up until the latter part of the last century, we were denied the right to a higher education and to practise in the professions. Only half a dozen menial, badly paid jobs were open to us. When we married, our husbands had control of our property and jurisdiction over the education of our children. Even as late as the 1930s a married woman in Quebec could not have a bank account or a surgical operation without her husband's consent. Even during the last world war, married women in Manitoba were not allowed by law to teach in public schools. Within the lifetime of most of the honourable senators, women were denied the right to vote or to hold public office. We were deprived of our citizenship, as were our children, when we married an alien. We were, in fact, what Simone de Beauvoir called "le deuxième sexe."

Today, thanks to a prolonged and bitter battle, women are separate as to property when they marry. In one province, Quebec, women now are granted a partnership of acquests, and in several other provinces the contribution of a wife to a marriage is recognized under the law, with the extent of that contribution decided by the judiciary when a marriage is dissolved by separation, death or divorce.

Today women are pouring into universities and graduate schools. Most jobs are now open to us. We have equal political and citizenship rights. Since 1929 we have been recognized as persons and can sit in the Red Chamber. In the last decade we have made great progress. But, and it is a big "but", women still do not have equal economic rights. We are still paid less than men when we do work of equal value. We are still largely outside the power structure in government and the private sector.

The majority of old women are poor because we often earn less than men even when we do work of equal value, because we live longer than men and the work we do in the home is often not recognized under many husbands' superannuation plans, and because we are still generally confined to low-paid jobs, so that our earned pensions are so small that we are condemned to penury in our old age. In recent years there have been several court cases that illustrate that in some areas we do not have equality under the law. In fact, we do not, in general, have equal opportunities in every aspect of Canadian society. In particular, Indian women living on reserves are grossly and flagrantly discriminated against.

The majority of informed Canadian women—and I am one of them—believe that Canada must have an entrenched Charter of Human Rights and Freedoms to give us equal rights and opportunities in every province and in those areas under federal jurisdiction. In recent months I have been seized with the conviction that it is imperative that our rights be entrenched now, not next year, in five years, in ten years or in some indefinite number of years from now. We need to have our rights entrenched now so that they cannot be taken away from us except by an amendment to the Constitution. We need it now because strong reactionary forces are spreading in the United States. The attitude of the Republican Party toward women and the likely rejection of the Equal Rights Amendment are writing on the wall. We need the entrenched Charter of Rights in Canada now to protect us against infection from the virus of reactionary forces which does not respect international boundaries.

Already in Canada it has been suggested by a powerful lobby that married women be deprived of unemployment insurance because they should be treated as secondary wage earners. During a period of inflation two pay cheques have become a necessity for thousands of Canadian families. In most families the wife is the secondary earner because women are still confined to badly paid occupations, but that does not alter the fact that they are making a tremendous contribution to the family and the country and need to be protected by unemployment insurance just as much as any male wage earner.

Several of the 67 amendments made by the joint committee seem to have given women the protection they demand and must have. I am not a constitutional lawyer, but I am confident that the law officers of the Crown and the members of the committee who drafted the amendments to clause 15(1) and 15(2) have put the obvious intention of the clause into correct legal language which will not be misinterpreted by the courts. It is gratifying that clause 15(2) will enable women to take part in affirmative action programs which will in time enable them to make full use of their potential ability and qualify for jobs now denied them.

I am confident that all the hard work by members of the committee and their efficient support staff during the exhaustingly long hours has produced a greatly improved version of the original draft of the Charter of Rights. Neither the breast beating nor the territorial howling of seven provincial premiers can alter the fact that the proposed charter is a splendid document. It is a compassionate and liberal charter based on a concept of tolerance and pragmatic idealism. It amounts to a clear act of faith, which is rare and inspiring in the materialistic, intolerant and obfuscated world in which we find ourselves. It was written in Canada for Canadians by Canadians. No one from any other country had anything to do with it. It would be a tragedy if it were allowed to wither on the vine of political partisanship.

[*Translation*]

When I look across the red carpet, I see several members of the opposition whom I respect and admire.

I know that they are fine citizens and that they love Canada. I hope that when the time comes to cast their final vote on the joint resolution, some of them will have been persuaded by my dear colleagues not to try to prevent Canada from entrenching a Canadian Charter of Rights and Freedoms in its new 1981 Constitution.

[*English*]

This will not, of course, be the final charter. There will never be a final charter. In the years ahead there will be amendments to the Constitution, since no constitution should be an inflexible, unalterable document. Undoubtedly, Parliament and legislatures will, in the future, bring in legislation to improve human rights.

We will, of course, always need legislatures to improve human rights and freedoms. At the same time we will always need an entrenched Bill of Rights to protect us from legislatures. They can give but they also can take away. The Constitution of Canada, 1981 will prevent basic rights from being taken away without an amendment to the Constitution.

In conclusion, it seems likely that the provinces may behave as mature adults instead of as selfish, unreasonable adolescents, so that we can have a final amending formula two years after patriation. At least it seems reasonable to suppose that the provincial premiers, faced with a deadline, will cease their shadow boxing and come up with a formula which will be accepted by Parliament.

● (1600)

As we consider amendments to the proposed charter, let us remember that this is a great debate in which we are asked to shape the aspirations of our country.

Let us, therefore, for Canada's sake, forswear partisan politics and opposing merely for the sake of opposing.

Senator Flynn: Oh, oh!

Senator Bird: This is merely a time for us and for you on the opposite side of the house, Senator Flynn, to think as statesmen, not merely as politicians—to think as statesmen, with wisdom, vision and love of country.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Guy Charbonneau: Honourable senators, first of all, I want to commend honourable senators for the quality of the Constitution debate we have been hearing in recent weeks. It is precisely with that approach in mind that I offer you today my thoughts on the Constitution resolution before us. The proposed constitutional package unilaterally achieves a number of objectives on which most members of the Canadian federation do not see eye to eye. In addition, it is an in-depth change in the very nature of our federation and the fundamental values of Canadian society.

For reasons which he deems justifiable, the Prime Minister has opted not only for unilateral patriation of the Constitution but also for entrenching a Charter of Rights and Freedoms which jeopardizes the balance between the two traditional levels of government. Moreover, the efforts made to entrench collective rights will have serious consequences on individual rights and on the future of our country.

First, I want to refer to property rights in Canadian society. Is there any element that makes it more distinctive than private ownership? Farms and family businesses are among the basic elements upon which our different provinces were founded. Where is the Canadian man or woman who today still does not dream about owning his or her own home or business? And yet, the Charter of Rights and Freedoms does not contain anything on that subject.

[*English*]

The right to own property is fundamental in a democracy. It is also essential to a free-market system, in that it enables individuals to improve their status to the best of their abilities, unhindered by the dictates of the state which might impose redistribution of wealth to meet its political or ideological objectives. In other words, the shape of our society is determined by the degree of freedom our citizens have to choose a way of life and to have access to opportunity in order to improve or change it.

The absence of freedom of ownership in the Constitution reflects a compromise in favour of state interventionists, and for that reason it is a direct threat to the free-market system of Canada. It is an anomaly for a nation such as ours not to have as one of its fundamental freedoms the right to own and enjoy property. Property is, after all, the reward of labour in a free-enterprise society.

Property is also a protection for the individual citizen against invasion of privacy, attempts on human dignity, as well as on life itself. Although the laws of decency make a home sacrosanct, whether owned or rented, it is undeniable that there is more reluctance to invade the rightful property of an individual because the law protects the owner in fact as well as in spirit. Doing away with the right to property undermines our Canadian way of life; it makes nationalization easier and even acceptable; it makes the state the source of great financial power and of reward for the individual, therefore making it the supreme power over the welfare and the values of citizens.

It is spurious to pretend that property ownership creates class distinctions. This holds true only for nations where equality of opportunity is non-existent and where the citizens enjoy inherited property mainly, rather than acquired wealth. A strong democracy such as Canada needs and thrives on property ownership. It is only by protecting the right to property and encouraging initiative and individual efforts and creativity that we will develop our vast potential. If we channel our wealth—from energy, for example—towards acquiring existing assets or centralizing economic power in the hands of the state, we will be destroying the fabric of our free-enterprise system and its free society.

[*Translation*]

The Charter of Rights and Freedoms therefore remains silent about property rights, while the Bill of Rights of Mr. Diefenbaker included the right of enjoyment of property. We have to

believe that this is not simply an involuntary omission on the part of the government, but rather a voluntary one.

Honourable senators, it is not unusual for property rights to be recognized by the constitution of a country. The charters of rights and freedoms of over 30 countries recognize them. Among those, there is at least one whose social democrat spirit is admired by the Prime Minister, namely West Germany. Therefore it would not be an unusual or backward step to recognize property rights in a democratic country such as Canada, even if we aim towards a greater respect of the community as a whole. The community would lose nothing in the process, quite the opposite.

To those who influenced the government in deciding to exclude property rights by suggesting that this would be an interference in an area of provincial jurisdiction, I can give a very simple answer. While a national constitution comes within the federal jurisdiction and spheres of administration are shared fairly and properly between the two levels of government, the enjoyment of property can surely be considered a sacred right of the individual. Besides, my colleagues on this side of the house have been saying, since the beginning of our proceedings on this resolution, that no provision in the Charter of Rights and Freedoms should apply to a province against its will. It would therefore be possible to protect individual rights against an aggression by the state while giving to the appropriate administrative level the responsibility of legislating practical rules.

I am convinced that the failure of the constitutional dialogue in 1980 was caused by a climate of cynicism and bargaining created by the very procedure followed during these negotiations.

I am also convinced that the premiers and the public have made a lot of progress since last spring. The public is better informed and much more committed, although tired of this rather unhealthy concern for abstract concepts when it must each day face some very real problems, such as inflation, unemployment and bankruptcy.

I am also convinced that the premiers, who have always wanted to serve their own province—just as the federal government tries to serve its own interests—have nevertheless understood that, once informed, the public would demand that they behave responsibly towards the nation. The public will now want us to concern ourselves with our first loyalty, which must be to the country as a whole and the future of our children. I believe that an informed public will be able to get rid of objectives which are self-centered and damaging for the nation.

[*English*]

In this context of concern for our nation's future, allow me, honourable senators, to speak of equalization and regional disparities. I will address this subject in the same vein as I did property rights. The same principles of equality of opportunity and respect for the fundamental rights of our Canadian society are involved.

[Senator Charbonneau.]

• (1610)

The principle of equalization appears altruistic on the surface. When looked at from the point of view of a federation, however, it appears economically doctrinaire. It is also difficult to accept that the Constitution should be entrenching a process—that of redistribution—before it addresses the methods whereby regions can foster their economic independence. What this has done is confirm the respective roles of donor and beneficiary provinces, without establishing the right for a province to move from being a recipient of equalization payments to equal partnership and contribution. Without settling the ownership of offshore resources, fisheries and other distribution-of-powers questions, the Constitution confirms the duty of provinces to share and the inevitability of some provinces to wait a long time for economic independence.

Without being dramatic, we could say that this confirmed inequality serves the government well, in that it ensures it a strong arbitrator's role and confirms its awesome spending powers.

We would say that the same inequality in the matter of resource ownership also serves the government's end. Although there is danger in relinquishing powers to a number of entities with their own regional aims and peculiarities, nevertheless, on the basis of economic independence, resources should be a provincial domain. Of course, if, for doctrinaire reasons, a government is against economic independence for regions, it will refuse to allocate to the regions the means whereby they can be independent of federal handouts.

I choose to believe that if regions become wealthy, their adherence to the national government will stem from a positive and active motive rather than one of passive dependence and need. We have, in the case of the west today, a perfect example of the weakness of the economic link for the purpose of nation building. When a once poor and dependent province such as Alberta or Newfoundland finds itself on the brink of economic independence, it seems more likely that it will rethink its relationship with the national government and the rest of the country, than if the relationship were a purely economic one of dependency.

If, on the contrary, a province joins others to form a nation in order to give its people a common goal and heritage, as well as protection against outside forces, the relationship should not founder for selfish or doctrinaire reasons. The referendum in Quebec defeated the sovereignty-association option because Quebecers, who had come lately to a middle-class and modern-economic status, thought they would lose out economically if their province seceded from the rest of Canada. Alberta and Newfoundland, however, have all to gain economically, and less to gain of a cultural nature, by the tie which binds them to the rest of Canada.

We should stop thinking that we can cement Canada together through fear of economic hardship. We can, however, cement the country through mutual respect and a desire to form a country of thriving and strong regions. This would not preclude self-help and mutual-help programs which would spread Canada's wealth around. But it is now impossible, short

of imposition by force, to dictate to a region a dependent role or a second-class role when it has the possibility of wealth and equality. Moreover, efforts by the national government to force a wealthy province to reduce its own wealth, trigger in that province a wish to be all powerful in order to dictate to itself the terms of sharing, or even to refuse any sharing. In other words, force brings out the worst in both protagonists. Reality dictates the need for a negotiation of equals, in order to get the best deal for Canada and the provinces.

[*Translation*]

So, in closing, I come back to what I said at the outset, namely, that the protection of the rights of the community must not imply the denial of individual or provincial rights. A strong and proud nation such as ours must not fear the fulfilment of the individual or the regions. As for us, honourable senators, I can only add that our duty lies not only in representing the provinces—or the various regions of the country, if you will—but in protecting them against the erosion of their rights. If we fail to play that fundamental role, then there is no reason for us to exist. Our presence in government as legislators in this upper house would no longer be justified.

[*English*]

If the Senate forgets its fundamental role as protector of the provinces, it should cease to exist. We are not only the appointed representatives of the provinces, we are their protector. I believe that it is our duty, as senators, to oppose this constitutional package until it reflects the fundamental rights of all Canadians and respects the equality of all the partners in our Confederation.

On motion of Senator Bosa, debate adjourned.

• (1620)

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Canada Student Loans Act.

An Act to amend the Judges Act and certain other Acts in consequence thereof.

An Act respecting The Royal Canadian Legion.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 19, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the National Battlefields Commission together with the Report of the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 12 of *An Act respecting the National Battlefields at Quebec*, Chapter 57, Statutes of Canada, 1907-08, and sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Hon. H. A. Olson (Minister of State for Economic Development) tabled:

Documents respecting Northeast B.C. coal development, in both official languages.

He said: Honourable senators, perhaps I should say that my colleague, the Minister of Energy, Mines and Resources, will be tabling a similar package of documents in the other place today.

BORROWING AUTHORITY

REPORT OF NATIONAL FINANCE COMMITTEE TABLED

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, tabled the following report:

The Standing Senate Committee on National Finance, to which was referred the subject matter of Bill C-59, "An Act to provide supplementary borrowing authority", has in obedience to the order of reference of Thursday, March 12, 1981, examined the said subject matter and reports that no suggested changes be made to the Bill at this time.

Respectfully submitted,

D. D. Everett,
Chairman

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*), that when the Senate adjourns today, it do stand adjourned until Tuesday, March 24, 1981, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, no explanation is necessary. I have already given the reasons for adjourning to next Tuesday evening at 8 o'clock, but if there are questions, I shall be pleased to answer them.

Senator Flynn: The explanations which were given yesterday are quite sufficient.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO EXAMINE ANNUAL REPORT OF DEPARTMENT OF VETERANS AFFAIRS

Hon. Jack Marshall, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Health, Welfare and Science be authorized to examine and consider the Annual Report of the Department of Veterans Affairs for the fiscal year ended 31st March, 1980, tabled in the Senate on 17th March, 1981.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE CONSTITUTION

PETITION FROM SOLIDARITÉ QUÉBEC

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the government leader. I have received from the Premier of Quebec a letter in which he refers to a petition from Solidarité Québec, which was signed by 715,180 people who ask that the Constitution of Canada not be patriated or amended without the agreement of the Province of Quebec, and that their signatures be referred to the appropriate Parliament.

In this letter, the Premier of Quebec says he also contacted the Prime Minister of Canada, the leader of the official opposition and the NDP leader. I am wondering whether the

Leader of the Government could tell us whether the Prime Minister of Canada did receive notice of this petititon or a copy of it, and whether he intends to table it in the House of Commons and before the Parliament of Canada?

● (1410)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not heard from the office of the Right Honourable the Prime Minister with respect to the petition or whether it has been received. However, an inquiry will be made. Perhaps it has been delayed in the mail.

Senator Flynn: Never say that!

The Hon. the Speaker: I should probably inform the Senate that I did receive the same letter.

ENERGY

OIL AND GAS—OFFSHORE DRILLING—SUBMISSION OF CANADIAN SHIPBUILDING AND SHIP REPAIRING ASSOCIATION RE BILL C-48

Hon. Jack Marshall: Honourable senators, I should like to ask a question of the Minister of State for Economic Development with regard to a submission from the Canadian Shipbuilding and Ship Repairing Association having to do with Bill C-48. One of their recommendations has to do with the special privilege of 10 per cent customs duties on offshore drilling ships and support vessels and the re-introduction of the normal 25 per cent duty. I think the point they are trying to make is that this will deny a build-up of the industrial capability of Canada in the Canadian shipbuilding industry I am wondering if the minister is aware of this. If so, could he comment on any action that could be taken to help the shipbuilding industry?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am aware of it, but in order to give a full reply I should like to take the question as notice and refer it to the ministers who are more directly involved.

OIL AND GAS INDUSTRY—GOVERNMENT POLICY—REPRESENTATIONS OF PANARCTIC OILS LTD.

Hon. Robert Muir: Honourable senators, I, too, would like to direct a question to the Minister of State for Economic Development. Yesterday the president of Panarctic, a firm half owned by the Government of Canada, joined the chorus of those condemning Bill C-48, particularly its so-called "Canadianization" aspects. Will the Minister of State for Economic Development heed these representations and encourage his cabinet colleagues to alter what seems to be a counter-productive policy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if those comments are made directly—and perhaps they will be—to members of the government, we will regard them as representations, along with a lot of other representations that have been made on the same subject.

Senator Muir: I thank the minister for his initial reply. As a supplementary, I would like to say to him that the minister, upon introducing the Canada Lands Act, extolled its potential ability to Canadianize the industry. However, Panarctic's president has indicated that for a company like his, which is already 100 per cent Canadian owned and a heavy investor in frontier exploration, the bill will only reduce the attractiveness of private participation in the industry.

Will the minister, in view of his earlier comments, at least commit himself to seeking a change in the legislation insofar as it relates to companies already predominantly Canadian owned, and not wait until he receives further representations, but take the onus upon himself and investigate any possible damage which could result, and make the necessary changes?

Senator Olson: Honourable senators, I am sure that Senator Muir does not expect me to state positively that I will take a position different from that of the Government of Canada, but that is what he is really asking me to do. I say to him, categorically, that it is both an unfair question and one to which no answer is deserved, if I may put it that way. I reaffirm what I said a moment ago, that this representation from the president of Panarctic will be taken into account.

● (1415)

I would also remind the honourable senator that it is a matter of argument, and not of seeking information, as to whether some of this action is or is not helpful. For example, there are some areas where known commercial deposits of gas and oil exist. Some estimates indicate that finding it would account for around 20 per cent, or less, of the costs involved in bringing it to market. As a partner, Petro-Canada will, obviously, be required to pay its share of those other costs, involving perhaps five times as much as the exploration and development costs on site.

Senator Muir: Honourable senators, far be it from me to direct an unfair question to the honourable gentleman. I would never do anything like that. I truly did not expect him to make a statement opposed to what the government has already decided.

In his position as Minister of State for Economic Development, I am sure that he is interested enough in this country, and in the development of this country, to take into consideration what Mr. Charles Hetherington—whom I have never met—the president of Panarctic, and others who are experts in the field have said. Would he not agree that he and the government might be able to learn something from those who are involved in the business?

Senator Olson: Honourable senators, I have already given an undertaking to take that into consideration. I do not really think I can say more now which would add to the explicit answer I gave a few minutes ago.

CANADA-UNITED STATES RELATIONS

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a statement on the subject of the

United States Senate hearing on the Canada-United States boundary settlement treaty and its relation to fisheries' problems on the east coast. I may say that the statement has just been made available to me by the office of the Secretary of State for External Affairs.

The United States government is proceeding to ratify the boundary settlement treaty. The United States has abandoned the fisheries treaty to which it was originally linked as a package.

The United States government is in no doubt as to Canada's profound disappointment and regret at this unilateral abandonment of the fisheries treaty. We are particularly concerned for the conservation of the fisheries resource on Georges Bank. The President has said that he intends to institute a scallop-management plan for United States fishermen there. Given the disputed ownership of the resource, Canada would expect to be consulted on this plan before it is instituted.

United States government spokesmen have said in Senate hearings that an interim fisheries arrangement between Canada and the United States is not possible unitl a boundary line is drawn. This does not mean, however, that appropriate conservation measures cannot, and should not, be put into effect.

FOREIGN AFFAIRS

LAW OF THE SEA CONFERENCE—FISHING PERMITS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Williams on March 12 concerning the Law of the Sea Conference and fishing permits within Canada's 200-mile economic zone.

The 200-mile economic zone and the Law of the Sea Conference are totally separate issues.

The issuing of fishing permits is a bilateral matter between Canada and other individual nations, except in the case of the European Economic Community which we deal with as a unit. These permits are not issued except when there is a surplus of stock.

THE CONSTITUTION

EFFECT OF PROPOSED CANADIAN CHARTER OF RIGHTS AND FREEDOMS ON LAW ENFORCEMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Bosa on March 12, concerning the Charter of Rights and Freedoms and the article in the *Globe and Mail* on March 11 by one Roderick McLeod. Since this is a rather extensive reply and is of some importance, I would ask that it be incorporated in today's record of proceedings.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Senator Perrault.]

(*For text of reply, see Appendix "A", p. 2121.*)

● (1420)

CANADA-UNITED STATES RELATIONS

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Jack Marshall: I have a supplementary question to the delayed answer that the minister gave on the Canada-U.S. fisheries treaty. It is obvious that the right course to follow is to have a management plan in connection with scallops; but, evidently, according to the TV news, Nova Scotia draggers have already been apprehended for fishing undersized scallops, which means that someone has already taken the bulk of the catch. This is early in the season.

I would like to find out the extent of the crisis. It should be pointed out to the Minister of Fisheries and Oceans, and also to the Secretary of State for External Affairs, that they should demand of the American government that renegotiations take place as soon as possible.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am sure that all honourable senators sympathize with the concerns expressed by Senator Marshall. Further information will be sought on the points raised by him.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Peter Bosa: Honourable senators, as I take part in the "second round" of the debate on the Constitution, I should like to join the many senators who have preceded me in congratulating the joint chairmen and all the members who served on the committee. I had the privilege of serving on it, as a substitute, for one sitting. The members of the committee have received much praise for their untiring work, and their report will be regarded as one of the most important reports in the history of the Canadian Parliament since Confederation.

In the "first round" of the debate, on October 28 last, I said that I was in general agreement with the principles of the resolution, but that I intended to criticize the government for not going far enough in some areas of the Charter of Rights. I was particularly concerned, among other things, about the absence of any reference to multiculturalism and a more concise definition of our native peoples. Both these concerns have been met in clauses 25 and 27 of the new and improved resolution.

● (1425)

Before I speak on the Charter of Rights, I would like to deal with some other aspects of constitutional reform, starting with the principle of "unanimous consent" or "*liberum veto,*" to put it in the language of my ancestors.

Constitutionally speaking, the rule of unanimous consent has been in disrepute since the eighteenth century. In the mid-seventeenth century, Poland made the so-called *liberum veto* an integral part of the Polish Constitution. The *liberum veto* was based on the assumption of the absolute political equality of every Polish gentleman, the corollary being that every measure introduced in the Polish Parliament had to be adopted unanimously. Consequently, if any single deputy believed that a measure already approved by the rest of the house might injure the interests of his constituents, he had the right to exclaim, "I disapprove," and the measure was defeated. Subsequently, the principle was extended further to allow the individual deputy to force the dissolution of Parliament and reconsideration by the following Parliament of all measures already agreed upon.

By the end of the seventeenth century, the *liberum veto* was being used so recklessly that all business was frequently brought to a standstill. The collapse of the Polish state in the eighteenth century is usually attributed by historians to the existence of the *liberum veto,* because this principle paralyzed constitutional change and left Poland unable to adapt to changing circumstances.

Some Canadians maintain that we should try again to reach a consensus by all eleven governments before any action is taken on the patriation of the Constitution. Can we afford to take as much time as the Swiss have taken for the adoption of their constitution? The Swiss considered and debated their constitution for 350 years before they approved it in 1848. To this day, there are some Swiss who believe they have been too hasty in adopting such an important document, but they did not have television in those days. We now live in the electronic age and Canadians believe the time has come to cut the umbilical cord.

After 113 years of nationhood, Canada still has not shaken off the last vestige of its early colonial status. Canada's key constitutional document, the British North America Act, can only be amended by an act of the Parliament of the United Kingdom.

While, by convention, the B.N.A. Act is amended only at the request of Canada, the fact that the Parliament of the United Kingdom still must ratify Canada's requests stands as an impediment to nationhood. Canadians from coast to coast are agreed that this last vestige of colonial status should end. Patriation of the Constitution is an important symbol of renewed federalism. Patriation of the B.N.A. Act means, in essence, empowering Canada, solely, to amend the act.

Patriation is a simple, straightforward measure, but the action has been frustrated by federal-provincial differences over the amending formula and other elements of constitutional change. The B.N.A. Act cannot sensibly be patriated until an amending formula is defined, for application once the power to amend rests solely with Canada.

There have been numerous attempts to patriate the B.N.A. Act, dating back to 1927. While federal-provincial accord was reached on patriation in 1971, on the basis of the so-called Victoria amending formula, Quebec subsequently refused to ratify the agreement. It refused, not because of the amending formula, but because it wanted exclusive control over social policy as a condition of patriation.

The provinces have tended to follow the example of Quebec, by looking upon patriation as their trump card. By holding out on patriation, they have endeavoured to win concessions to their points of view on other issues, such as resources and social policy. The September 1980 Constitution Conference of First Ministers is testimony to the difficulty of reaching an accord among eleven governments. The provincial governments gave tacit approval to a Quebec consensus or common front, which covered over the concerns of several provinces with an alternative amending formula—the so-called Vancouver formula with opting-out clauses in exchange for concessions amongst them in other areas, such as language rights.

The federal government could not accept the common front of premiers, packaged as it was by the Parti Québécois Government of Quebec, since so many unsatisfactory aspects surrounded each of the twelve items contained in their manoeuvre of a "last offer." The September 1980 Constitution Conference of First Ministers ended in failure. This failure was a bitter disappointment, especially in light of the exhaustive four-month round of intergovernmental discussions that had preceded the conference.

● (1430)

The Government of Canada felt it could not simply let the federal-provincial discussions end indecisively. The whole country had been challenged as never before by the Quebec-Canada unity debate. Throughout the country, but particularly in Quebec, Canadians were engaged in the question of how to renew federalism. Reports by the Task Force on Canadian Unity, the Canadian Bar Association,, the Quebec Liberal Party, the Government of British Columbia and many others offered foundations for "a future together". Were all these aspirations, this opportunity for all Canadians, to be lost by discord among 11 governments?

Quebecers have a special stake in constitutional reform. The Quebec referendum was fought on the grounds that sovereignty-association was a non-starter and that a renewed federal system can and will ensure the full expression of Quebec's society. Promises were made, not just by the federal government but by the premiers of the western provinces, Ontario, and the Atlantic provinces. There is an obligation on all of us to see that promises made are promises kept.

There is general consensus across Canada that constitutional changes should be made. Inevitably, there are differences on the substance of these changes, but there is also a great deal of harmony of thought.

The contentious issue is the process. Six provincial premiers are challenging the constitutionality of the federal government's constitutional initiatives. The Manitoba Court of Appeal has already ruled against the Government of Manitoba's reference. The joint address of the House of Commons and the Senate regarding the Constitution Act 1981 has been

found by the Manitoba court to be both legal and within constitutional convention.

The Leader of the Opposition, the Right Honourable Joe Clark, wants the joint resolution to be limited to simple patriation and an amending formula. He has argued that additional constitutional changes can be made in Canada, once the power to amend is lodged solely in Canada. Given the expectations generated during the unity debate, this would appear to be a faltering step towards the renewal of federalism. Further, his position ignores the difficulty of gaining agreement among 11 governments beset by competing interests.

The constitutional log jam needs to be broken. For this reason, the federal government has tabled a "people's package," a package that reaches out to Canadians and gives them basic rights and freedoms. The division of responsibilities and powers between the federal and provincial governments is left aside, to be pursued once the power to amend the B.N.A. Act has been patriated to Canada.

In its original form, the draft resolution sought to draw upon the consensus that had been registered in past federal-provincial discussions. Thus, the Victoria amending formula of 1971 was included in the resolution, as it had been agreed to earlier by all eleven governments. No other formula has ever received such broad support. Minority language education rights were expressed in the exact wording of the communiques issued by the ten provinces. Other aspects of the Charter of Rights reflected a compromise between what the federal government felt was just for Canadians and the legislative concerns of the provincial governments.

The process of debate on the original draft resolution has sought to reach all Canadians and to incorporate their views. After debate in the House of Commons and the Senate, the draft resolution was referred to a special joint committee of Parliament for exhaustive study and amendment. No official constitutional discussions have ever been conducted with the degree of openness and public participation enjoyed by that committee.

Hon. Jacques Flynn (Leader of the Opposition): Blah, blah, blah!

Senator Bosa: I beg your pardon, Senator Flynn?

Senator Flynn: I said, "Blah, blah, blah!"

Senator Bosa: Is what I say not correct, Senator Flynn?

Senator Flynn: No. Blah, blah, blah!

Senator Bosa: A lot of people have watched those proceedings and disagree with your expression.

Senator Flynn: Sure. I disagree with you; that's all.

Senator Bosa: In nationally televised proceedings, the committee heard the testimony and recommendations of witnesses from all parts of the country and from all walks of life. Ninety-seven groups of witnesses advised the committee, their testimony overwhelmingly supporting the principle of a patriation initiative that includes a Charter of Rights. Additionally, the committee received some 1,280 written submissions. The committee held 106 meetings over a four-month period and debated the resolution for 267 hours.

Senator Flynn: How many were opposed?

Senator Bosa: How many were opposed to what?

Senator Flynn: To the proposal.

Senator Bosa: There was consensus—

Senator Flynn: No!

Senator Bosa: —on the basic principles set out in the Charter of Rights. They met with the approval of the majority of those who made representations.

Senator Flynn: Just read the appendix.

Senator Bosa: The result is a considerably changed and improved resolution. Some 76 amendments were made to the original draft, many of which profoundly strengthen the position and dignity of the Canadian people.

The report of the committee is now being debated in the House of Commons and in the Senate. A critical crossroads has been reached in Canadian history. The time has arrived for a clear and unequivocal last request to the British Parliament to amend the BNA Act so as to give it a form shaped by Canadians for Canadians.

The opposition contends that the proposed unilateral patriation by this government has created divisiveness in the country. First, this process of patriation is not unilateral. The government has the support of the federal NDP and that of the Premiers of New Brunswick and Ontario, Ontario being the most populous province in Canada. Moreover, both those premiers are Conservatives.

Secondly, the process of substantial constitutional change is perhaps the most divisive stage through which any nation must pass from time to time. Indeed, the lack of at least violent and even divisive debate over constitutional change is associated with authoritarian or totalitarian states, largely because it is realized that the regime will not respect the Constitution if it is not in its interest to do so. In democratic states, or states in the process of democratization, constitutional development is traditionally accompanied by strong, sometimes bitter, resistance. This resistance tends to be more determined in nations organized according to federal principles than in unitary states, because at least some of the constituent parts of the federation will oppose the proposed changes and provide a rallying point for other dissidents. Disruption, violence and civil strife are more likely to be the result of a persistent refusal to adjust a constitution to new realities than of the changes themselves.

Canada is virtually unique among modern and democratic nations, in that for more than 140 years she has consistently engaged in intense, even violent debate over constitutional issues and has kept disruption and public violence to an absolute minimum. Every step she has taken in her evolution from dependent colony to independent nation has been at least controversial and often attended by dissension. Her independent position in the British Empire, while it was still an empire,

the elimination of appeals to the British Privy Council, the legislation of a separate Canadian citizenship and the adoption of a distinctive Canadian flag are examples of controversy and dissension.

Many Canadians will remember the bitter and prolonged debate on the flag. As special assistant to the government house leader of the day, the late Honourable Guy Favreau, and later to the Honourable George McIlraith, although I was not on his staff, I had the opportunity to follow the debate from beginning to end. Let me recite some statistics about that debate. The debate began on June 15, 1964. On September 10 the subject matter was referred to a special committee. The special committee reported back to the house on October 29. The resolution was finally adopted on a closure motion on December 14, though it was actually December 15 at 2.13 a.m., exactly six months to the day from the day on which the debate began. In the course of the debate speeches were delivered as follows: the NDP, 19; Socreds, 33; Liberals, 38; and Conservatives, 197. Do honourable senators see any similarity between the flag debate and the Constitution debate?

All of these actions led to intense and acrimonious debate and dispute. Patriation, like the earlier steps, will seem completely natural, a "motherhood" issue, a couple of years after its adoption.

• (1440)

One does not have to look far to find examples of countries less fortunate in their constitutional development than Canada. Our next door neighbour, the United States, was born in revolution and civil war, because not all its citizens approved of the violent breach with Great Britain. The present Constitution of that country was approved only after a sometimes violent dispute over the entrenchment of a bill of rights. Incidentally, federalists opposed the bill as unnecessary, while supporters of states' rights demanded it as a fundamental curb to the power of the federal government. The issue of extending constitutional civil rights to African slaves was one cause of the terrible Civil War. The 1960s were marked not only by dissension over an amendment to ensure to blacks their civil rights, but also by widespread and sometimes violent demonstrations for and against the change. Even today, Americans are divided over the controversial Equal Rights Amendment.

So, it is not surprising if Canadians are also divided over the issue of entrenchment of a charter of rights, but it was not always so. Canadians will recall that at Victoria, in 1971, all governments were agreed to entrenching at least fundamental freedoms, democratic rights and certain guarantees for the use of the English and French languages. The charter before us now has been considerably improved. In addition to the fundamental freedoms, it assures the right to move freely across the country from one province to another, and to take up residence and pursue employment in any province. Citizens will be protected from discrimination on the basis of race, national or ethnic origin, colour, religion, age, sex and physical or mental disability.

The charter recognizes and affirms the aboriginal and treaty rights of the aboriginal peoples of Canada, as outlined in clause 25.

The Canadian Consultative Council on Multiculturalism, of which I had the privilege of being chairman from 1976 to 1979, has made consistent and persistent representations to the government on behalf of the minorities of Canada. Let me quote just one sentence from the brief that, the Canadian Consultative Council on Multiculturalism presented to the Special Joint Committee on the Constitution, on December 18 last:

> To develop Canada as a bilingual and multicultural country in which all its citizens, male and female, young and old, native peoples and Metis, and all groups from every ethnic origin feel equally at home—

Clause 27 reads as follows:

> This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

I want to thank the Prime Minister and the members of the committee for having responded to the sensitivities and aspirations of a large segment of Canadian society. Canadians who have the vision to see the Canada of the future will rejoice at this significant event. It is an historical coincidence that it should be taking place on the tenth anniversary of the announcement in the House of Commons, on October 8, 1971, of the policy on multiculturalism by the Right Honourable Pierre Elliott Trudeau. That announcement has given millions of Canadians a feeling of really belonging to this country—the feeling that one is accepted for what one is and not for what others would like one to be. This policy on multiculturalism has strengthened national unity. The entrenchment of the policy in the Charter of Rights is a meaningful example of this government's commitment to creating cultural equality.

The last paragraph of the Canadian Consultative Council on Multiculturalism brief to the joint committee reads as follows:

> Culture is a dynamic aspect of our lives. It affects our perception of ourselves and of others. By creating greater appreciation of cultural values, multiculturalism serves as a strong and unifying force in this country. Multiculturalism is not merely a term synonymous with cultural pluralism or diversity, it is the joining together of all traditions which collectively express the reality called "Canada", joining together while still maintaining individuality and distinctiveness.

All party leaders supported the Prime Minister's announcement in the House of Commons, in 1971, of the policy of multiculturalism. The Honourable Robert L. Stanfield, the then Leader of the Official Opposition, told the House of Commons at the time:

> This declaration by the government of the principle of preserving and enhancing the many cultural traditions which exist within our country will be most welcome . . . What we want is justice for all Canadians and recognition of the cultural diversity of this country.

Since the policy of multiculturalism received all-party support at the time of its announcement, I urge the opposition not to vote against the constitutional package, because that might be interpreted by the minorities as meaning that the policy no longer has the full support of all parliamentarians.

Hon. Richard A. Donahoe: Honourable senators, I rise to intervene at what has come to be a rather advanced stage in this debate. I hasten to say that, had my intervention come earlier, the kind of speech I would have addressed to the house would have been very different from the one I propose to make this afternoon. After hearing Senator Lamontagne's laboured argument about constitutional matters, I felt that I should rise and respond. But time went on. Senator Thompson rose and, with wit, charm, knowledge and evident research, demolished the proposition advanced by Senator Lamontagne. It was done better and more completely than I could have done it, and it was from a source more telling than me.

Senator Frith: "Some chicken! Some neck!"

Senator Donahoe: At a later stage in the debate, I heard Senator Connolly give a very learned address. He made a great appeal that we should support the resolution before us. Before I had taken the opportunity to analyze fully what he had said, I thought he had made a very strong, convincing speech. A day or two later, the old veteran of this house rose to his feet and, starting at the very beginning with the nature and the makeup of the proposition that we are now considering, he destroyed, without question, the entire proposition that Senator Connolly had worked so hard to establish.

Early in the debate I was encouraged when Senator Cook took the floor, because he was able to provide the authentic voice of Newfoundland, a voice which indicated that, whatever the relationship of the other provinces to Canada, Newfoundland came in under circumstances peculiar unto itself. So it was refreshing and reviving to hear Senator Cook take the position he took.

A little later in the debate, when I began to ponder what we would hear from the province of Quebec, Senator Deschatelets took the floor. From Senator Deschatelets we heard the answer, the reaction and the expression of belief which I thought would have risen naturally and quickly to the lips of every Quebecer in this house.

Only a day or two ago we heard Senator Manning. If anyone can say that he is not an authentic voice of the west, I would like to hear him say it; because Senator Manning's authenticity seems to me to be self-evident. We listened to his position on this subject and to his analysis of the proposition before us, and we came to the conclusion that the government that prepared the proposition could have had no conception of the feelings in that great western part of our country. Having said that, I want to make one or two further passing references to other speeches which were made in this debate.

There is the speech made by Senator Olson. I do not know whether one should dignify it by calling it a speech. It was a sort of tirade he made in an effort to indicate that those people who did not share his views were in some way lesser Canadians. He spoke, as Senator Bosa did this afternoon, about the flag debate. I will not spend a great deal of time on that. All I wish to say to both those gentlemen and to all honourable senators is that, if people cannot understand the distinction between a debate about the flag that this country should possess and a debate about the fundamental, vital building of the Constitution which is to govern and control the growth and development of this country for generations to come, it seems to me that it would be a waste of time to try to make them understand. The distinction is between a symbol and an essential; there can be no doubt about that.

● (1450)

Enough of what other people have had to say. Perhaps you would like to know what I am going to say on my own behalf. I would like to begin by saying that, so far during the course of this debate, almost everyone who has risen to participate has felt it necessary to make reference to the work of the joint committee of the Senate and the House of Commons, whose report is now under consideration.

I was not an original member of that committee but, during the course of its deliberations, I sat as a replacement member on several occasions. I can attest, as others have, to the attention and expertise which the members of that committee brought to their task. I endorse all the complimentary things that have been said about the participation of the members of this house in the work done by that committee, especially by those senators who were originally named to the committee and, perhaps more particularly, the contribution of senators from this side of the house.

I did not, however, rejoice at the result of the committee's deliberations as reflected in the report under consideration. It may be said that this committee was writing a new Constitution for Canada. If that is so, one must be struck by the difference between the procedures followed in this instance and those followed by the great men who formed and framed Canada's first Constitution. I say this notwithstanding what Senator Guay said the other night, because I thought that his remarks with respect to the procedures which were followed in the formation of the first Constitution of Canada missed the boat as completely as it could have been missed.

In 1864, the leaders of Prince Edward Island, New Brunswick and Nova Scotia met in Charlottetown to consider a maritime union. To the west of them, in Upper and Lower Canada, an experimental union was already in existence, which was not working particularly well, since it too frequently resulted in a state of deadlock. However, Sir John A. Macdonald, a practical politician, upon learning of the maritime meeting, believed that he saw in it two possibilities. First, he saw an opportunity to involve the maritime provinces in a union with Upper and Lower Canada, thereby making his own union a more workable one. Second, he saw, with the vision of the great statesman that he was, that such a union could mark the beginning of a great nation which would extend from sea to sea. Post haste, together with his colleagues and his opponents, he arranged to charter a steamer and proceed to Prince Edward Island, where his suggestion was put forward to those

who were considering the lesser project. To this day, those in Prince Edward Island are proud to say that the chamber in which the delegation met is the cradle of Confederation.

All I want to say is that the child rocked in that cradle was a natural child, the result of a natural process; but the child that will be rocked in the cradle of this new Confederation will be the product of a violent Caesarean birth.

Senator Frith: Shame!

Senator Flynn: So it will!

Senator Donahoe: Having discussed the proposition of Sir John A. Macdonald, the delegation moved from Charlottetown to Halifax, where they discussed the matter further. Finally, in Quebec a series of resolutions was prepared and agreed to, and these became the basis of the British North America Act. Those resolutions were further considered and refined in some detail in London.

Three years after the process began, when there had been the fullest opportunity for consideration, reflection and discussion, the propositions were placed in the hands of the British government, along with the request that the act, which came to be known as the British North America Act, be passed. The resolutions upon which that act was based were the result of long, careful consideration. The delegation followed a procedure which allowed for opposing points of view to be considered and adapted one to the other in order to arrive at an acceptable solution.

In the process no one, neither Sir John A. Macdonald nor anyone else, produced a set, preconceived, rigid format which the Constitution should ultimately take. What was introduced into the discussions was an idea. The form in which that idea was to emerge was to be determined by the free exchange of opinion and the adoption of a rational mode of operation which gave full play to the views and opinions of all.

Compare that procedure to the one which surrounds the formation of the joint committee which has presented this report to us. To begin with, the basic material of which this report is comprised sprang full-blown from the mind of Pierre Elliott Trudeau. It was advanced as being the most desirable way in which the Constitution of Canada could be written. The provinces were denied any right to an input into the form which the future Constitution should take. The position taken with respect to the proposal was that its illegalities should be accepted on the authority of those who proposed it, and that it should not be referred to the supreme judicial authority of the country for the determination of its legality. This has been done according to a brief and rigid timetable. The provinces have been excluded from the discussion of the proposals and, to a very great extent, the House of Commons has been precluded from carrying on full, free and open discussion. Through the invocation of closure the matter was referred to a committee.

I know that it will continue to be argued, as it has already been, that many amendments came about as a result of the operations of that committee. Indeed, we have heard it argued in this chamber this afternoon. However, I would point out that of all these amendments, the great bulk were put forward by the administration, through the Minister of Justice, and were, in effect, dictated to just the same degree as the original provisions had been. I am not prepared to admit now, and I will never be prepared to agree, that the procedure followed in this instance is the appropriate method to amend the Constitution of this Confederation, which has served Canadians so well.

● (1500)

I have heard Sir John A. Macdonald quoted in this house as having said that the form of government which evolved from the procedure which I began this address by describing was not the form which he would have preferred had he been able to dictate, alone, the form which this future nation should take. He would have made it, not a Confederation but a strong, unitary state. Obviously, in the process of negotiation, and in the effort to create a union, he was obliged to retreat from the position he might have preferred and was obliged to accept the position which brought about the kind of country that was formed in 1867. Honourable senators, would that Pierre Elliott Trudeau were able to display the same degree of respect for the opinions of others and the same willingness to arrive at a reasonable compromise in his effort to rewrite the Constitution that was written in those days, so long ago.

I have followed, with the closest interest, the discussion which has thus far taken place in the Senate. Many thoughtful, learned and scholarly addresses have been made, reflecting a great depth of research. Some of them have come from this side of the house and others have come from the opposite side, as I have already indicated. Much of the argument emanating from the other side of the house has been directed in an attempt to prove that the course of action being followed by the government is a legal one. None of those who took this line of argument has tried to give us reasons to make us understand why we should accept his rulings as to legality and be denied a ruling by the Supreme Court of Canada.

Much of the argument has been directed towards the desirability of, and justification for, entrenching a Charter of Rights and Freedoms in our Constitution because we, on this side, have not been heard to give unreserved approval to this method of procedure. Strenuous efforts have been made to picture us as being persons opposed to assuring the rights of the people.

I wish to assert now, with all the vigour at my command, that I and my colleagues yield to no man in our respect for, and our devotion to, the human rights which are vested in the Canadian people under our Constitution. We may differ from our friends opposite in our view as to the best method for ensuring the enjoyment of those rights, but we differ not one iota in our belief that these rights are part of our Canadian heritage and are the birthright of all Canadians and must remain so.

Much oratory and many thousands of words have been expended here, and in other places, by those who would attempt to justify the unilateral proceeding to Westminster to seek, not—I have no hesitation in saying—true amendment of

our Constitution but, in effect, a rewriting of our Constitution, which means that the Constitution we have enjoyed, the nature of our country and the nature of our federation will, to all intents and purposes, have been destroyed once these changes are made.

No one—I repeat, no one—has been able to give a satisfactory explanation of why it is wrong for a member of the House of Commons or of the Senate of Canada to have a free and unfettered opportunity to effect the shaping of the future Constitution of this country, while a member of the British House of Commons—who certainly is not likely to have been born in Canada, who may never have even seen Canada and who, throughout his lifetime, may have no interest whatever in the internal workings of the Government of Canada or of the welfare and wellbeing of the people of Canada—should sit in Parliament at Westminster and have the final and deciding say as to the form the Constitution of this country shall take for the time to come.

Some Hon. Senators: Hear, hear.

Senator Donahoe: We have been told that a constitutional convention is not a constitutional convention; that a confederation is not a confederation; that the constitutional rights which we were all brought up and taught to believe are ours are, in fact, in the words of Senator Deschatelets, only an illusion. I am asked to reach the conclusion that all of the constitutional propositions taught to me in my law school days are invalid, those propositions which I heard supported and advanced during the experience I shared with Senator Connolly of attendance at constitutional conferences during the '60s. By the way, when Lester Pearson was Prime Minister, Senator Connolly never espoused the point of view he has advanced in this debate. I was, reluctantly, being drawn to the conclusion that no credence should be given to the constitutional views of Keith, Dicey, or Dawson and all the others, whose writings were once advanced to me as being the distilled essence of constitutional wisdom.

At that point, I was fortunate enough to turn to that great old classic, *Alice in Wonderland*, by Lewis Carroll. In an effort to seek relaxation from the mental strain to which I had been subjected in endeavouring to follow this constitutional debate, I took the opportunity to renew my acquaintace with Alice. In the description of the table conversation at the Mad Hatter's tea party, I found the same attitude towards the use of words that was causing me so much mystification in attempting to follow the arguments of my honourable friends opposite.

Let me read to you a brief extract. After Alice had said to the Hatter that he should learn not to make personal remarks, because it was very rude, the Hatter opened his eyes very wide. But all he said was:

> "Why is a raven like a writing-desk?"
>
> "Come, we shall have some fun now!" thought Alice.
>
> "I'm glad they've begun asking riddles—I believe I can guess that," she added aloud.

[Senator Donahoe.]

> "Do you mean that you think you can find out the answer to it?" said the March Hare.
>
> "Exactly so," said Alice.
>
> "Then you should say what you mean," the March Hare went on.
>
> "I do, " Alice hastily replied; "at least—at least I mean what I say—that's the same thing, you know."
>
> "Not the same thing a bit!" said the Hatter. "Why, you might just as well say that 'I see what I eat' is the same thing as 'I eat what I see'!"
>
> "You might just as well say," added the March Hare, "that 'I like what I get' is the same thing as 'I get what I like'!"
>
> "You might just as well say," added the Dormouse, who seemed to be talking in his sleep, "that 'I breathe when I sleep' is the same thing as 'I sleep when I breathe'!"
>
> "It is the same thing with you," said the Hatter; and here the conversation dropped, and the party sat silent for a minute, while Alice thought over all she could remember about ravens and writing-desks, which wasn't much.

Further on, in the description of the trial of the Knave of Hearts for having stolen the Queen's tarts, I found a sentence or two which seemed to me to describe exactly the technique being employed by the government of this country in order to advance its constitutional proposal. I quote them as follows:

> "Let the jury consider their verdict"—the King said, for the twentieth time that day.
>
> "No, No!"—said the Queen. "Sentence first, verdict afterward."
>
> "Stuff and nonsense!" said Alice loudly.—"The idea of having the sentence first!"
>
> "Hold your tongue"—said the Queen, turning purple.
>
> "I won't!" said Alice.
>
> "Off with her head!"—the Queen shouted at the top of her voice. Nobody moved.

Do you think that my quotation from *Alice in Wonderland* is a little far-fetched, a little silly? Perhaps you do. I should give you some illustrations of why I feel that it is apropos the debate that is going on at present.

On February 23 this year, the Deputy Prime Minister and Minister of Finance, Mr. Allan MacEachen, made a speech in Nova Scotia and is reported to have said that the provinces are "attempting to alter federalism." This, in face of the fact of what is going on in the country. This, in face of the Trudeau-Chrétien effort to put one point of view forward, cause it to become the law of the land, and to override and ignore the rights of the provinces in this Confederation and to deny them any say as to what the ultimate result should be.

In case you have any doubt that Mr. MacEachen was talking through his hat, let me quote a further part of his speech in which he was attempting to say that the constitutional proposals were not solely the idea of Mr. Trudeau. He said:

> That is not so, it is the will of the Liberal Party, the Cabinet, the caucus and the people that is expressed in the patriation package . . . and not the will of one man.

That the will of one man is endorsed by the Liberal Party, by the cabinet, by the caucus, I am afraid that I must reluctantly agree; but that the people endorse it—I do not agree and I do not believe that such is the case, and I do not think that anyone who is at all in tune with the feeling of the country today believes it either.

Everyone knows that the Liberal Party sold its soul, not once but twice, to have Pierre Trudeau at its head. When the Liberal Party, or the Liberal cabinet, or the Liberal caucus speaks, they may be heard through different voices, but in this matter the words and thoughts advanced are those of only one man: Pierre Elliott Trudeau.

● (1510)

Senator Flynn: Right.

Senator Donahoe: In still another part of his speech, Mr. MacEachen says:

> This country is more than 10 provinces . . . it is not a community of communities . . . the Government of Canada is not an agent of the provinces.

Whoever said it was?

Senator Thériault: Joe Clark.

Senator Donahoe: No, he didn't. I will come to that. If the Government of Canada is not an agent of the provinces, still less are the provinces the creation of the Government of Canada. Municipal governments, great and important as some of them are, are the creation of the provincial governments; but the provincial governments themselves bear in no sense the same relationship to Canada as the municipalities bear to the provinces, although I very much fear that that is the way in which Mr. MacEachen conceives the relationship.

If honourable senators think that the *Alice in Wonderland* comparison is far-fetched and ridiculous, let me quote a few words from a speech made by the Minister of Labour, Gerald Regan, as they are reported in the Halifax *Chronicle-Herald* of March 3, 1981:

> "Because as a government we moved to end 50 years of deadlock on patriation [Mr. Clark] contended that we have given up on the federal system. He [Mr. Clark] argued that we should not have done that, that the federal system has not failed, that we should meet and listen to the premiers disagree among themselves for another 50 years or longer to achieve unanimity" . . .
>
> "What the opposition leader [Mr. Clark] does not understand," Mr. Regan said, "is that the federal system has not failed. It is unanimity which has failed."

Well, if for the time being unanimity is part of the federal system—and I believe it to be, because that is exactly what Mr. Trudeau says it is; he says it is inconvenient for him; he says he won't put up with it; he says he can't stand it; he says he can't have his own way because of unanimity, but he recognizes that unanimity is there as a part of our system—then the proper way to describe the whole thing would be not that unanimity has failed but that the Minister of Labour's powers of reasoning have failed; and just to prove that they have, I will give honourable senators one further quotation from the minister's remarks:

> "Clearly Mr. Clark has the wrong vision of Canada", he [Mr. Regan] said. "No other federal nation in the world expects or requires unanimity in order to achieve change, and neither does Canada."

Perhaps I could agree with him if he were prepared to say: "And neither should Canada"; but surely he must admit that Canada, in its present state, does require unanimity. It is exactly because Mr. Trudeau has been unable to achieve unanimity that he says he will disregard the necessity for it and will proceed on a unilateral course to rewrite our Constitution.

Speaking of the failure of unanimity, I say that in 1980 that failure was not a true failure but a contrived one. Arbitrary deadlines were imposed, and then conditions were inserted into the federal proposal which, by their very nature and their mode of presentation, ensured that it would be impossible to secure consent for them.

In a speech in this house before those dominion-provincial meetings were held—I am old-fashioned; I keep saying "dominion-provincial"—

Some Hon. Senators: Hear, hear.

Senator Donahoe: I am glad that I have approval, in some quarters, at least—Senator Murray spoke and indicated that to him the arrangements had all the appearances of a setup designed to invite failure, thereby providing an excuse for the unilateral action which the Prime Minister had said he was prepared to take if unanimity was not forthcoming by his self-imposed deadlines.

Senator Murray's remarks at the time were the cause of some resentment on the opposite side of this chamber; but when the meetings were held, when the Kirby documents were made public, when the government took the course of action, in the penultimate stage of which we are now engaged, it then became abundantly clear that Senator Murray's assessment and suspicions were not mere figments of his imagination but were, in fact, the cold, distasteful truth.

Speaking of truth, it is not truth to say that there have been constant and unremitting efforts to secure agreement on a policy of patriation with an amending formula for more than 50 years, as the Prime Minister and so many of his supporters have endeavoured to say and would like the people of Canada to believe. Nearly all of the earlier meetings that were held with respect to the amendment of the Constitution directed their attention to ways and means of dividing the allocated powers under sections 91 and 92.

Senator Deschatelets made a thoughtful and helpful contribution to this debate. He is reported, at page 1963 of Senate *Hansard* for March 5, 1981 as saying:

> Everyone is free to interpret events as he or she sees fit. As far as I am concerned, it is only in 1960 or 1961 that

> we discussed in committee, for the first time at the parliamentary level, the problem of patriation, of an amending formula, and a charter of rights, and in a way which, I must admit, was most superficial.

Later, on the same page, he said:

> It is in 1964, if I remember right, when my late colleague the Honourable Guy Favreau became Minister of Justice, that the patriation proposal, with an amending formula, was officially put forward. That formula became known as the "Fulton-Favreau Formula".
>
> That was in 1964-65, still far away from any acute constitutional crisis, even though the process of constitutional change was not only slow but painful. In the following years confrontation became more frequent. But I do not believe—

It is Senator Deschatelets speaking, not I.

> —that even today there can be any reference to any emergency threatening the security of the state, because otherwise the support of the people would be obvious. And this is not the case now.

We are told that the urgency in connection with this constitutional package arises from the fact that the province of Quebec, in the course of Mr. Lévesque's referendum, was promised by Mr. Trudeau that there would come out of their voting for the federal system a renewal of that system.

May I go on record, here and now, as saying that if Mr. Trudeau had been honest with the people of Quebec, and had disclosed to them the nature of the renewal which he proposed to advance, then the result of the referendum might have been very different indeed, because the changes he now proposes to the shape of our Constitution do violence to all those things in our Constitution which have had the greatest significance over the years for the people of the province of Quebec—

Some Hon. Senators: Hear, hear.

Senator Donahoe: —and the machinery is being set in place to deprive them of some of their most cherished rights.

To return to Mr. Regan, let me tell honourable senators that as he proceeds in his attempt to downgrade the qualities and abilities of Mr. Clark as Prime Minister, he succeeds fully in showing that the true relationship between federal Canada and the provinces of Canada, that was created by the British North America Act, is beyond his understanding, just as fully and as much as it is beyond the understanding of the Minister of Finance.

● (1520)

Speaking of Mr. Clark, there are those who would say, and have said, that he was wrong on Jerusalem and, for that reason, he was not fit to be Prime Minister of Canada. May I simply say that if I were given the choice between a Prime Minister who was right on Jerusalem and wrong on Canada, and one who was wrong on Jerusalem and right on Canada, I would much prefer the second to the first.

Some Hon. Senators: Hear, hear.

[Senator Donahoe.]

Hon. Royce Frith (Deputy Leader of the Government): And at least 60 per cent agree with you.

Senator Donahoe: Honourable senators, I was much impressed with the quality and tone of the splendid address delivered to us the other day by Senator Connolly. At page 2041 of *Hansard* of March 12, we find these comments:

> I begin by saying that every independent country worthy of the name should control its own destiny. To do that it becomes imperative for it to control its basic law, its constitution, and to control it completely. From its constitution flow the principles that establish a country's government, its society, its economy, and its external relations. Therefore, it alone can determine the appropriate extent of constitutional change needed to meet its own emerging circumstances.

These are noble sentiments, nobly expressed. There is not a senator in this house who cannot or will not endorse and support them. But, surely, in order for them to have the meaning and construction which Senator Connolly goes on to give to them, it is necessary to remember that he is justifying and approving the placing of our constitutional needs before the Parliament at Westminster. It is necessary, to understand the meaning of what he has said, to interpret the word "country," because his opening words were "every independent country worthy of the name". I submit that in order to make the arguments which Senator Connolly proceeded to make, he has to construe the word "country" in his own speech as meaning Canada without its provinces.

Surely, this country should have the right to amend its own Constitution. Equally surely, this country is more than the federal government alone, because the federal government exists only because those original partners in Confederation were prepared to yield a portion of their sovereignty to create it. Some portion of it, however, they retained, and, in their respective jurisdictions and fields, the provinces are as sovereign as the federal government is in its field.

It has always been argued and suggested that we, on this side of the house, in some way are opposed to having a strong central government. Not so. We Nova Scotians, in particular, recognized that a strong central government was essential if the confederation was to be a great nation, and we have never wavered in that belief. However, we do not believe that to have a strong central government it is necessary to eliminate or emasculate the provincial governments so as to render them mere adjuncts to the federal chariot.

May I ask honourable senators to remember that as we participate in this debate we are functioning as the upper house of a bicameral parliament? Since I have no doubt that everyone will agree that that is a self-evident proposition, I would ask honourable senators to consider why there is a Senate. Having reflected upon that question, I would ask them to consider one further question: Why are we sitting here as members of that Senate?

My answer to the first question—as to why there is a Senate at all—is very simple and straightforward. I believe there is a

Senate because without it Canada could not have been brought into being in 1867. The provinces, and particularly the smaller ones, were apprehensive that their claims, their position and their interests might be overwhelmed in an elective House of Commons where they would be such a small numerical proportion. They conceived the Senate as a place in which their hopes and aspirations could be brought forward before a deliberative and legislative body in which it was guaranteed that their representation would never fall below a certain level and in which, in proportion to the entire membership, their representation would always be capable of making itself heard and felt in unmistakable terms.

I am convinced that, without the insertion of the device of the Senate in our constitutional framework, there never could have been a Canada, because I cannot conceive the provincial representatives of that day agreeing to a Constitution which did not have in it what they conceived to be the safeguards for their rights and position which they believed were assured by the creation of the Senate.

As reported in Senate *Hansard* of April 17, 1980, at page 62, in the course of his splendid address on the nature and function of the Senate, Senator Connolly said:

> Most of the schemes for Senate reform have centred around the idea that this house should have a higher profile in the area of regional representation. With that we can agree.

He went on to say:

> However, that view must be balanced against the representation which the regions of this country have in the House of Commons, in the cabinet, in the provincial legislatures, and at the federal-provincial conference.

I take "regional" to mean "provincial" and, like Senator Connolly, I agree that the Senate is not the sole spokesman for the provinces, and that there has to be balanced against such a view the voice the provinces have in the cabinet, in the provincial legislatures and at the federal-provincial conference. But when we find ourselves in a situation where the cabinet is prepared to approve a position which, in effect, means that the provinces have no rights in the matter of the Constitution, where the views of the provincial legislatures are ignored, and where the federal-provincial conference, having spoken out in clear and unequivocal terms as to its opposition to the federal proposal, is totally ignored and brushed to one side, and a unilateral course of action, such as the one being followed here, is adopted, in such circumstances I should have thought that Senator Connolly would agree with me that at that point—at that point, if ever—the need for the Senate to accept its responsibility with respect to representation of the provinces and of the provinces' rights should have become pressing and paramount. But, to my dismay, he chose instead to follow the party line. He had a good precedent for his course of action in the person of the senator in this house who rose in this debate to state his position on the government's proposal. He indicated that he found procedures being followed repugnant and distasteful, so repugnant and distasteful that he made it clear that the whole procedure created a bad odour in his nostrils. Then, having said that and having asserted his independence from direction or pressure, he indicated with a true demonstration of independence and spirit that he was proposing to hold his nose and vote for the whole mess.

Why are we here in the Senate? In my view, we are here for the express purpose of defending the provinces from improper incursions into their position and field of authority by the federal authority. Mr. Trudeau has no belief in value of the Senate. He would abolish it at a moment's notice, if he could have his own way in the matter.

Throughout the years, opponents of the Senate have criticized it on a variety of grounds: because it is not elective; because it is too readily acquiescent to the wishes of the other house; and because it serves no useful purpose. Now here, in the Year of our Lord 1981, we have before us a perfect opportunity—a golden opportunity—for the Senate to demonstrate that it has meaning and purpose. If it fails to accept the position that it is honour-bound to preserve the character and quality of this nation, then I say that Mr. Trudeau is right: the Senate is useless; the Senate deserves to be abolished; and we, who sit in it, have been recreant to the trust imposed upon us by those who framed and formed the confederation which has served as a vehicle to bring this country to its present point of greatness.

● (1530)

I have been uplifted and inspired by the evidence of adherence to high principle demonstrated by those members on the other side who have risen to say that they propose to vote against this proposal. All of them have been lifelong supporters of the government party; all of them have supported the party loyally. It is patently obvious that to oppose it now causes each of them considerable personal anguish; but reason and justice have prevailed in their minds, and conviction and conscience have brought them to the position they have adopted. I commend them and applaud them, and pray that their valiant example may be infectious and that others on that side may be similarly moved.

In the course of the work of the joint committee, there emerged two amendments to clause 44 of the original proposal to which I must refer. This clause, in its original form, was as follows:

> An amendment to the Constitution of Canada may be made by proclamation under subsection 41(1) or section 43 without a resolution of the Senate authorizing the issue of the proclamation if, within ninety days after the passage by the House of Commons of a resolution authorizing its issue, the Senate has not passed such a resolution and if, at any time after the expiration of those ninety days, the House of Commons again passes the resolution, but any period when Parliament is prorogued or dissolved shall not be counted in computing those ninety days.

This clause does not appear in the amended form of the proposal: It has gone; it has disappeared. It did not, however, simply drop out of sight; it went by gradual stages. Some time

after the committee began to function, a proposition was advanced by the government which was essentially the same as the original clause 44, but they thought it might be appropriate to say that, instead of waiting only 90 days, they might wait twice as long: they decided that they might wait 180 days, after which period the voice of this chamber would no longer be heard in the land, or, having been heard, it could be totally disregarded and they could then proceed.

In the draft that is before us now, that proposal too has disappeared. It has gone, and gone completely. That clause, as originally proposed, would have given a 90-day suspensive veto to the Senate in place of the co-equal legislative position it now holds with the House of Commons. Suddenly, the Minister of Justice announced that he would agree to the suspensive veto being increased to 180 days, and then, still later, he announced that he was prepared to accept the status quo and leave the Senate with full power to reject any legislation which it thinks proper to reject.

This was hailed as a great concession to the Senate—nay, it was hailed as a great concession to those senators who were alledged to oppose the government proposal; and certainly the news media described it as a bribe to win back the support of the dissidents.

Now, I do not know if such a group ever existed, nor do I know what prompted Mr. Chrétien to backtrack on his original position, but I do know that if there is, among us, any senator so base as to allow this so-called concession to influence his opinion on the acceptability of the package, then he deserves to remain in the Senate long enough to see Mr. Trudeau succeed in abolishing it; and I can tell him that, on that occasion, Mr. Trudeau will have my full support and my vote.

Honourable senators, I love Canada. I love my native province of Nova Scotia. I believe our Confederation has justified its existence and has allowed us to grow towards greatness through the years since 1867.

I do not believe that our Constitution is incapable of improvement. I do believe that, faced with a fresh division of powers in 1981, adjustments are required in the allocation of those powers to conform to developments unknown and unforeseen in 1867. But I believe passionately that those changes should be made in Canada, by Canadians, with the participation of all components of our nation—the federal government, the provincial governments, and the people of Canada. Only on such a foundation can we build a strong and enduring union for the future.

I beg of you to join me in rejecting the proposal before us, for the sake of our beloved Canada.

On motion of Senator Petten, for Senator Croll, debate adjourned.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) PRESENTED AND PRINTED AS APPENDIX

Leave having been given to revert to reports of Committees:

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance, on supplementary estimates (C) laid before Parliament for the fiscal year ending March 31, 1981, and ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: It is agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "B", p. 2124.*)

Senator Everett moved that the report be placed on the Orders of the Day for consideration on Wednesday, March 25, 1981.

Motion agreed to.

The Senate adjourned until Tuesday, March 24, 1981, at 8 p.m.

APPENDIX "A"

(*See p. 2110*)

THE CONSTITUTION

CHARTER OF RIGHTS AND EXCLUSION OF ILLEGALLY OBTAINED EVIDENCE

In his article in the *Globe and Mail* of March 11, 1981, Mr. Roderick McLeod, speaking for the Canadian Association of Crown Counsel, contends that the provision in the Charter of Rights (clause 24(2)) empowering the courts to exclude illegally obtained evidence in certain circumstances will result in the adoption by Canadian courts of the American rule of automatic exclusion of illegally obtained evidence. This is simply not the case.

In the United States, the doctrine of excluding evidence obtained in contravention of the U.S. Bill of Rights (protection against unreasonable searches and seizures and the right to remain silent in the absence of counsel) has been developed by Courts as an *absolute* rule designed to prevent law enforcement officers from violating a constitutionally protected right of individuals. The rule operates *automatically* in every case regardless of how *minor* the breach of the right and regardless of whether the admission of the evidence would cast doubt on the integrity of the administration of justice. This is why, in the *Williams* case referred to by Mr. McLeod, the accused was set free even though on the facts of that case there did not appear to be a *serious* breach of his constitutional rights.

The situation in Canada, under the proposed provisions of clause 24(2) of the Charter, would be rather different. Clause 24(2) provides that a court shall exclude evidence obtained in contravention of a Charter right (eg., by an illegal search or seizure or by evidence obtained from an accused who has been denied counsel) *only where it is established, having regard to all the circumstances, that admission of the evidence would bring the administration of justice into disrepute.*

Consequently there would be no rule of automatic exclusion of illegally obtained evidence. The accused would have to establish to the satisfaction of the court that the illegality of the manner in which the evidence was obtained was of such a serious nature that using it would bring the administration of justice into disrepute. The circumstances which the court would consider in reaching a decision would include

(*a*) the extent to which human dignity and social values were breached in obtaining the evidence;

(*b*) the seriousness of the case;

(*c*) the importance of the evidence;

(*d*) whether the harm to the accused was inflicted wilfully or not; and

(*e*) whether there were circumstances justifying the illegal action, such as a situation of urgency where the evidence would have been destroyed or lost.

In other words, the underlying principles of the proposed Charter "exclusionary rule" are two-fold.

> (1) to ensure a proper balance between effective law enforcement activities and the fair administration of justice
>
> (2) to avoid the court becoming parties to activities which are *serious* violations of Charter rights.

By providing the test of "bringing the administration of justice into disrepute", we are clearly signalling to the courts that we do not want the adoption of the automatic and absolute exclusionary rule of the United States, but one which operates to curtail the use of evidence where it has been obtained in flagrant violation of Charter rights.

Mr. McLeod quotes the dissenting opinion of Chief Justice Burger in the *Williams* case which condemns the absolute exclusion rule. This is, of course, the position of the Chief Justice because of the fact that the rule is automatic and absolute, being applied without regard to the seriousness of the breach. As the Chief Justice noted in the *Bivens* case (1971), he is opposed to the U.S. rule because it represents a "mechanically inflexible response to widely varying degrees of police error". The proposed Canadian rule would allow for flexibility in determining when the breach of rights was serious enough to justify excluding illegally obtained evidence.

Mr. McLeod also asserts that the best means to ensure that the police observe the rights of persons is by "before-the-fact direction" or subsequent prosecution or disciplinary action for illegal conduct. The simple fact is that, even if such *ex post facto* action occurs, it is of little solace to the person whose rights have been infringed. As Laskin, J. remarked in his dissenting judgment in *Hogan v. The Queen* (1975):

> Illegalities or improprieties attending the eliciting or discovery of relevant evidence are, on the orthodox common law view, *res inter alios acta*. They are said to have their sanction in separate criminal or civil proceedings, of which there is little evidence, either as to recourse or effectiveness; or, perhaps, in internal disciplinary proceedings against offending constables, a matter on which there is no reliable data in this country.

Laskin then went on to observe with respect to constitutionally protected rights:

> It may be said that the exclusion of relevant evidence is no way to control illegal police practices and that such exclusion merely allows a wrongdoer to escape conviction. Yet where constitutional guarantees are concerned, the

more pertinent consideration is whether those guarantees, as fundamentals of the particular society, should be at the mercy of law enforcement officers and a blind eye turned to their invasion because it is more important to secure a conviction. The contention that it is the duty of the Courts to get at the truth has in it too much of the philosophy of the end justifying the means; it would equally challenge the present law as to confessions and other out-of-Court statements by an accused. In the United States, its Supreme Court, after weighing over many years whether other methods than exclusion of evidence should be invoked to deter illegal searches and seizures in state as well as in federal prosecutions, concluded that the constitutional guarantees could best be upheld by a rule of exclusion.

As for the propriety of the courts using the test of bringing the administration of justice into disrepute as a basis for excluding illegally obtained evidence, Chief Justice Cartwright and Justices Spence and Hall, dissenting in *The Queen v. Wray* (1970), were clearly of the opinion that this was a primary duty of the courts. As Mr. Justice Spence remarked:

I am most strongly of the opinion that it is the duty of every judge to guard against bringing the administration of justice into disrepute. That is a duty which lies upon him constantly and that is a duty which he must always keep firmly in mind. The proper discharge of this duty is one which, in the present day of almost riotous disregard for the administration of justice, is of paramount importance to the continued life of the state.

In the present case, the confession or statement of the accused and also the information given by the accused as to where the weapon could be found, as Aylesworth J. A. pointed out, were procured by trickery, duress and improper inducements and they were clearly inadmissible. Moreover, as the Chief Justice of this Court has indicated in his reasons the purpose of exercise of such trickery was stated by the Inspector of the Provincial Police to avoid taking a chance that the accused, as the result of speaking to his lawyer, would not take the police to the place where the gun was found.

Under these circumstances, I am in agreement with the Chief Justice when he characterized the description of the situation by the Court of Appeal as not any overstatement.

I am of the opinion that were the trial judge to have, as he very properly did, excluded as inadmissible the statement of the accused and yet have permitted the Crown to have adduced all the evidence as to the accused's accompanying the police officers and pointing out to them the place where the weapon had been thrown away, in accordance with the information which he had given to them in the excluding statement, it would not only have brought the administration of justice into disrepute but it would have been a startling disregard of the principle of British criminal law, *nemo tenetur seipsum accusare*. Surely no authority need be stated to establish that as the most basis principle in our criminal law.

Mr. McLeod also expresses concerns about the manner in which the government changed its position between July 1980 and February 1981 on how to deal with the exclusionary rule in the Charter. The simple fact is that the government was searching for a provision that would strike a proper balance between the absolute and automatic exclusionary rule of the United States and the common law rule in Canada which (with the exception of involuntary confessions) allows the admissibility of relevant evidence even when it has been obtained by illegal or improper means.

In this regard, the Special Joint Committee on the Constitution received submissions from many groups that Mr. McLeod characterizes as "misinformed special-interest lobby groups" which advocated some provision that would permit courts to exclude illegally obtained evidence in proper cases. These groups included bodies such as the Canadian Bar Association, the B.C. Civil Liberties Association, the National Association of Women and the Law and the Canadian Civil Liberties Association. The only groups before the Committee advocating the maintenance of the existing evidence rule was the Canadian Association of Chiefs of Police and the Canadian Association of Crown Counsel.

Finally, in response to the specific questions that Mr. McLeod poses in his article, the following might be said.

1. The Charter is *not* adopting the U.S. exclusionary rule, but a test which will *require the accused to show* that admission of illegally obtained evidence would, *in all the circumstances, bring the administration of justice into disrepute.* There is nothing automatic or absolute about this rule.

2. The results in the Williams case would not occur under the proposed Charter rule since admitting Williams' statement would not have brought the administration of justice into disrepute.

3. Both disciplinary actions against the police and the prospect to excluding evidence in cases of flagrant violations of rights by the police are considered necessary to ensure respect for civil liberties.

4. The Supreme Court will develop interpretations of the new exclusionary rule which will establish guidelines for the lower courts and Crown counsel for determining when evidence is inadmissible.

5. While the Task Force on Evidence may be recommending against the U.S. exclusionary rule, that is not the rule which is being adopted in the Charter. The rule adopted in the Charter is the same as that proposed by the Canada Law Reform Commission in its *Report on Evidence* in 1975.

6. The wording of the proposed exclusionary rule is not inconsistent with any provision of the U.N. Covenant on Civil and Political Rights which does not deal with admissibility of evidence.

7. The report of the McDonald Commission on the R.C.M.P. is not relevant to rules relating to admissibility of evidence.

8. The suggestion that rapists will be turned loose in the streets despite their guilt because of a technical error by the police is nonsense, since the test for exclusion in the Charter would not apply to minor breaches of the Charter rights.

9. The government's flexibility in the development of the exclusionary rule is simply an illustration of its desire to develop the best Charter possible, taking into account the views of the groups who appeared before the Committee and the members of the Committee themselves.

In sum, clause 24(2) of the Charter seeks to strike a proper balance between the interests of the *effective* administration of justice and the interest of the *fair* administration of justice.

Attempts by the police and Crown counsel to create in the minds of the Canadian public fears that the exclusionary rule will turn our cities into havens for criminals who would otherwise be behind bars is to do a serious disservice. The proposed rule is not the same as the exclusionary rule in the United States and should not be held forth as such.

APPENDIX "B"

(*See p. 2110*)

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE
ON SUPPLEMENTARY ESTIMATES (C)

March 19, 1981

The Standing Senate Committee on National Finance to which the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1981, were referred, has in obedience to the order of reference of Thursday, March 5, 1981, examined the said Supplementary Estimates (C) and reports as follows:

(1) The Committee was authorized by the Senate as recorded in the *Minutes of the Proceedings of the Senate* of March 5, 1981 to examine and report upon the expenditures proposed by the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1981.

(2) In obedience to the foregoing, your Committee examined the Supplementary Estimates (C) and heard evidence from the following officials from the Program Branch of the Treasury Board: Mr. H. J. Mullington, Assistant Secretary; Mr. L. J. O'Toole, Assistant Secretary; Mr. E. R. Stimpson, Director General, Budget Co-ordination Group.

(3) These Supplementary Estimates (C) total $1,630 million. The budgetary expenditures total $1,222 million of which $97 million are statutory items and $1,124 million represent funds for which Parliament is being asked to provide new authority. The non-budgetary expenses, that is to say, loans, investments, and advances include $32 million to be voted and $376 million for statutory items. The total Estimates for the fiscal year ending March 31, 1981 are now increased to $62,070 million.

(4) Treasury Board supplied the Committee with a list giving additional explanations for the $1 Votes included in Supplementary Estimates (C) which is attached as an Appendix to this Report.

(5) The Committee would like to acknowledge the receipt of a letter from Mr. O'Toole of the Treasury Board Secretariat in which the position of the Treasury Board with respect to the use of $1 votes in supplementary estimates is confirmed. For information, a copy of this letter is also appended to this report.

(6) The Committee will be provided with additional information regarding the write-off of loans to Atomic Energy of Canada Limited with regard to its heavy water facilities. However, the Committee was informed that these loans are presently considered uncollectable but should the plants become profitable then in effect the loans would be repaid through revenue recovery.

(7) With regard to CIDA expenditures the witnesses assured the Committee that previous difficulties with respect to delays between the provision of spending authorities and actual expenditures by the Agency had been rectified. No present authorizations in respect of CIDA are of the non-lapsing variety.

Respectfully submitted,

D. D. EVERETT,
Chairman.

(*Appendix 1 to Report*)

LIST OF ONE DOLLAR VOTES
INCLUDED IN
SUPPLEMENTARY ESTIMATES (C), 1980-81

The 34 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*"

A. Twelve votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

B. Five votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

C. Eight votes which authorize the deletion of debts: (An explanation is provided in Supplementary Estimates).

D. Four votes which authorize payments and guarantees. (Additional explanations are provided in Appendix II).

E. Five other votes which:
—authorize a reimbursement of a Wheat Board Pool Account
—amend a previous Appropriation Act
—increase borrowing authority and authorize the transfer of an asset
—ratify payments made in previous fiscal years
—authorize an increased pension
(Additional explanations are provided in Appendix II)

March 12, 1981
Estimates Division

(*Appendix I*)

List of $1 Votes in Supplementary Estimates (C), 1980-81

Page	Department or Agency	Vote	Categories A	B	C	D	E
8	Agriculture	5c			x		
12		25c					x
16	Employment and Immigration	1c	x				
18	—Canada Employment and Immigration Commission	5c	x				
22		20c	x				
22		25c	x				
32	Energy, Mines and Resources —Eldorado Nuclear Limited	L107c					x
34	Environment	5c	x				
34		15c		x			
38	External Affairs	10c	*	x			
40	—Canadian International Development Agency	25c		x			
48	Finance	L18c				x	
58	Indian Affairs and Northern Dev.	15c	x				
66	Industry, Trade and Commerce	7c				x	
66		8c				x	
70		56c	*				x
80	National Defence	10c	x				
84	National Health and Welfare	1c	*	x			
90		25c	x				
92		30c			x		
94	National Revenue —Taxation	5c			x		
102	Public Works	5c	x				
102		10c		*	x		
106		20c			x		
106		25c	x				
108		40c	x				
110	Regional Economic Expansion	1c			x		
128	Solicitor General —Correctional Services	5c	*				x
130	Supply and Services	5c			x		
132	Transport	10c	*		x		
132		36c					x
136		65c	x				
140		75c		x			
140		92c	*			x	

(*Appendix II*)

ADDITIONAL EXPLANATION

CATEGORY D

Finance

Vote 18c—To authorize the Minister to issue non-interest bearing non-negotiable demand notes in an amount not exceeding $11.5 million, in respect of Canada's commitment to the Sixth Replenishment of the International Development Association (I.D.A.).

Explanation—Canada has made a commitment to I.D.A. totalling $601.810 million which is to be paid over the next few years. Supplementary Estimates (B), 1980-81 authorized the issue of demand notes in an amount not exceeding $165.9 million in respect to this commitment.

These Supplementary Estimates will authorize further demand notes for 1980-81 of not more than $11.5 million. This requirement arises because of the accelerated needs of the I.D.A. The funds are used by the World Bank to provide loans to the least developed countries for developmental purposes.

Industry, Trade and Commerce

Vote 7c—To authorize the guarantee of loans to the de Havilland Aircraft of Canada Limited in amounts not exceeding in the aggregate of $450 million.

Explanation—It is proposed to guarantee loans to this firm for additional financing in the development of the DASH 8 aircraft, for other general obligations and to replace a $70 million Letter of Comfort issued by the Minister on December 24, 1976 in respect of the DASH 7.

Vote 8c—To authorize the Minister of Industry, Trade and Commerce to guarantee 62.5% of the investment by designated purchasers of a prescribed security of Massey-Ferguson Limited and 62.5% of unpaid eligible returns on investment up to an aggregate amount not exceeding $130 million.

Explanation—It is proposed to guarantee directly or indirectly in co-operation with Ontario the capital risk of a $200 million Massey-Ferguson Limited security plus the value of any eligible return on the investment unpaid by the Company. Canada's portion of the guarantee would be 62.5% with the Province of Ontario providing the remainder.

Transport

Vote 92c—To authorize the entering into of agreements with the Canadian National Railway Company (C.N.R.) for the conducting of a Testing and Evaluation Program on the Newfoundland railway operations and for the payment in 1980-81 of $8 million to the Company.

Explanation—Authority is requested for the Canadian National Railway to conduct a Testing and Evaluation program which will look at options for the improvement of the railway system in Newfoundland.

Approval is also requested to provide a payment of $8 million to the C.N.R. as the 1980-81 cost of the program. These funds will be used to cover studies ($2 million) and to compensate the Railway for the cost of retaining employees ($6 million) who would be redundant if the evaluation were not being carried out.

ADDITIONAL EXPLANATION

CATEGORY E

—Authorize a reimbursement of a Wheat Board Pool Account

Industry, Trade and Commerce

Vote 56c—To authorize the reimbursement of the Canadian Wheat Board for the 1979-80 Oats Pool Account deficit.

Explanation—The Canadian Wheat Board incurred a deficit of $830,000 in its operation of the 1979-80 Oats Pool Account. This deficit is the result of sales made early in the

crop year when prices were lower; and higher costs from cancellation of shipments due to the prairie drought and the producers consequently withholding deliveries in late spring and summer of 1980.

The Canadian Wheat Board is responsible for the export marketing of Oats grown in the prairie provinces and Peace River district of British Columbia. The Federal Government is responsible for any deficit incurred in this and any other Canadian Wheat Board Pool Account. This is the seventh time such a deficit has occurred.

—Amend a previous Appropriation Act

Agriculture

Vote 25c—To authorize the termination of a loan guarantee for Canfarm.

Explanation—In Supplementary Estimates (A), 1979-80, the Government of Canada guaranteed a loan obtained by Canfarm from the private sector.

A $3.5 million contribution is being made to Canfarm to assist in paying back its loan. Funds for this purpose are available within the program because of reduced requirements for drought assistance.

It is therefore proposed in these Supplementary Estimates to terminate the guarantee authority obtained in 1979-80.

—Increase borrowing authority and authorize the transfer of an asset

Energy, Mines and Resources—Eldorado Nuclear Limited

Vote L107c—Authority is requested to:

a) Increase the borrowing limit of the Corporation from $130 million to $280 million;

b) utilize this authority for debt repayment and working capital by the issue and sale of securities; and

c) to transfer from the Minister of Energy, Mines and Resources to Eldorado Nuclear Limited the title of the Uranium Stockpile in exchange for the issue to the Minister of shares valued at $300 million.

Explanation—Eldorado Nuclear Limited requires parliamentary authority to increase and extend its borrowing authority. The Corporation has already used $80 million of the present borrowing authority of $130 million. Since the net 1981 capital requirements total some $200 million, the borrowing limit must be increased to finance this program.

In addition, it is proposed to transfer a Uranium stockpile, with a current market value of $300 million, to the Corporation. This stockpile while improving the Corporations debt to equity ratio would also provide cash flow as the Uranium is sold, over the next decade. The value of this stockpile is listed as $76 million in the Accounts of Canada, being the original cost of production. The Minister will receive $200 million of preferred shares and $100 million of common shares from the Corporation in consideration of the transfer of the stockpile asset.

The change in the borrowing limit has always been effected by Appropriation Acts as follows:

Appropriation Act No. 4, 1977-78—authorized the borrowing of up to $30 million from the private market.

Appropriation Act No. 3, 1980-81—increased the authority from $30 million to $130 million.

—Ratify payments made in previous fiscal years

Transport

Vote 36c—To ratify the application of appropriations by the Atlantic Pilotage Authority in the amount of $368,084 between 1972-73 and 1979-80 for deficits in fiscal years other than that cited in each appropriation.

Explanation—During the audit of the Authority's financial statements it was noted that in some years the actual deficit was lower than the amount forecast and the payment approved by Parliament. Conversely the opposite appeared in other years where the deficit was larger than the amount forecasted. (The Authority used the overpayment in one year to reduce the deficits in other years). The net difference in all years, taking into account the overpayment of appropriations of $368,084, would be a requirement for a further appropriation of $1,774 which is being absorbed by the Authority. The purpose of this item is to ratify the use by the Authority of overpayments of appropriated deficits in certain years to offset the underpayment in other years.

—Authorize an increased pension

Solicitor General

Vote 5c—To authorize the payment of a pension to the survivors of a deceased penitentiary officer at the same rate as members of the Royal Canadian Mounted Police.

Explanation—It is proposed to provide an increased pension to the family of a penitentiary service officer (W. A. Morrison), who was killed during an uprising at Dorchester Maximum Security Institution. The increased pension would be equal to that payable under the R.C.M.P. Superannuation Act to survivors of families of officers killed in similar circumstances.

The family now qualifies for a pension under the Government Employees Compensation Act. It is proposed to deem the penitentiary officer's family to qualify for a pension equivalent to one paid under the R.C.M.P. Act. The difference between the pensions will be paid by Correctional Services.

Similar provisions were made in 1964-65 (Supplementary Estimates A and B), 1975-76 (Supplementary Estimates A) and 1979-80 (Supplementary Estimates A).

(*Appendix 2 to Report*)

December 2, 1980

The Honourable Douglas D. Everett,
Chairman,
Standing Senate Committee on
National Finance,
The Senate,
Ottawa, Ontario.

RE: $1 Votes in Supplementary Estimates

Dear Senator Everett:

When I appeared before the Committee on November 8, 1979, I outlined the operating position of Treasury Board Canada with respect to $1 Votes in Supplementary Estimates and agreed at the time to confirm this in a letter to you. I should mention, as I did then, that this has been agreed to by Ministers of the Treasury Board.

Our position is that $1 Votes will continue to be used for the following cases.

1. Transfer of Budgetary Funds between Votes and Programs of the Same Department—to provide operating flexibility consistent with the accountability of the heads of departments and agencies.
2. New and increased Grants—since Parliamentary authority is required for new and increased grants even when funds are available within the vote.
3. Deletion of Debts—the Financial Administration Act requires that the deletion of operating debts in excess of $5 thousand be approved by Parliament although no additional funds as such may be required.
4. Amendment of Previous Appropriation Acts—to effect changes to previous votes authorized through Appropriation Acts. (e.g. increasing limits for Revolving Funds).
5. Other—to provide financially-oriented authority in instances where separate legislation would not appear to be warranted (e.g. to authorize guarantees or to deem an individual to come within the ambit of existing legislation).

The Committee is known to be particularly interested in the following specific instances from among the many situations where the $1 Vote would not be considered acceptable.

1. Transfer of Budgetary Funds between Departments and Agencies—since this is not concerned with operating flexibility. It should be mentioned, however, that such transfers would be acceptable if there was a related transfer of a function during the fiscal year.
2. Transfer of Non-Budgetary Funds—because of the specific nature of each non-budgetary vote.
3. Amendment of Existing Legislation (other than Appropriation Acts)—since the relevant Act should normally be amended.

As I told the Committee on November 8, 1979, exceptions to these ground rules might be agreed to by the Government from time to time because of factors arising in particular cases and for which the Government would be expected to furnish an adequate explanation to Parliament.

Yours sincerely,

L. J. O'TOOLE
Assistant Secretary

THE SENATE

Tuesday, March 24, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canada Mortgage and Housing Corporation, together with a statement of accounts certified by the Auditors, for the year ended December 31, 1980, pursuant to section 33 of the *Canada Mortgage and Housing Corporation Act,* Chapter C-16, R.S.C., 1970, as amended, and sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report on operations under the *Regional Development Incentives Act* for the month of January 1981, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

[*Translation*]

CANADIAN WHEAT BOARD

RECOMMENDED GRAIN AND OIL SEED ACREAGES—SPEAKER'S RULING ON POINT OF ORDER

The Hon. the Speaker: Honourable senators, before Question Period, I should like to rule on the point of order that Senator Asselin raised last week.

[*English*]

On Wednesday, March 18, as found at pages 2093 to 2096 of *Debates of the Senate*, Senator Buckwold asked a question of the Minister of State for the Canadian Wheat Board, the Honourable Senator Argue, regarding his recommendations pertaining to grain and oil seed acreages. The minister replied with a lengthy answer. The Honourable Senator Asselin raised a point of order that it is the right of the official opposition to receive an advance copy of all ministers' statements in order to be able to comment on them. Senator Argue replied that he was only answering a question and was reading "not from a prepared statement, but from a table".

Hon. Jacques Flynn (Leader of the Opposition): Extensive notes.

The Hon. the Speaker: The Minister of State for Economic Development, the Honourable Senator Olson, raised the point that "the statement that Senator Argue made today was made earlier in Saskatoon, and was carried in the press all across that part of the country" and was therefore not a new statement. The Leader of the Opposition maintained that it was a ministerial statement and asked the Chair to rule on what Senator Asselin referred to as a point of order.

The Leader of the Opposition drew the attention of honourable senators to Rule 1 of the *Rules of the Senate* which states:

> In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, so far as is practicable, be followed in the Senate or in any committee thereof.

He stated that if Senator Argue's statement had been made in the other place, it would have been made under the heading "Statements by Ministers" and "a copy would have been provided to the opposition in order to allow us to make comments if we so desired".

• (2010)

Happily for the Chair, the Speaker is not being asked to rule on whether the answer the minister gave to Senator Buckwold constituted a statement. *The Rules of the Senate* do not provide a specific procedure for statements by ministers. Undoubtedly, statements are made by ministers in the Senate, but our practice is varied with regard to how and when they are made. They are sometimes made during Question Period, such as the statement made by the Leader of the Government, the Honourable Senator Perrault, on the release of the American hostages in Iran, found at pages 1541-42 of *Debates of the Senate* of January 20, 1981. At other times, a minister will ask for leave to make an "announcement" such as the one made by Senator Argue regarding the adjustment of initial prices for western grain, found at pages 1579-80 and pages 1586-88 of *Debates of the Senate* of January 28, 1981.

What could be interpreted as statements are also often made when the Chair calls "Delayed Answers to Questions," and there are many examples that bear this out. It must also be noted that the practice in the House of Lords, as described in *Erskine May* at page 312, is that "a statement made by a Minister on a matter of public importance may be made without notice."

To repeat, the Chair is not being asked to rule if the minister's answer constituted a "statement," but rather on the more narrow point raised by Senator Asselin that when a

statement is made by a minister copies of that statement should be provided in advance to the opposition to allow them to express their views.

Senator Flynn quoted the appropriate rule regarding procedure in cases not provided for, which is that "the custom, usages, forms and proceedings of either House of the Parliament of Canada shall, so far as is practicable, be followed in the Senate or in any committee thereof."

Since the *Standing Orders of the House of Commons* do provide for a specific procedure regarding statements by ministers, it would be helpful to look at the practice followed in the other place.

The grievance that opposition members in the House of Commons did not receive copies of a minister's statement beforehand is often heard, but I must refer honourable senators to the ruling of Speaker Lamoureux of May 17, 1973, found in *House of Commons Debates* at page 3862, in which he said:

> —the Chair must take into account that in so far as it can judge there is no obligation under the terms of the Standing Order for a minister making a statement under the Standing Order to provide copies or even give advance notice to parties in opposition that he proposes to make a statement on motions.

Senator Asselin, therefore, while he may have a grievance, does not have a point of order since ministers are not procedurally obligated to provide copies of their statements to opposition members beforehand.

The Chair can certainly sympathize with the grievance expressed by both Honourable Senator Asselin and Honourable Senator Flynn.

[*Translation*]

At this point, honourable senators, I should like to make a comment on the situation in the House of Commons to which I have just alluded. At the time, I was sitting in the House of Commons; an agreement had been reached by the opposition and the government whereby the opposition would be allowed enough time to read the statement of the minister, after which the house would revert to motions, the opposition having indicated that it was ready to discuss the statement.

Now, that procedure was not followed under the provisions of our Standing Orders but under a grievance the government representatives considered justified at that time.

[*English*]

Since our practice regarding statements by ministers is so varied, there may be a certain "taking advantage" of the opposition by ministers who make statements or give lengthy and detailed answers during Question Period and during the time provided for delayed answers to questions. I can only suggest—and it is only a suggestion and not to be taken as a ruling—that it would be helpful, if lengthy announcements or statements are to be made during Question Period, were copies of such statements to be provided in advance to the Leader of the Opposition. Such action would certainly add to the spirit of courtesy and gentlemanly conduct which so distinguishes our chamber.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know I speak on behalf of all honourable senators when I thank our distinguished Speaker for his wise and balanced ruling in this particular matter. On behalf of the government, I believe his suggestion is a good one and, where feasible and practicable, statements should, of course, be provided to the Leader of the Opposition in advance.

Senator Flynn: Honourable senators, I also thank His Honour for his ruling, and the Leader of the Government for his comments.

• (2015)

QUESTION PERIOD

[*English*]

ENERGY

ALASKA HIGHWAY GAS PIPELINE—EFFECT OF UNITED STATES PRICE DECONTROL ON VIABILITY

Hon. R. James Balfour: Honourable senators, my question is directed to the Minister of State for Economic Development and pertains to the Alaska Highway gas pipeline project. What effect will the decontrol of natural gas prices in the United States have on the viability of the Alaska Highway natural gas pipeline?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, that depends on what other rules and regulations are adopted in the United States. We are really in a position in which we would have to ask what volume of gas would go into the blended price in the United States, and the levels. We know that is a commitment already made by the United States administration, but I would not like to speculate without seeking some advice with respect to the totality of the effect.

Senator Balfour: As a supplementary question, is the minister still convinced that Canada has "iron-clad" guarantees that the pipeline will be built?

Senator Olson: Honourable senators, we have a level of commitment from the new administration that is equal to, or greater than, the commitment from the previous administration.

CANADA-UNITED STATES RELATIONS

NATIONAL ENERGY PROGRAM—FRAMEWORK FOR CONTINUOUS DIALOGUE

Hon. Lowell Murray: Honourable senators, my question is for the Minister of State for Economic Development. It arises out of a statement made during the course of a press confer-

ence in Ottawa on March 11 by the United States Secretary of State Alexander Haig in which he said, with regard to Canada's national energy policy:

> —we are going to establish a framework for continuous dialogue between the United States and Canada, and that was one of the things we discussed this morning and it is in train.

My question is: Will the minister report to the Senate on what exactly is the "framework for continuous dialogue" on the National Energy Program; what departments of the Canadian government are engaged in that dialogue—is it taking place at the cabinet, diplomatic or official level; and what exactly is the purpose of the dialogue?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will answer the last part of the question first. The purpose of the dialogue is to have an understanding on both sides of the border with respect to the proposals and, indeed, with respect to details of the proposals that are made.

As to the framework, my honourable friend is asking for some formal structure that does not now exist, and he is probably reading too much into the statement made by Secretary of State Alexander Haig.

There certainly was a discussion about an exchange of views between ministers here and their counterparts in the United States, so that there could be a better understanding, in the early stages, of a number of matters that are of common interest to both countries.

The honourable senator is asking for a formal structure built on the word "framework." I will ask for a written document to support that, but I do not think it will be a great structure that my honourable friend is looking for.

● (2020)

Senator Murray: I would appreciate having that report in due course.

ENERGY

ALASKA HIGHWAY GAS PIPELINE—EFFECT OF UNITED STATES PRICE DECONTROL ON VIABILITY

Hon. Lowell Murray: Honourable senators, may I ask a question supplementary to that posed a moment ago by our colleague, Senator Balfour?

Will the minister indicate what he meant when he said that the commitment received from the new Reagan administration in the United States might be even greater than that obtained from the previous, Carter administration?

Hon. H. A. Olson (Minister of State for Economic Development): The only question that arises is the point at which, if necessary, an amendment to the rules in the United States respecting equity participation by the producers on the North Slope will be made, and we were given an indication that it would be forthcoming, sponsored, or initiated, if you like, by the administration, if necessary.

FOREIGN AFFAIRS

POLAND—STATEMENT BY SECRETARY GENERAL OF NATO—REQUEST FOR ECONOMIC ASSISTANCE BY AMBASSADOR

Hon. Stanley Haidasz: Honourable senators, I would like to direct a question to the Leader of the Government.

On January 14, in reply to a question of mine on the subject matter of economic assistance to Poland, the leader stated that on January 12 the Polish ambassador had presented a formal request for economic assistance, and that the Canadian government would give prompt and serious attention to this request.

Now that two months have passed since the presentation of that request, I would like to ask the Leader of the Government whether the federal government has made any decision in this regard, and if so, would he give us the date of that decision and the details of the Canadian response?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I want to thank the Honourable Senator Haidasz for providing prior notice of his intention to ask a question on this general subject this evening.

On March 19 the Canadian government's reply to the Polish request for economic assistance, which we had received in January, was conveyed to the Polish ambassador. The response, essentially, had three elements.

First, Canada will provide short term balance of payments relief by agreeing to defer approximately $21 million of repayments due on official credits. This will be accomplished by postponing for five months the equivalent of 70 per cent of the principal amounts due to the Canadian Wheat Board in the period March 15 to June 30. This interim relief is designed to alleviate Poland's immediate repayment burden pending the working out of a longer term arrangement.

Secondly, Canada will continue to participate in the ongoing discussions between Poland and her western creditors to establish means of dealing with Poland's external indebtedness over the longer term. We hope these discussions can be brought to an early and satisfactory conclusion.

Thirdly, Canada will continue to be a major supplier of grain for Poland under the provisions of an agreement which provides for the supply of 1 million to 1.5 million tonnes of grain annually during the period 1980-82. This level of supply meets roughly 20 per cent of Poland's total annual grain import requirements. Canada is continuing to provide Poland with the credits required to finance these grain shipments.

We believe that this contribution, in conjunction with those of other western countries, will assist Poland in coping with its present economic problems and in implementing a viable program for economic recovery.

Senator Haidasz: I have a supplementary question. Would the Leader of the Government inform us whether the Canadian response exhausts the list of requests, and if not, what are the outstanding items? I ask this question because we have learned that in January the Solidarity Union signed an agreement with the Polish health ministry providing for the receipt

from donor countries of drugs which are very much in demand and in short supply in Poland.

Could the minister this evening, or at some later time, inform us whether the matter of shortage of essential drugs was on the list presented to the Canadian government by the Polish ambassador?

Senator Perrault: Honourable senators, I do not have that information, and consequently the question must be taken as notice. The information will be sought.

● (2025)

POLAND—RUSSIAN MILITARY MANOEUVRES (SOYUZ 81)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do have a report with respect to Poland which has been received this afternoon from the Secretary of State for External Affairs. It may be of interest to honourable senators.

Canada and its NATO allies did not receive—I repeat the words "did not receive"—prior notification of the current military exercises in and around Poland, and were not invited to send observers. There is an obligation, under the Helsinki Final Act, to give notice of major military manoeuvres involving more than 25,000 troops. The Warsaw Pact had given such notification in the past, and we can therefore only assume that Soyuz 81 involves less than 25,000 troops. Information we have received supports this assumption. Prior notification of smaller manoeuvres is optional, as is the extension of invitations to observers.

One of the aims of the French proposal for a conference on disarmament in Europe, which Canada supports at the Madrid meeting of the CSCE, is to strengthen and develop confidence-building measures, including the obligation to notify of manoeuvres and to exchange observers.

MR. REEVES HAGGAN—ROLE OF PUBLIC SERVANT IN LONDON

Hon. Lowell Murray: I have one question for the Leader of the Government in the Senate. Will the minister obtain from the appropriate department of government a statement indicating the role in London of Mr. Reeves Haggan, a public servant from Ottawa; how that role relates to his position in the public service here in Ottawa; and whether his role and conduct in London are consistent with his status as a public servant?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

ALBERTA

PROVINCIAL REFERENDUM BILL

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on March 12 by Senator Austin which concerned the Alberta provincial referendum bill.

I am informed that this bill has received first reading in the Alberta legislature. It is expected that, when the legislature returns from its current recess later this month, the legislature will be prorogued and a new session commenced. Of course, in that event, the referendum bill would die on the order paper. I do not know if the Alberta government intends to re-introduce this legislation.

Senator Flynn: Well, how would you know? It is none of your responsibility.

Senator Olson: Unfortunately, the federal government has no further information. Any further comment would only be conjecture. I hope that answer satisfies the Leader of the Opposition.

Senator Flynn: You should satisfy the curiosity of Senator Austin.

INDUSTRY

GOVERNMENT ASSISTANCE TO CHRYSLER CORPORATION—AMENDED AND RESTATED LOAN INSURANCE AGREEMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would also like to respond to a question raised on March 18 by Senator Balfour which concerned government assistance to the Chrysler Corporation.

I am informed by officials of the Department of Finance that the statutory authority requested by the honourable senator is section 172(3) of the Customs Act.

TRANSPORT

EAST COAST SHIPPING—DART CONTAINER LINE AND CP SHIPS

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to respond to a question raised on March 4 by Senator Donahoe which concerned the relocation of the Dart Container Line from Halifax.

I am informed that since the honourable senator raised his question, my colleague, the Minister of Transport, has had an opportunity to meet with Premier Buchanan to discuss the Dart move.

While my colleague did not agree to the premier's request to hold an inquiry into the effect of Canadian National's investment in CAST—that is, the Canadian Atlantic Sea Transport—he did indicate that the Province of Nova Scotia has several opportunities open to it to present its case.

For the honourable senator's information I would like to list the following examples: If freight rates were considered to be a factor in the Dart move, section 23 of the National Transportation Act provides for an appeal to the Canadian Transport Commission. Under section 27 of the act, Canadian Pacific must obtain CTC approval for its proposed investment in Dart Container Line, at which time an objection may be filed and public hearings held. Likewise, if CN were to increase its participation in CAST, CTC approval under section 27 would again be required.

• (2030)

EDUCATION

FEDERAL GRANTS TO POST-SECONDARY INSTITUTIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a good deal of interest in the question of federal support for post-secondary education is being expressed in the nation these days. Honourable Senator Macquarrie asked a question concerning the subject on February 12. The other day I brought a reply to this chamber in response to the senator's question, but my response was incomplete. I now have further information on the subject of established programs financing.

Federal support for post-secondary education is in the form of transfers to the provinces under the established programs financing, or EPF, arrangements. Under the EPF arrangements, which came into effect on April 1, 1977, federal contributions to the provinces for three of the four major shared-cost programs—hospital insurance, Medicare, and post-secondary education—are no longer tied to provincial expenditures on the basis of fifty-fifty cost-sharing formulae. Rather, federal contributions in a base year, 1975-76, are escalated by the nominal rate of growth of the economy. The fourth major federal-provincial shared-cost program, the Canada Assistance Plan, remains on an open-ended, fifty-fifty cost-sharing basis.

Federal contributions under the EPF arrangements are in the form of cash payments and tax transfers. The tax transfer under EPF arrangements consists of 13.5 personal points and 1 corporate income tax point. These are equalized to the national average under the general equalization formula. The cash payments consist of so-called "basic cash" contributions and "transitional adjustments." The "basic cash" portion is calculated by taking 50 per cent of the federal contributions under the three "established" programs in 1975-76 and escalating them by the rate of growth of GNP at market prices. The "basic cash" contributions are intended to provide for stable funding and for continued federal presence. The "transitional adjustments" are equal to the difference, if any, between the value of the tax transfer and the "basic cash" contribution. In other words, the "transitional adjustments" top up the value of the tax transfer to ensure that no province loses as a result of accepting part of the federal contribution in the form of a tax transfer.

Payments to the provinces are made by the program departments. Roughly one-half of the cash payments is allocated to hospital insurance, one-sixth to Medicare and the remaining one-third to post-secondary education.

The current federal-provincial fiscal arrangements period comes to an end on March 31, 1982, and the existing legislation will be reviewed with the provinces prior to that date.

The Minister of Finance, in his budget of October 28, 1980, indicated that in the interest of expenditure restraint the government intended to achieve net savings in the social affairs envelope, beginning in 1982-83. He also indicated that these savings were expected to include reductions in transfers to provinces relating to areas coming under provincial jurisdiction.

This statement has led to a good deal of speculation, expressed in this chamber by the Honourable Senator Macquarrie, about what the federal government intends to do in the course of the forthcoming negotiation of the federal-provincial fiscal arrangements. However, no decision on what form any expenditure cuts will take has yet been made.

Indeed, any such decision prior to the report of the parliamentary task force on the federal-provincial fiscal arrangements would be premature. The task force is to report by June 26 of this year, and the government's position in the forthcoming negotiations with the provinces will take that report into account.

Finally, it should be noted that there is no explicit relationship, under the present arrangements, between the amounts paid to the provinces by the Secretary of State in respect of post-secondary education and the amounts which provincial governments make available to universities. In other words, the post-secondary education component of the EPF arrangements is completely unconditional.

• (2035)

I must apologize, honourable senators, for the length of this statement, but there is a great deal of interest throughout the country in the subject of financial support for post-secondary education. I felt that the Honourable Senator Macquarrie's inquiry of February 12 deserved a complete reply.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from Thursday, March 19, the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. David A. Croll: Honourable senators, the joint chairmen of the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada, Mr. Serge Joyal and Senator Hays, ran a very good show; they seemed to complement each other. The members of the committee took their work seriously, and their devotion, sense of responsibility and understanding were noted across the country. Credit is due to both institutions of Parliament. The participation by members of this chamber in that committee once again proved that there is talent in this house—talent which enables us to succeed in almost any undertaking. While it is not often that we are called upon, the country is noticing and appreciating more and more the work of the Senate.

For me, this is an opportunity, which I welcome, to participate in an historic event. I am not likely to have an opportunity to speak under similar circumstances again. I do not anticipate that by the end of my speech honourable senators on

the other side will be influenced by what I have said, but I am sure they will find my remarks worth listening to.

I do not intend to discuss legalistic matters, for they have been so thoroughly and ably covered that, regardless of the source, the comments are becoming repetitious. I have practised law for 55 years, actively for 50 years. My law school, Osgoode Hall, which is the best law school in the country—

Senator Flynn: Hey!

Senator Croll: —paid very little attention to constitutional law in 1925. As a result, I have very little grounding in constitutional law, and when I am out of my depth I rely on experts. I am no expert on constitutional law, yet I recall an occasion—and it is recorded—40 years ago, after I had been in practice for nine years, when my opinion on the Constitution, to my utter surprise, ended up in the Privy Council, and I won. There and then I decided to quit while I was ahead. I realized that constitutional law was not for me. I devoted myself to other fields.

● (2040)

Constitutional law, as this chamber well knows, is a very specialized field. In my view, there are not a dozen top specialists in the whole of Canada, and half of them are in the Department of Justice. There are five or six in the academic field. Most of them speak very loudly, but do not pay too much attention to what they say. The experts are well known.

I decided, early in my career, that I would leave the matter of the Constitution to the experts, and when a constitutional matter arose in the provincial government I consulted the experts. In the House of Commons, it was Maurice Ollivier and, in the Senate, it was the late Russell Hopkins, recognized as the expert of all experts. Now it is Raymond du Plessis, whom I have not consulted on this matter because I did not think it proper. I am sure he will turn out to be as good as any of the people in the Department of Justice.

The experts in the Department of Justice must be just that because every constitutional lawyer in the employ of the provincial governments is looking over their shoulders. Their record is about 90 per cent correct. You cannot ask for more than that. I accept their opinion that what we are doing is legal.

I first ran into the constitutional question in 1927 when the Old Age Pension enactment was turned down by the Senate of the day on the grounds that we could not afford it, there was no mandate, and it was unconstitutional. I reasoned that they must be wrong, and proceeded on that assumption. It occurred to me that the state's first function was to provide food, shelter and clothing for its citizens. How could it be unconstitutional?

I have now come full circle. I met the problem of unconstitutionality when I began my political career and now, 50 years later, in my twilight days, I meet it once again. I met it coming in and I meet it going out. I shall treat it as I treated my original introduction to it more than 50 years ago.

I was the earliest supporter of a Bill of Rights. As a matter of fact, I used to have a motion respecting it on the order paper—even when my party scoffed at it. Now it is augmented to help the disadvantaged, the disabled, women, those whose ancestors came from other countries and aboriginal peoples. The duality of our country concerning federal institutions and access to education in either language are included in the Bill of Rights.

I can recall no time in our history when we have moved so quickly and firmly to help the disadvantaged. For me, it is social paradise, and damn the torpedoes.

In speaking tonight, I have arrogated to myself the right to speak for other Canadians, and by that I mean naturalized Canadians. I am aware that success has many fathers. I am the only member of this house who, as a naturalized Canadian, has served, for a total of more than 50 years, in all Canadian political institutions, municipal, provincial and federal. I use the term "other Canadians" instead of using the term "naturalized Canadians."

Honourable senators, I have stood in this house for many years, and for many years in the other place, to speak on vital issues, most often on what have come to be called "social issues"—that is, matters of overpowering concern to me as a Liberal, such as a bill of rights, old age assistance, medicare, unemployment insurance, poverty, pensions, immigration, job discrimination and, yes, I even spoke for the Japanese when I came back from the war and found what they had been subjected to. I spoke more than once on their behalf, and I thought I helped their case. I spoke on the citizenship issue 30 years ago and in the flag debate 15 years ago.

My passion for these matters is part of the public record. This is the third speech I have made on an historic act of Parliament and I am not likely to have too many more chances to do so. I was right in my first two speeches, and I am confident I will be in this one.

Today, I stand to speak on yet another social issue, the most important of them all—the future political organization of this country. There has been much misunderstanding of the constitutional question by the public, by the media and even in Parliament itself.

The constitutional question before us is not primarily one of who gets what, or even a question of who has the primary jurisdiction in respect of natural resources; and it is not primarily a question of how the Constitution is amended once it has been brought home. It is obvious that neither the Victoria formula nor the Vancouver consensus could obtain unanimous agreement.

Under the Vancouver consensus an amendment would require the approval of seven provinces with at least half of the national population. Ottawa rejects that because it contains a provision which would allow individual provinces to opt out of certain amendments which directly affect them.

The federal government favours the 1971 Victoria formula which requires a majority of six provinces, so long as the majority includes any province that has or has had 25 per cent of the Canadian population—such as Ontario or Quebec—two of the four Atlantic provinces, and two of the four western provinces representing the majority of the population in the

west. There would be no opting out. In Winnipeg they are now considering the alternatives, and they will certainly choose one or the other which will be acceptable to the government.

Though these are all, of course, enormously important concerns, the real question—the fundamental question—is: What form of government can best provide the conditions of social justice and human dignity which are, or ought to be, the goals of all our other policies? No matter how you approach it, what we are talking about in this resolution is power, money and freedom.

● (2050)

I have lost track of how long this Constitution debate has been going on, and sometimes it seems like forever, but by now we must have heard from every pressure group in Canada, except one. We have heard from the east, the west, the premiers, women, native people, the handicapped, the Anglos, the Francos, the oil companies—you name it and we have heard from it. We have heard from just about every lobby in the country except mine, and that is because the group I refer to, and to which I belong, is not a pressure group and does not have a lobby. Nobody speaks for it which is kind of funny, because it just happens to be the largest group in the country. It has no official spokesman, no slogans, no battle cry. In fact, we have been listening to every interest group trying to protect its own piece of turf, whether political or economic. One almost begins to believe that our group does not exist, because up until now no one has even mentioned it or said very much about it. However, let me assure you that we do exist and that we are now 9 million strong.

We are the 35 per cent of the population who are neither English nor French in origin. We are not one of the founding races, although some of us were here when the nation was founded, but we are everywhere. We are in Parliament, on the bench, in the universities, in industry and on farms. We are in every business. We are drilling for oil, and we are in the *Book of Remembrance* in the Peace Tower. We are a true, silent majority coming from almost every land in the world. Some of us have this advantage—we chose Canada. People who are born in this country sometimes have little to say about it, but there are millions of us who became Canadians because we wanted to become Canadians, and for that reason our feelings about this country are a little different from those of others.

We have been called new Canadians, hyphenated Canadians, and a few other things as well. Some of us in the past have sometimes been treated like second-class citizens, but let me assure you that there is nothing second-class about our devotion to our country.

Some of us have been a bit puzzled by the tone of much of the Constitution debate, not only in Parliament but elsewhere in this country. You see, we believe in freedom. That is why our fathers and mothers came here.

I cannot resist the temptation to read what I said in the Canadian citizenship debate on April 9, 1946:

> We have not come, in the main, from some dark European morass where learning and culture never flowered. It was not ignorance that led us to reject our homes and our friends and the countries of our birth—and out of all lands to which we might have gone, to choose Canada. We, or our fathers, were actuated by those same impulses which, one or two or three centuries earlier, had led the forebears of the hon. members, whether they speak English or French, to make this same venturesome, sometimes desperate, move from an old world to a new, to escape from drudgery without hope of security, hunger of social injustice, religious faith without the freedom to practise it, democratic idealism ruthlessly supressed by the despot . . . So we made our choice, and gambled our lives and those of our families and by and large we won. Not without pain were the deep-grown roots of generations wrenched from the familiar soil; but mercifully soon, we found, new roots were taking hold in new, far more nourishing clay than ever we had known. We settled fairly easily, at least the younger of us did, into the new scene as gradually the old one faded. We became, in our own thinking, Canadians in all but citizenship, and we were eager for that day when that final proof of right and liberty would be added.

We believe in free institutions, freedom to associate together, to worship, freedom before the law. We believe in the whole collection of personal freedoms that are gathered under the umbrella called "civil liberties," and now in the Bill of Rights. I have to say that we—and I am not speaking for myself—have trouble understanding some of the vocal, even violent opposition, to the constitutional package, particularly to the Bill of Rights.

A few weeks ago the entire constitutional text was reported in many newspapers across Canada. It took up a double page in my evening paper. I read it, as did many of my friends and acquaintances with whom I discussed it later. Let me tell you something. There was nothing in that entire text that any of us could seriously take objection to. There may have been a word or phrase here and there that could have been improved upon, but basically the text was good and, more important, it was right.

As I listen to the debate—here and across the country—it strikes me that objections to the constitutional package fall under three main headings. The first is what I call philosophical objections; the second is what I call practical objections; and the third are procedural objections. Let me try to tell you briefly what I mean.

Philosophical objections come from more people who are against having things like those in a Bill of Rights written down. They say, "Look, the beauty of the British system is that nothing is written down—no Bill of Rights, no written Constitution. In England, people's rights are protected by the common law, by the decisions of the great judges over hundreds of years that defined people's rights and protected them against injustice by other people or by the state." "Our rights have historically been protected by the common law," they tell us, "and there is no need to write them down, no need to enact them as part of the Constitution." In fact, they argue that to write them down might be to limit them. "If we write them

down," the argument goes, "the only rights we can be sure of are those that are actually set out in the Bill of Rights. Anything not specifically mentioned would be—or might be—excluded. How could we ever be sure that we had included everything?"

● (2100)

That, it seems, in simplified form, is the argument of the common law people. They turn away in horror from the idea of putting things down neat and tidy in a certified form because, they tell us, rights cannot be certified; they have to be left free and at large to be defined and protected by the common law judges, just as they have been doing it in England since the year 1215. That was the year when the great charter of liberties of England was granted by King John under pressure from his barons at Runnymede.

There is a great deal to be said of Magna Carta that is as valid today as it was 766 years ago—for example, that no freeman should be imprisoned except by the law of the land. But does anyone seriously believe that Magna Carta, even with almost 800 years of interpretation by common law judges, is adequate for Canada in the last quarter of the twentieth century?

One will look in vain to Magna Carta to decide whether the legislature of one Canadian province may validly pass laws prohibiting Canadians from other provinces from taking a job or buying a home within its territory. Surely the need in this country for a new charter of basic human rights scarcely requires to be demonstrated. Nor will it be lost on common law lawyers that Magna Carta itself was a written charter of rights.

Speaking for the silent majority, I think it is fair to say that many of us come from lands where human rights have more often been honoured in the breach than in the observance. It does not shock us at all to have our rights written down. Most of us think it is a good idea. To our way of thinking, rights that are written down are a lot clearer and better than rights that are not written down. It is as simple as that.

The second kind of objection to the constitutional package is called the practical objection. By that I mean opposition to the slightest change in the division of powers between provincial and federal governments. I find it strange that provinces that have been complaining for generations about how imperfect and inadequate the B.N.A. Act is are suddenly sent into a panic at the thought of changing so much as a comma in that suddenly sacred document.

There was a report in the *Globe and Mail* on March 21 dealing with the federal excise tax on natural gas. It reads as follows:

> A federal excise tax on natural gas cannot be levied against gas produced and sold by the Alberta Government, says the Alberta Court of Appeal.

This is the part that is interesting. The whole thing is interesting if you like the decision—which I do not. It continues:

> The court said the tax, as it relates in this particular case, is not a tax on a transaction, or on the movement or consumption of gas.
>
> "It is a tax on a province respecting its property and is prohibited by section 125."
>
> The federal Government argued the tax is legal under trade and commerce powers granted in the BNA Act, but the court said that argument "confuses the raising of the money with the objective of a separate legislative program on which it will be spent."
>
> The court said it would be unwise, "and in this case, unnecessary," to speculate on problems that could occur if provinces nationalized all business within their borders.
>
> In addition, the argument that government activities different from those in vogue when the BNA Act was written remove the immunity "is not in keeping with the tradition of progressive interpretation" of the act.

This is the killer:

> "Governments within Confederation are not to be chained to the past," the court said.

I call to your attention that statement made by the court because of the discussion here wherein statements that were made in the past about the BNA Act were held to be almost untouchable. The provinces think it might lessen their powers by one iota. I have news for them. The original BNA Act was not brought down from the mountain by Moses: it was a document prepared by men who were trying, in their imperfect way, to make a nation out of a bunch of squabbling colonies. When I look around the country today, I do not think the situation has changed all that much in 114 years. The provinces, with some notable exceptions, are still a bunch of squabbling colonies, each one threatening to take its marbles or its oil and "leave home" if anyone tries to change the rules and finally succeeds in making a nation—one and indivisible—out of this federation.

Who knows, it might even come to pass. We have been waiting for 50 years for it to happen, ever since the Statute of Westminster, and it has not happened yet, while even the thought that it might happen seems to scare some of the provinces stiff.

I am not all that impressed, either, with scare stories about how many oil rigs are leaving the country. Any time the oil rigs want to depart, along with their American owners, they should feel free to go. I would feel much easier if I knew that these people had left Calgary.

We Canadians who are neither Anglos nor Francos have different ideas about the future of this country. We believe that Canada's natural resources, whether they lie under the ground or under the waters off our shores, belong to all Canadians. They are not the sole and exclusive property of the province beneath whose soil or under whose coastal waters they happen by the design of Providence to exist. They most assuredly are not the property of the multinational corporations which cannot wait to make as much money out of them

as the OPEC bandits, who are holding the world to ransom, are making out of theirs.

We other Canadians find it indecent that any province which threatens to turn off the oil tap on the rest of the country should say, in effect, "If you will not give us our price for oil, go buy it on the world market at whatever the price." Can you imagine how long any federal administration would last if it adopted that attitude towards the provinces? We, in this country, have a habit of remembering, remembering and remembering.

We hear this from a member of the family sitting at our family table who has $12 billion rotting in the bank. We other Canadians find it unfair and unjust that one province should amass a fund of $12 billion at the expense of the rest of us, and when the rest of us includes three-quarters of a million old women—divorced, widowed and disabled—and half a million old men, all of whom are living below the poverty line. It bothers me and it should bother everyone in the country. We other Canadians believe that this could belong to us—to all of us—and that its benefits should be shared. We other Canadians believe that Canada is a family, where the members help their less fortunate siblings, because that is what families are all about.

● (2110)

The third kind of objection to our constitutional package is what I have called the procedural objection. That comes from the people who do not so much oppose what the government is doing as the way in which it is doing it. That goes back to what I was saying earlier, that there is precious little in the substance of the package that any reasonable person can object to, so they fall back on complaining about the procedure.

That brings to mind a story about the philosopher who once said that all good ideas pass through three stages—ridicule, discussion and adoption. Social ideas, with political amplification, pass through five stages: those who are opposed say, first, it is impossible; secondly, it is unconstitutional; thirdly, it may bankrupt the country; fourthly, it is not a bad idea, but you are going about it the wrong way; and fifthly, well, we were for it all the time, anyway.

We should, they say, bring the dear old B.N.A. Act home just the way it is, without touching it in any way, and then, after patriation, we will be more than happy to sit down in a nice, calm, reasonable way and talk about an amending formula, a Bill of Rights and anything else your heart desires. Well, as they used to say when I was a boy—oh yeah? It was a little rougher than that, but that is what I am saying. There cannot be anyone in the country over the age of 12 who really believes that that will ever happen. Trying to reach agreement with 10 provinces is like trying to nail jelly to the wall. It cannot be done, and anyone who thinks otherwise is dreaming.

The government's constitutional package is fair and reasonable—and in their heart of hearts the provinces know it. But over the past 10 years or so they have become locked into their positions, and now they can't move. It's really the flag debate all over again on a larger scale, and I for one am convinced that once this thing is over and done with, we will not hear much more about it.

In any event, if, following patriation, the provinces do get their act together and agree on changes in the Constitution, it can then be changed; but I venture to make a small prediction that it will be a long, long time before we see any significant movement for further change. Once the shadow boxing is over, I predict that we will hear precious little from the self-interest groups. It will be a brave man indeed, perhaps a foolhardy one, who will stand up and argue that basic rights, which will then be enshrined in the Constitution, should be cancelled.

That really is what is so significant about the proposed Bill of Rights. Just as the provinces have never been able to get together and agree on it, so they will never be able to agree on abolishing it. That will be its greatest safeguard. Once those rights have been spelled out, no politician will ever dare risk the wrath of the electorate by threatening to remove them.

To me, these rights spell social progress. To have the rights enshrined in the Constitution is, for me, social paradise, unbelievable progress, that I did not anticipate in this century. It even leaves me with the hope that in my lifetime I shall see the promised land. Many of us who are legislators must keep in mind that the ultimate aim of law is social justice, and our job must be to insist that whatever laws we are instrumental in enacting serve that end before any other.

Two weeks ago, at the Juno Awards in Toronto, the Prime Minister said that legislators create the conditions in which freedom can flourish. That is true, and it is true also that freedom can flourish only when the excesses of inequality, that continue to plague our society, have been eliminated.

The disadvantaged in our society do not have the luxury of concerning themselves with a constitutional crisis. They must survive the daily crises of poverty, human indignity, lack of hope, and despair for their children's future. The 500,000 old men and the 750,000 old women who live below the poverty line cannot be expected to share our concern for the Constitution—but it is for them that it is being written.

The student with no job prospects; the immigrant who suffers discrimination in the work place, or in trying to obtain decent housing; the native Canadian who feels, justifiably, that he is a second class citizen; the parent whose child has been taken beyond the reach of the law to another province; the handicapped and infirm, the unemployed—none of those can be expected to share our concern for the Constitution. But it is for them—for them more than for any of us—that it is being written. It is for them that we are debating today, not dry legalisms, not empty rearrangements of powers, but, first and foremost, a social document, a charter not merely of rights, which are so important to us, but of national emancipation. That is what, in essence, we are debating today.

In patriating the Constitution, we are taking a giant step toward patriating the national consciousness, the national dream—indeed, our national integrity. In voting for this resolution, we are helping in the long process of freeing this country from the forces, both inside and outside, which have

historically prevented the fulfilment of the best possibilities which we could offer to all segments of society.

• (2120)

It is not possible to dream someone else's dream, honourable senators. That is what we have been trying to do in this country for all too long: we have been dreaming someone else's dream; we have been dreaming it in someone else's bed; and all too often we have watched our dreams become our nightmares. We have not been able to offer our citizens the best that is possible, because we have not owned our resources; we have not been able to moderate the effects of inflation, of technological change, or regional disparity, because our economy has not been entirely within our control. The passage of this resolution will be an unmistakable signal to all that the best interests of Canadians can be served only by Canadians. We can only dream our own dreams when we control our own destiny, and that is also what we are debating today.

To the critics who argue, honourable senators, that unilateral action by this government is a radical alteration of the federal character of this country, let me answer that without such unilateral action we would still be a colony today: we would have no flag; we would still be British citizens; we would have no national social policies. Indeed, honourable senators, we would probably still be a disunited rag-tag of provinces arguing whether or not there should be a confederation.

The argument that the provinces are losing their traditional powers by this resolution is a red herring. They have in fact been deprived of no powers. Not a crumb, not a morsel of provincial powers will be lost, except one: the petty power to stand in the way of national unity.

We have what is already the most highly devolved federal system in the world, and that remains, and the relative balance of powers remains, too. I do not argue with the proposition that it is necessary to have strong provincial governments to represent the diverse regional interests in Canada. The federal system is one of sharing responsibility between federal and provincial legislatures, a wise arrangement by the very wise men who structured our political order, who accommodated themselves to the reality of the Canadian fact that no one government could properly represent the diverse interests of so diverse a country; but it is also true, truer now than ever, honourable senators, that it is essential to have a strong central government to hold together those disparate elements.

On their own, the provinces cannot agree on anything. The seven premiers who got together in Montreal could not even agree on how to disagree. The sum total and end result of their meeting was that Premier Lévesque criticized the government for "British bashing". There's a joke for you, honourable senators: a man determined to bash the entire structure of this country can do no more than accuse the government of "British bashing." It is an empty and hollow joke, honourable senators, and we should be wary of laughing too loudly. It shows us how barren is the provincial position, how little the people of Canada can rely on their provincial leaders to take the necessary action. They are riders on pale horses, honourable senators, tilting at empty windmills, and we cannot allow them to play politics with the future of this country.

For years we have witnessed provincial attempts to use constitutional conferences to hold to ransom the people of Canada to achieve their demands for increased power and increased jurisdiction over the national wealth. It has been said before, honourable senators, and it is very true: you cannot bargain fish for fundamental freedoms, or oil for autonomy, or political power for national dreams. Yet that is what some of the provincial premiers have been doing.

If we wait for the provinces to get their act together, the curtain will never rise. The same empty wrangling will go on for the next 53 years as it has for the last 53. We cannot afford that kind of time, nor can the country.

The central government is the only government which can and must speak on vital issues for all Canadians. After much soul-searching, much consultation and redrafting, after hearing from Canadians right across the country, it is acting now. It is acting to redeem the future from a record of dismal failure.

It is clear to me now—just as it was clear nearly fifty years ago, but now more than ever—that only strong, bold action by the central government can preserve the fabric of this Confederation.

Honourable senators, it is now, and always has been, in the best interests of the multinational corporations, in the best interests of the oil companies, in the best interests of short-sighted provincial governments, in the best interests of all those whose vision of society goes no further than the bottom line on a financial statement, to maintain the dependent and fragmented nature of our economy and our institutions. That is what colonialism is all about, honourable senators, and it is high time that we in this government said: No; no more of this. We will no longer sell our hopes to the absentee profiteers; we will no longer sell our future to the multinational rip-off artists whose vision of society is to be found entirely within the confines of a balance sheet. That is evidenced by the most recent voluminous report made by the Combines Investigation Branch—on which there is bound to be some follow-up.

The only way we can oppose these rapacious forces is by affirming a different vision, a vision which sees Canadian society as more than the sum of its parts, a vision in which the national good has precedence over the regional will. To ensure this, we must insist not only upon constitutional patriation, but on the repatriation of the national economy. The two, honourable senators, go hand in hand. If we remain an economic colony, constitutional independence is just so much paper.

• (2130)

We must make sure that the ownership of this country's resources is in Canadian hands, not in the hands of the robber barons who see Canada as a place to get rich quick and run home with the profits. It is beginning to be understood now that the national energy policy is an important step towards the protection of our economy from the economic colonialists who have done this country so much harm.

The process must continue, honourable senators. Canadianization of our resources must assume the highest priority. This great debate symbolizes a new direction in Canadian national life. There is nothing sinister about being a Canadian nationalist or in arguing that the control of Canadian institutions and resources must be in Canadian hands—and by "Canadian hands," honourable senators, I mean in the hands of all Canadians, to be used for the national good, not to pile up billions of dollars for a heritage fund which benefits only a few.

While Mr. Lougheed calls on the people of Alberta to "bleed" for their province, there are Canadians—in the maritimes, for example—who have in fact been "bleeding" for years. In my view, the maritimes have always given more than they have received from Confederation.

Some Hon. Senators: Hear, hear.

Senator Croll: How generous Mr. Lougheed could have been had he used some of Alberta's Heritage Fund—which now amounts to $12 billion and will, in ten years, amount to $50 billion—to aid the Nova Scotia coal mines by lending $1 million, without interest, in perpetuity. If this were done, I would venture to say that he would hardly miss it. Unlike the American dream, which has always meant power, wealth and freedom, the Canadian dream has meant sharing and freedom.

No member of the Canadian family should be allowed to suffer at the hands of any other. We can no longer tolerate a state of affairs in which there is punishing and dehumanizing poverty in the midst of plenty. The national good must always come before the local good. The people of this country will not tolerate this grotesque aberration of the social order in which some have so much while many have so little. We agreed to share our wealth. That was the promise we made to one another when we agreed to Confederation, as is evidenced by the equalization payments that are made by the government today, small as they may be.

If Canadianization of the Canadian economy still frightens some die-hard continentalists among us, if those left-over doubting Thomases and nervous Nellies believe that when Washington or Imperial Oil sneezes we should take out our handkerchiefs, well, honourable senators, I say that we can no longer afford the luxury of the crocodile tears being shed over the obvious route this country must follow. The oil is ours, honourable senators. The trees, the coal, the uranium, the natural gas, the potash, the asbestos, the nickel, the water—these are the real heritage funds of the future, and they are too important to be left in private hands. This land is our land.

If some run scared at the thought that Canadianization is another way of saying nationalization, well, honourable senators, so be it. Let us stop being afraid of the word. Nationalization has worked well for us in the past in vital areas of the national economy, and that is the road along which, for the good of all of us, we have to proceed. I say that if we could afford it we should buy back the whole works right now—we will only have to pay more later. Our resources, honourable senators, can only increase in value. If we buy them back now, we won't have to pay through the nose, financially and socially, later.

Let the multinationals go. They pay only disrespectful lip service to our laws and very little in the way of taxes. They are more acquainted with the loopholes than with the spirit of the Income Tax Act, not to mention our social needs. We don't need them any more. If we buy our natural resources back now, we can manage, develop and plan every bit as well as they can, and a whole lot better than those corporate panhandlers like Chrysler and Massey-Ferguson can—those economic incompetents who are asking us to keep them afloat in a sea of red ink.

The amending formula that really counts, honourable senators, is the one we will use to amend the resource ownership for the national good. We can no longer be hewers of wood and drawers of water for someone else's industry, someone else's research and development, and someone else's profit.

This is the real job of "bashing" that has to be done—bashing into the heads of multinationals the idea that Canadian resources must be used to benefit Canadians, not head office Chicago or head office London. It should go without saying that it is only the central government which can do this job, because it is only that body which represents the interests of all of us. In voting for this resolution, we are affirming that the central government has that right, that mandate, that responsibility. We would also be affirming what is quite literally the "last act of colonialism." Westminster will send back the Constitution post haste, because it knows that a joint resolution of this Parliament represents the best interests of the Canadian people.

Honourable senators, I have dreamed many dreams for this country in the last 50 years, and at the centre of all of them was the passion that my country would be strong and independent so that it could provide a more just society for all its citizens.

I entered local politics largely as a result of this dream; I went to war because of this dream; and I came to Ottawa, and ultimately to this chamber, in defence of this dream.

● (2140)

I believe as strongly now as I did 45 years ago that it is better to march with the workers than to ride with General Motors. I believe as strongly now as I did then that it is the duty of good government to alleviate the human suffering that arises out of social and economic inequality. I believe now as strongly as I did then that only a dismal and derelict society ignores the needs of the disadvantaged, the old, the sick and the injured.

That dream and those beliefs have given meaning to my life and to my political career; and as I come closer to the end of that career, honourable senators, I don't want to see that dream hazarded by wrongheaded nay-sayers who do not understand the moral imperatives in our society.

And those dreams go back a long way, honourable senators; they are almost as old as this century. I was born a scant 33 years after Confederation, and in many ways I feel myself to

be an almost archetypal Canadian: I was an immigrant, like so many Canadians before and since. My parents chose this country. I know what it means to have an immigrant's view of the human possibilities in a new world, the vision of the future that melts away fears and forges hope. I was aware from a very early age of the ideals that ultimately shape a society's future.

I remember my father taking me to hear Sir Wilfrid Laurier speak in the election campaign of 1909. When the speech was over, my father pointed to Laurier and said, "That's a Liberal." And to my father that wasn't a partisan designation, but the measure of a man's political philosophy. It characterized for him, as it has for me almost ever since, the best human values that a society and political system could embody.

The process of my Canadianization, like that of so many Canadians, was a process of understanding the possibilities offered by political action based on liberal principles. In that sense, honourable senators, I have become Canadianized in the fullest possible way. The Canadian dream served me, and I served it, and thus, in a way, I am a symbol of the pioneer Canadian immigrant—only in my case, I not only benefited from political liberalism; I took an active part in it, and I helped to build up the state to assist those who were less fortunate.

I remember when the first old age pension bill was passed by the House of Commons in the late twenties, and was rejected by the Senate of that day on three grounds: first, that the Senate had no mandate to pass such a bill; second, that there was not enough money to pay for the bill; and, finally, that it was unconstitutional. Well, honourable senators, we didn't reward obstinacy in a bad cause then, and we must not reward it now.

I supported that pension bill and the political ideals that lay behind it, and when I was elected Mayor of Windsor, a city very hard hit by the Depression, those ideals led me to establish a welfare department. And when I went into provincial politics in 1934 and to the cabinet, I followed those ideals to establish a department of welfare.

When I went to war at the age of 40, it was in part because I believed that the ideals of political liberalism at home demanded the defeat of fascism abroad. Indeed, honourable senators, it could be argued that the essence of this country, the very best that has been created here, that which will endure the longest, is a consequence of this kind of political liberalism. This liberal sense of society was behind the Old Age Pension Act of 1927—a first small step, but a vital step. It was the first social measure enacted by the Government of Canada. I participated in its acceptance, and in every social measure since—and there have been many—in which I have participated.

I have been lucky to be in Parliament for so long a time. Because of that, I know that the view of society is behind the commitment that food, shelter and clothing are the fundamental rights of each citizen of this country—a commitment that was given shape and meaning during the Depression. It was behind the decision in 1952 that the Old Age Security Act should be made universal, and that the degrading and humiliating means test should be done away with. Political liberalism lay behind the suggestion made by Prime Minister King in 1919 that there should be a national health plan.

It took us 50 years to fulfil the promise of that suggestion, honourable senators, but in 1959, in this place, we passed one of the best national medicare plans in the entire world. It was the spirit recognized by my father, an immigrant from a repressive regime, who had dreamed of the future, it was the political spirit that he had recognized in Laurier, that made that plan possible. This is what the Bill of Rights is all about. I have told you I have always been a supporter of it. That fact did not help me any in my party, but it was worth it.

Honourable senators, I have been personal witness to this long, slow process of change in Canadian life. I am able to remember when lack of work meant lack of food; when the children of the poor were hungry because they were made to suffer the imagined sins of their fathers. I remember when there were no unions to protect workers' rights; when sickness could mean personal bankruptcy; when the best medical care was reserved for the rich; when accident or illness on the job meant the degradation of relief; when that relief was not enough for more than a bare subsistence.

• (2150)

I remember a time not so very long ago when old age meant poverty for all but the very few; when widows were not provided for; when the disabled were offered neither hope nor protection. I remember, honourable senators, when this was a harsher country by far, a more unfair country by far, and a meaner country by far than it is now—in short, when society was working for the benefit of the few at the expense of the many.

But I have also been witness to the softening of the harshness by slow degrees over the years, so that we now have a much more human and humane place to live than we once had. Most of us are at least able to agree that "poverty is no disgrace to acknowledge, but a real degradation to make no effort to overcome."

Honourable senators, I was privileged to be there at each small step along the way to where we stand now: I held office; I spoke in the debates; I raised my hand to vote; I helped make policy; I served on many committees, and chaired some of them; I served my constituents; I have served my party; and I have served my country. I have been in the front line of the battle for human decency in our society. So the dreams that I am dreaming now are not pipe-dreams: they are founded on a clear understanding of what can be accomplished and of what has been accomplished in this country.

I am a creature of my dreams, and they have led me to this debate, and to the great dream embodied in this resolution. I am here to remind you that the progress we have made has been won by idealism married to practical politics. And I am here to remind you as well that that idealism is rooted deep in the hearts of our people, that in the end it will brook no

opposition, no watering down, no endless delays. I am here to remind you that people whose memories are otherwise very short never forget when those deepest desires are frustrated.

It seems to me that there are two roads before us: we can go back to the moral meanness of the past; or we can continue on the road towards a humane society. The way back is easy, and it has been mapped out for us for years by those retrograde forces who, during all those great debates on the great social issues, said, "No" or "Not yet" or "Too much" or "Too soon." Those same forces are with us again; they are asking us again to follow them backwards by opposing the spirit of political liberalism which has accomplished so much. They would divide and fragment this society so that no useful programs for the national good can be set in place.

The other road is the one to the future. Following it demands that we recognize that what is truly in the national interest is also in the regional interest; while what is in the regional interest is not always in the national interest. Following it demands that we give assent now, in this place, in as loud a voice as we can muster, to the ideal of a nation, of nationhood and of the national goals that are symbolized by this resolution.

In doing so, we are taking possession of this land that has for so long been only partly ours; in doing so, we are giving voice and substance to that idea of nationhood; in doing so, we are registering the claims of millions upon millions of Canadians to a piece of their country's future; in doing so, we are telling our citizens that they will not have their dreams deferred, as they were in the past. In his song, *The Canadian Railroad Trilogy*, Gordon Lightfoot writes:

> Open our hearts and let the life-blood flow,
> We've got to get on our way,
> 'Cause we're moving too slow.

Honourable senators, I've watched this country come a long way in the last 50 years, but for the hundreds of thousands of Canadians whose lives continue to be blighted by inadequate human and social conditions, we are still "moving too slow". This resolution puts us in a position to remedy that tardiness, at least partially.

My pioneering days are almost over, but before my political career comes entirely to a close, I would like to see my dream come true, of a strong and just Canada, independent and united, proud in its diversity rather than strained in its dissention. That would be a confirmation, not only of my dreams but also of the dreams of all Canadians.

Hon. Senators: Hear, hear!

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, March 25, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

THE SENATE

DEFECTIVE SIMULTANEOUS INTERPRETATION SYSTEM IN COMMITTEE ROOM 256-S—QUESTION OF PRIVILEGE

Hon. Fernand-E. Leblanc: Honourable senators, as a result of complaints from me and from other people about the interpretation system in Room 256-S, Mr. F. Belzile, the Director of Committees, sent a memorandum dated March 20, 1981 to the Clerk of the Senate, Mr. Robert Fortier, Q.C., and copies of the memorandum were also sent to the following persons: the Honourable Senator Everett, Mr. Bowie, the Gentleman Usher of the Black Rod, Mr. Dean, the Director of Administration and Personnel, Mr. Cocks, the Clerk of the Committee on National Finance, and Mr. Vosburgh, the Chief of Electronic Services.

With leave, I should like to take the liberty of reading the full text of the memorandum:

[*English*]

To: Mr. Robert Fortier, Q.C.

Clerk of the Senate

From: Director of Committees

Subject: Interpretation System in Room 256-S

It has been brought to my attention that difficulties were encountered with the Sound System in room 256-S during the meeting of the Standing Senate Committee on National Finance, held yesterday, March 19, 1981.

[*Translation*]

I must point out here that on that occasion the principal witness was the Honourable Pierre Bussières, the Minister of State (Finance), who spoke in French only. Even Senator Grosart who was in attendance could not understand the answers because at one time he said: "I think that must be the correct answer, but I did not understand anything".

[*English*]

Since this has happened before and the problem is well known, I will not elaborate on the technical aspect of it. What I would like to emphasize however is the serious situation that it creates.

Simply it means that Honourable Senators, or witnesses, cannot use the language of their choice or if they do, they make it more difficult for other senators to follow a conversation in a language they are less familiar with. No doubt, this constitutes a breach of the privileges of Honourable Senators and the situation has to be corrected with the least possible delay.

The technicians have informed me they cannot do any better with the existing equipment. They conduct a test before each meeting to make sure everything is O.K. but they can give no assurance it will last till the end of a meeting. The equipment is too old and in such a bad state that overhauling it would cost more than buying a new one.

Therefore I would suggest that new equipment be installed in that room immediately.

[*Translation*]

It was signed by F. Belzile, the Director of Committees.

Immediately after my appointment to the Senate, I became a member of the Standing Senate Committee on National Finance and I had the honour to be elected vice-chairman of this committee at the opening of the 32nd Parliament. This committee meets regularly in Room 256-S and my question of privilege concerns neither the members of the committee, nor the staff, nor the interpreters, nor the officials, nor the witnesses, but rather the outmoded, ancient and defective interpretation system. I was informed that this system was installed over 20 years ago, and those in charge of the committee have on several occasions tried to correct its problems.

Since I find it easier to speak in my mother tongue and since I wish to continue to take part in the very interesting sittings of this committee, it is important that, to be effective, I can speak in French rather than in English. In fact, this is a privilege that I wish to keep, especially as the federal government has recognized that it should serve the people in either official language.

Yet, very often, because of this defective system, if I want to be understood not only by the witnesses but also by the honourable members of the committee, I have to use English. This fact is an unacceptable infringement on my privilege to use my own language, and I would ask you, Mr. Speaker, to use your influence and your power as Speaker of the Senate to have those responsible—I have been told that this comes under the Department of Public Works—to take the appropriate action as soon as possible to correct this deficiency and to provide adequate facilities in Room 256-S so that I can work in my own language, as I do in this assembly.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would simply like to tell Senator Leblanc that I believe his question of privilege to be valid. In fact, I think that we have already said at the Committee on Internal Economy, Budgets and Administration that the Senate has

only one room with adequate facilities for the committees, and this is Room 356-S.

I know that the chairman of the Committee on Internal Economy and Administration, Senator Graham, has already discussed this and that the situation is being reviewed, but I agree, Mr. Speaker, that you might confer with Senator Graham, and also with the Leader of the Government, if need be, to determine whether any improvement can be made.

The Hon. the Speaker: Honourable senators, in reply to Senator Leblanc and to the other honourable senators interested in this matter, I would like to say that the Clerk of the Senate has kept me informed of the situation. The honourable senator has called on the Speaker to use his influence to correct the deficiencies which he mentioned.

The true powers of the Speaker in this regard should be analyzed. As you will see, they are very limited. I believe that the Leader of the Opposition was right to mention the Committee on Internal Economy, Budgets and Administration which has the power to act in this regard and to decide on the allocation of funds to correct the deplorable situation which has been described.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Honourable Senator Leblanc has made a very persuasive case, and I know that the Chairman of the Internal Economy Committee and those who serve on that committee will undoubtedly give their usual fair consideration to any such request.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Document entitled "The Role of the United Kingdom in the Amendment of the Canadian Constitution", dated March 1981, issued by the Minister of Justice and Attorney General of Canada.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I suppose that what I have to say is not strictly relevant under Notices of Motions because I do not propose to give notice of a motion. However, I wish to take the opportunity to tell the house, as has been the custom recently, the present plans for our sittings so that honourable senators may make their plans accordingly.

It will be recalled that last week we decided to meet at the usual hours, namely, Tuesday evening, Wednesday afternoon and Thursday afternoon, holding ourselves ready to sit on Friday if the pace of the Constitution debate increases to the point at which extended sittings, in terms of both days and hours, appear to be necessary.

It seems to me that this situation has not arisen, and I have discussed the matter with the honourable Leader of the Opposition accordingly. Therefore, it is suggested that we proceed next week as we have this week, and meet during our usual hours on Tuesday evening, Wednesday afternoon and Thursday afternoon, but holding ourselves ready to meet on Friday, should something take place that makes that appropriate. We would probably sit from 10 a.m. until 1 p.m. on Friday, if such a sitting becomes necessary, although that is not settled.

• (1410)

I tell you this now, honourable senators, so that you can make your plans. At this time tomorrow, unless something dramatic occurs in the meantime, the motion I will put will be one to adjourn until Tuesday, March 31, at 8 o'clock in the evening.

Hon. W. M. Benidickson: Honourable senators, it has been my impression that the agenda for this week has gone rather well, with Tuesday having been utilized as much as possible for committee meetings. No comment was made with respect to Tuesday of next week. Is there a similar plan for next Tuesday? Do we still have a backlog of committee meetings?

Senator Frith: So far as I am aware, senator, there is no backlog of committee meetings, but, as a corollary to what I have already said, I presume that Tuesday will be available as usual for committee meetings.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

MEETING OF PROVINCIAL PREMIERS—TENTATIVE AGREEMENT ON AMENDING FORMULA

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government, and, depending on his answer, I suppose the deputy leader might say that something dramatic has happened which has led to a decision not to sit at other than our usual hours.

It is reported that the representatives of the eight provincial governments opposing the constitutional resolution reached a tentative agreement on an amending formula at their meeting in Winnipeg yesterday. Is the government considering suspending the debate on the resolution in either the other place or this house in order to give the Prime Minister an opportunity of meeting with the provincial premiers to discuss the consensus that may have been arrived at?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is no intention to suspend the debate.

Senator Flynn: Does the leader mean to say that, even if there is the possibility of reaching an understanding or agreement with all of the provincial governments, the federal government has decided that it will not change its stance?

Senator Perrault: Honourable senators, the question, in its present form at least, is hypothetical. It presumes that some

sort of agreement has been achieved. The Leader of the Opposition is alluding to various news reports, but I must remind him that over the past 50 years or so a number of agreements have been reported which never came to fruition. For example, an agreement was reputed to have been achieved in Victoria in the spring of 1971, but that was a spring of doomed hopes, because the premiers ultimately agreed to disagree, one of the major provinces pulling out of the agreement just a few days after that conference had concluded. So, on the basis of the truncated news reports brought to this chamber by the Leader of the Opposition this afternoon, one cannot expect the government to be inspired to respond in a positive way.

• (1415)

Senator Flynn: The Leader of the Government speaks of several years of frustration and of the 1971 meeting at Victoria. However, it seems to me that, if the matter is so urgent, the government has missed many opportunities over the past ten years to take the action it is taking now. I suggest to the Leader of the Government that there be a month's delay to enable all parties concerned to come to a consensus. Such a delay would probably resolve a fairly difficult problem, and avoid division within this country.

Senator Perrault: To be fair to the Leader of the Opposition and to the premiers, if there is an official communication on the way to the Right Honourable the Prime Minister from the premiers, then perhaps we should await official receipt of that communication. Should this event transpire, Senator Flynn's question will be taken as notice.

Senator Flynn: Thank you. I prefer that answer.

ENERGY

NATIONAL ENERGY PROGRAM—ASSESSMENT BY CANADIAN GAS ASSOCIATION

Hon. Guy Charbonneau: Honourable senators, I have a question for the Minister of State for Economic Development. No doubt the minister is aware of the Canadian Gas Association assessment of the National Energy Program. The association has concluded that the program will hinder, rather than help, the natural gas industry to increase its share of the home heating market and, in some instances, will actually reduce the ability of that industry to retain the penetration it has already achieved in the commercial and industrial markets.

In view of the National Energy Program's aim to increase the use of gas as an energy source, would the minister advise us as to whether the government will take the assessment of the Canadian Gas Association into consideration and amend its energy program accordingly?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, if Senator Charbonneau will read the National Energy Program carefully, he will note that the government intends to take a number of steps and, indeed, provide significant funding to encourage the use of natural gas for domestic heating in Canada. The funds are also intended to support projects which provide for more penetration of the existing delivery systems and projects which provide for expansion of both main lines and lateral lines. We believe that this funding will be of major assistance in increasing the use of natural gas, of which we have a large, secure supply in Canada, and that it will help cut back on the use of oil in many places.

Senator Charbonneau: Honourable senators, if the minister feels that he is right in his reply, then I suggest that he write the Canadian Gas Association, because they do not seem to see the government program in the same way.

Senator Olson: Honourable senators, it is often the case that different parties arrive at different conclusions after they have analyzed the same set of facts. If our conclusion is slightly different from the conclusion of the Association of Natural Gas Distributors and Producers, it will not be the first time it has happened. However, I am sure that my friend will agree that there is a very good foundation for our conclusion.

Senator Charbonneau: In other words, big brother knows best.

Senator Olson: No, that is not it.

Hon. Lowell Murray: Honourable senators, with regard to supply, the document to which Senator Charbonneau has referred makes the point that so long as the federal government continues to arrange for large imports of heavy fuel oil, and helps to create a surplus of heavy fuel oil in this country, there will be a disincentive to convert to natural gas. What is the position of the government with regard to that assertion?

Senator Olson: Honourable senators, the answer to that question is very straightforward. The National Energy Program provides for incentives through financial contributions to refineries to change their refining capacity so that it will result in a lower volume of that kind of residual oil being refined. This is probably a wise thing to do, whether or not greater volumes of lower-grade crude oil are coming into Canada, because even our own domestic supply projection would indicate that crude oil with a higher carbon-to-hydrogen ratio than formerly will probably be going into the refining capacity.

• (1420)

Senator Murray: I do not wish to enter into a prolonged argument with the minister about the merits of the case put forward by the Canadian Gas Association. It has made the point that the incentives referred to in the National Energy Program are not sufficiently specific to encourage the kind of conversion the government is talking about.

The exchange between the minister, Senator Charbonneau and myself, again raises the question of whether we will have an opportunity, in a committee of this house, to discuss the National Energy Program. I put a motion on the order paper some time ago in this regard, and I wonder if the government has yet decided whether to refer the National Energy Policy to a committee of this house so that we may have an opportunity

of examining ministers, officials, representatives of the industry, producing provinces, and so on.

Senator Olson: Honourable senators, I would think there is a more positive and expeditious way of dealing with all the matters raised by the honourable senator, and that is for the opposition to assist us to proceed with and dispose of, in a proper way, those motions on the order paper now, in both this house and the other place. We could then get on with the other matters on the order paper that have been put down, and which deal specifically with the matters he has raised. That would be the most helpful and constructive action the opposition in this place could take.

THE SENATE

CLERESTORY OF CHAMBER

Hon. John J. Connolly: May I have the indulgence of the Senate for a moment or two? I look at honourable senators opposite and, with very few exceptions, they are squinting. I believe there is a remedy for that situation, which may get worse before it gets better since we are sitting now during better weather.

A few years ago, a Special Senate Committee on the Clerestory of the Senate Chamber—and that word itself created some problems for Senator Flynn and a few others until the committee got going—made a report concerning the clerestory of this chamber.

I would encourage honourable senators opposite, regardless of party, to have a look at that report with a view to, perhaps, suggesting that an early start be made on implementing the recommendations concerning the clerestory portion of this chamber, which is on the west side.

When one goes to a bull fight one pays a little more money for a seat on the sunny side than for a seat on the shady side but, in this case, perhaps a little money will have to be spent to make the seats on the sunny side more attractive.

Hon. Raymond J. Perrault (Leader of the Government): They need a little enlightenment over there.

HEALTH AND WELFARE

HEALTH OF JAMES BAY CREE INDIANS—GOVERNMENT POLICY

Hon. Nathan Nurgitz: Honourable senators, my question is for the Leader of the Government in the Senate and relates to the serious health situation, which has been reported, facing some Crees in northern Quebec, specifically, the James Bay area. My understanding is that the Minister of National Health and Welfare has declared that, because the government is legally obliged to transfer jurisdiction over several matters to the Cree, and because it is doing so, the issue in hand now is not a health one and not within her jurisdiction.

Would the Leader of the Government please explain to us the policy of the government in this regard, and what it believes its responsibility is to ensure adequate health and sanitary conditions for the Cree?

[Senator Murray.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice since I do not have that information on my desk at the present time. Is there a supplementary?

• (1425)

Senator Nurgitz: Yes, there is. I assumed the Leader of the Government would take that as notice, but I have two other brief questions.

Under the James Bay agreement, a Cree regional authority was established to implement and operate these programs that the minister is talking about transferring. This authority was to receive core funding for its administrative costs from the federal government. Despite two years of negotiations, no monies have been received. Perhaps when the Leader of the Government is seeking an answer to the earlier question, he will attempt to find out when the federal government expects that it will commence its funding in accordance with the commitments made under that agreement.

Lastly, in light of certain specific health problems, there was a report in a magazine dealing with a number of children who died as a result of a tuberculosis incident. My understanding of that situation was that the Minister of Indian Affairs and Northern Development then stepped in and undertook to do some funding. I further understand that those funds have not been received. Can we also get a report with respect to the commitment, of whatever kind it was, from the Minister of Indian Affairs and Northern Development?

Senator Perrault: That supplementary information will be sought at the earliest opportunity.

HON. ANN ELIZABETH BELL

FELICITATIONS ON RETURN TO CHAMBER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I welcome back to the house the Honourable Senator Bell who has been ill and in hospital and is now restored to her usual good health.

Hon. Senators: Hear, hear.

AGRICULTURE

ATLANTIC REGION—PROPOSED VETERINARY COLLEGE

Hon. Heath Macquarrie: Honourable senators, from this sunny side of the house, I would like to direct a question to the Minister of State for the Canadian Wheat Board. It may not be precisely under his purview, but I know of his broad interest in agriculture and his capacity to bring forward full answers.

I refer to the planned establishment of the veterinary college in Charlottetown which will serve the needs of the Atlantic or maritime area and which is an excellent example of governmental co-operation on the provincial and dominion level and, indeed, on regional grouping. Could the minister indicate what the federal contribution is, the planned arrangement for it; and, generally speaking, would he give us a progress report on

how this highly interesting and co-operative venture seems to be going forward insofar as he and his colleagues are concerned?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I think Senator Macquarrie realizes that I do not have that information at my fingertips. I will be pleased to take his question as notice and will do my best to supply the information as requested.

STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

AMENDMENT OF PROVISIONS CONCERNING WIDOWS' PENSIONS

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate. I imagine he will have to take the question as notice. It arises out of evidence we received before the Standing Senate Committee on Health, Welfare and Science having to do with widows' pensions under what was Bill C-40.

As a result of the evidence, it became clear that there is a certain group of widows at the lower end of the scale who would qualify within six and a half years. Statistics show that they will never reach that stage to be able to receive those benefits. There is obviously a requirement for further amendment. Evidently, the government unintentionally made a mistake, as did we all, in accepting the premise of a six-and-a-half years' phasing-in. Even though we are going to hear the Minister of Veterans Affairs in a week, would the Leader of the Government bring the matter to his attention, so that he will be prepared to bring forward evidence to support our claim that the bill should be further amended, because the item is now at crisis proportions and should be dealt with immediately?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that information will certainly be brought to the attention of the minister.

GRAIN

EXPORT SHIPMENTS THROUGH WEST COAST PORTS

Hon. Harry Hays: Honourable senators, I have a question I should like to direct to the Minister of State for the Canadian Wheat Board. Recently there has been great difficulty in the west coast ports because of a lack of vessels to carry grain. Could he tell us what the current situation is relative to this problem?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, unloads of grain at west coast ports in January and February reached 1.64 million tonnes—an all-time record for that period. Unloads for March 2 to 7 were 3,452 cars, but these were down to 2,724 cars last week.

I am informed that the major difficulty is that the Chinese have had unloading problems at their own ports resulting from bad weather. This situation has resulted in shipments against the Chinese contract being behind schedule, but the weather in China has improved and this should help the situation in the future.

• (1430)

I am advised that yesterday five vessels were loading at Vancouver and one at Prince Rupert. An additional four vessels were waiting at Vancouver and are expected to begin loading today. Eight additional vessels are expected to arrive during the remainder of this current week. However, stocks at Vancouver and Prince Rupert are currently at high levels and, with the other factors, accounted for unloads being reduced last week.

I should like to point out that the surge capacity built by the Alberta Wheat Pool and the Saskatchewan Wheat Pool, and the additional capacity following reconstruction of Burrard Terminal by Pioneer at Vancouver, have certainly helped keep the unloads at high levels despite the current shipping difficulties to which I have referred.

Senator Hays: Honourable senators, I have a supplementary question. Does the minister have any figures on the total amount of grain that has been moved through all the ports up to the end of February or the middle of March, as our fiscal year ends on August 31? I should like to know how that relates to shipments over the past three or four years.

Senator Argue: Honourable senators, the figures I have in my hand—

Senator Flynn: Accidentally, of course.

Senator Argue: Well, I accidentally bring them in every day, so I guess I accidentally have them. The figures are from the *Grain Statistics Weekly* dated March 11, and show that to date exports—that is, overseas clearance—amount to 12.7 million tonnes compared with 12.1 million tonnes a year ago; and exports in the last crop year exceeded 23 million tonnes, which was an all-time record for Canada. We may or may not achieve another all-time record. If we do not, it will not be because of lack of sales or of transport facilities, but because of stocks on hand at a reduced level from last year. But to date the exports are exceedingly good, transportation facilities have been increased and are functioning well, and, apart from the difficulty to which I referred earlier, exports have been going along very efficiently.

TRANSPORT

TORONTO INTERNATIONAL AIRPORT—INTERRUPTION OF SERVICE

Hon. Allister Grosart: Honourable senators, I have a question for the Leader of the Opposition relating to what is described as—

Senator Flynn: He has moved to the other side.

Senator Grosart: I mean the Leader of the Government.

An Hon. Senator: It won't be long now.

Senator Grosart: I was confused by Senator Connolly's comment about those of us on this side being on the sunny side. I was going to comment that perhaps if he was inclined to blame the former government for not having done anything about it, it might be because we did not expect to be on the sunny side that long.

My question to the Leader of the Government is in respect of what has been described as a "warning of the likelihood of increased air traffic control delays for travellers using Toronto International Airport." It arises from a statement made by the president of the Canadian Air Traffic Control Association, Mr. W. J. Robertson, who attributes the problem to a now familiar government position, because he describes it as a unilateral and arbitrary decision made by the Department of Transport.

My question is: How serious is the situation; how long is it likely to last; and is Mr. Robertson correct in attributing this to arbitrary and unilateral decisions by a department of government?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not had the opportunity to read Mr. Robertson's statement and, as a result, it is not possible for me to provide an answer at this time. The question will be taken as notice.

ECONOMIC COUNCIL OF CANADA

MEMBERSHIP—REPRESENTATION OF ATLANTIC REGION

Hon. Charles McElman: Honourable senators, my question is for the Minister of State for Economic Development. I have a release from the Prime Minister's Office dated March 17, in which it is announced that four new members have been appointed to the Economic Council of Canada. Of those four, one is from the province of Quebec, two are from the province of Alberta, and one is from the province of Manitoba.

An Hon. Senator: Oh, oh.

Senator McElman: I hope that "Oh, oh" did not come from the Atlantic provinces. I have checked the Annual Review for 1980 of the Economic Council of Canada. With these additions and the deletion of one of the members, who has left the board of the Economic Council, I find that the members are as follows: one for the province of British Columbia, three for the province of Alberta, one for Saskatchewan and one for Manitoba. There are eight for Ontario, four for Quebec, one for New Brunswick, none for Nova Scotia, none for Prince Edward Island and none for Newfoundland. So, on a regional basis, the western region has six, Ontario eight, Quebec four and the Atlantic provinces one.

I would suggest to the minister that representatives of great efficiency in the Atlantic region can be found from the labour organizations; mining industry; fisheries industry—which is one of the great industries of Canada and is getting greater every day; from our forestry industries—we have 10 pulp and paper mills in my province; from agriculture—we provide potatoes for the whole of the nation; and secondary manufacturing.

The board members currently total 19, with the new appointments. There is legislative provision for three full-time members—currently there is only one—and 25 part-time members, for a total of 28.

Would the minister please inquire as to why the Atlantic region is under-represented, and what action will be taken in the near future to correct that under-representation?

Some Hon. Senators: Hear, hear.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the representations that have been made by the honourable senator and refer them to the government—and, in this case, to the Prime Minister's Office.

I believe there is one error in the summation that was made. It was pointed out that there were three from Alberta. There are not three from Alberta, but two. Indeed, Alberta was without representation on the Economic Council for many months. I believe that two were appointed, as has been pointed out, in the last four weeks or so. We are cognizant of the fact that there are a large number of vacancies on that council before it is brought up to the figure of 25, and I recognize, as clearly as the honourable senator, that there are some important industries and sectors in Atlantic Canada that should be represented. Indeed, when I was a member of that council—for approximately four years—I believe there were three or four members from Atlantic Canada.

Senator McElman: Honourable senators, I have a supplementary question. I believe the minister suggested that there were only two from Alberta.

Senator Olson: That is right.

Senator McElman: One member remains from the former group. He is Mr. Ralph G. M. Sultan, from Calgary. The two newly appointed are Mr. Alastair Ross, from Calgary, and Mr. Patrick Shimbashi, also of Alberta.

Senator Olson: Honourable senators, I will take that back. Mr. Sultan must have moved from Montreal to Alberta since he was appointed. He was appointed in Montreal, from the bank.

TRANSPORT

VIA RAIL—REPRESENTATION OF ATLANTIC PROVINCES ON BOARD OF DIRECTORS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wonder if the Leader of the Government, or the Minister of State for Economic Development, has given an answer to the question raised previously by Senator McElman about the appointment of a director for VIA Rail from New Brunswick or the Atlantic provinces.

● (1440)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take the question as notice.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. Azellus Denis: Honourable senators, may I put a question to the Leader of the Government in the Senate? A few weeks ago I asked for information about the profits of Petrofina before it was sold to Petro-Canada, and also about the takes paid yearly by Petrofina.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that information has certainly not been made available to me as yet. Perhaps it has been made available to the Minister of State for Economic Development.

Hon. H. A. Olson (Minister of State for Economic Development): I do not have the information with me, but I think it would be relatively easy to obtain one of the annual reports of the company.

QUEBEC AND MARITIMES PIPE LINES—GOVERNMENT ASSISTANCE

Hon. Richard A. Donahoe: Honourable senators, I have a question that I would like to address to the Minister of State for Economic Development.

I see that Trans Quebec & Maritimes Pipe Lines Inc. has reached a conclusion as to how much assistance it will require in order to construct its line, and that the figure mentioned is $300 million. My question is: Does the federal government intend to give a speedy and affirmative answer to that request?

Hon. H. A. Olson (Minister of State for Economic Development): Well, honourable senators, the senator knows that that application is now before the National Energy Board, and I think, although I am not absolutely sure of this, that the figures and recommendations he has just quoted from TQ and M form part of the submission made by the representatives of that company to the National Energy Board. The honourable senator, I am sure, would certainly not want me to comment on what is before that body, which is judicial in nature, or at least quasi-judicial, at this time.

Senator Donahoe: Honourable senators, I have a supplementary question. The National Energy Program, when it was announced concurrently with the budget, promised $500 million to assist in the construction of gas pipelines on both coasts. The commitment of assistance to the Vancouver Island pipeline now seems in doubt. I see that the minister lifts his head when I say this, as if he were in a state of shock, but my reason for making that statement is that on February 24 last the Leader of the Government in the Senate, Senator Perrault, took notice of questions from Senator Nurgitz and Senator Austin, who asked if the government's commitment stood, regardless of which company was awarded the west coast contract. The Leader of the Government in the Senate promised to bring a statement to the Senate on the question, something that to my knowledge has not yet taken place.

It does seem to me that the delay in answering that rather straightforward question casts some doubt on the quality of the answers that we might expect. If there is any doubt, and perhaps the minister will disabuse me if there is none, I would ask: Is it likewise the case that the government may not honour its commitment on the east coast either?

Senator Olson: Honourable senators, Senator Donahoe is going to be frustrated if he thinks he is going to drag me into a debate in which I ought not to be a participant. He knows very well that no transprovincial pipelines are built in the areas he is talking about—and this includes the one on the west coast which crosses the body of water between Vancouver Island and the mainland—without applications being filed before the National Energy Board, so that that board may hear the submission and the arguments supporting the submission.

The honourable senator also knows what the government's commitment has been because he just read it out, but to draw me or any other minister into a debate dealing with the pros and cons of those applications, as he knows very well, is improper conduct. Therefore I am not going to be dragged into such a discussion.

Senator Donahoe: I have another supplementary. I take issue with the suggestion that my conduct is improper.

Senator Olson: You are asking me to do an improper thing, and I am refusing to do so. It is that simple.

Senator Donahoe: I was really not aware that what I was asking the honourable minister to do was in any sense improper, because unless I am mistaken it is the Trans Quebec & Maritimes Pipe Lines Inc., and no other company, which will build the gas line to the maritimes, if one is built.

On October 29, in this house, the minister said that the government is determined that the line will be built. On October 30 he quoted, in this house, the Minister of Energy, Mines and Resources as saying, in the other place, that in order to proceed rapidly with the construction, and if necessary, a bill will be introduced to achieve that purpose. Now the company appears to have fixed its requirement at $300 million. That is a contribution which I am frank to admit, considered in a certain way, is only of the value of $200 million, but my question was a very simple one, and one that I would have thought the minister would be free to answer. Does the government intend to keep its promise with respect to this pipeline, or not?

Senator Olson: Well, honourable senators, that is not exactly the way the honourable senator put the question a few minutes ago. He was asking me then to comment on certain submissions that had been made to the National Energy Board. For me to do that, in my view, would be improper conduct. One does not comment on those kinds of applications when they are before regulatory bodies.

Furthermore, the honourable senator does not need constantly to ask whether the government is going to keep its promises, because the government always does.

FOREIGN AFFAIRS

POLAND—CRISIS—SAFETY OF CANADIAN NATIONALS

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. In view of the serious situation that is developing in Poland, what has been done to ensure the safety of Canadians in the event that the situation continues to deteriorate?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there are approximately 235 Canadians resident in Poland who are registered with our embassy in Warsaw, about 80 of whom live in the Warsaw area. The remainder live in other widely dispersed locations.

Honourable senators may be interested in the occupational breakdown of our countrymen living in Poland. This is as follows: Canadians and their dependents studying at Polish universities, 85; Canadians who have re-established themselves in Poland on retirement, 70; employees, and a few dependents, of Canadian firms employed on contract work, 40; embassy staff and dependents, 40.

I have been assured by the Secretary of State for External Affairs that should a threat to their safety develop as a consequence of future events, the government will do what it can to assist those who wish to leave to do so.

Hon. Frederick W. Rowe: Honourable senators, the first category was students at Polish universities, and there are 85 of them. I missed the second category, however. Would the Government Leader in the Senate please repeat that?

Senator Perrault: They are Canadians who have re-established themselves in Poland on retirement. In other words, these are people who have retired from the Canadian work force and have opted to return to Poland for their retirement. There are 70 of those.

LAW OF THE SEA CONFERENCE—OBSERVER STATUS FOR SENATORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators will recall that Senator Marshall asked a question on March 17 about possible Senate representation at the Law of the Sea Conference in New York. I had a personal meeting with the Secretary of State for External Affairs, and he has this afternoon asked me to convey to the Senate an invitation to have two senators, one from the opposition and one from the government, present at all of the Law of the Sea meetings in New York between March 19 and the twenty-fourth. The conference is now under way. I hope that we can meet with the Leader of the Opposition at some time soon to establish the name of someone from the opposition who will attend that conference, which is scheduled to meet from March 19 to April 24.

● (1450)

Senator Frith: Oh, April 24.

Senator Perrault: Did I say March 24?

An Hon. Senator: That is quite an invitation *ex post facto.*

[Senator Olson.]

Senator Perrault: We are not asking you to live in the past any more than you are at the present time.

Senator Frith: The sun has not been shining in your eyes that long.

Senator Perrault: The sun will set on the Conservative Party opposite in the chamber later this afternoon.

Senator Flynn: You have always been in the dark!

ST. PIERRE AND MIQUELON—IMPLICATIONS OF 200-MILE LIMIT

Hon. Raymond J. Perrault (Leader of the Government): I have a delayed answer to a question asked by Senator Marshall on March 18 concerning negotiations between Canada and France regarding the islands of St. Pierre and Miquelon.

Information on the negotiations which took place between Canada and France in 1979 remains confidential, since the negotiations are ongoing and the bargaining positions of both sides must be safeguarded.

EL SALVADOR—DISCUSSIONS BETWEEN PRIME MINISTER OF CANADA AND PRESIDENT OF THE UNITED STATES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to the question asked by Senator Asselin on March 18 concerning discussions between Prime Minister Trudeau and President Reagan about El Salvador.

Although the positions of the respective governments were explained during discussions between the Prime Minister and President Reagan, Canada was not specifically asked to undertake any action on the subject by the President.

CANADA-UNITED STATES RELATIONS

EAST COAST FISHERIES AND MARITIME BOUNDARY TREATIES

Hon. Raymond J. Perrault (Leader of the Government): I have a delayed answer to the question asked by Senator Marshall on March 19 concerning scallop stocks and renegotiation with the United States over the East Coast Fisheries and Maritime Boundary Treaties.

The fact that Nova Scotia draggers have already been apprehended for fishing undersized scallops does not necessarily indicate that the catch has mostly been taken. This does, however, point to the urgent need for conservation on both sides.

Because of U.S. efforts in recent years to increase its share, scallops are declining in abundance, and this is showing up in the size of the catch. The standards set are 40 meats per pound, which ensures that scallops on the ground are left to grow to a reasonable size. The scallops referred to amounted to 55 meats per pound.

The U.S. Senate is about to ratify the Boundary Adjudication Treaty which is a pre-condition that the U.S. has set before it will negotiate a fish management plan.

Efforts by the Canadian government, including representations made by the Prime Minister to President Reagan, and representations made by the Secretary of State for External Affairs and the Minister of Fisheries and Oceans to U.S. officials, focussed on the urgent need for a management plan, not only for scallops but for other species as well. We are still awaiting the U.S. response on this matter.

Senator Doody: How many scallops to a pound?

Senator Perrault: Fifty-five per pound.

Senator Doody: Those are of the larger size?

Senator Perrault: Those are of the smaller size.

[*Translation*]

DISTINGUISHED VISITORS IN GALLERY

HIS EXCELLENCY F. P. FULCI, AMBASSADOR OF ITALY, AND MRS. FULCI

The Hon. the Speaker: Honourable senators, I am pleased to bring to your attention the presence in the South Gallery of His Excellency F. P. Fulci, Ambassador of Italy to Canada, and Mrs. Fulci.

Hon. Senators: Hear, hear.

[*English*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

Hon. Orville H. Phillips: Honourable senators, I would like to begin by referring to the kind concern of the Honourable Senator Connolly, who said that the sun was shining on the Conservative benches. I am sure that all honourable senators opposite who wish that they were Conservatives realize that the sun always shines on Conservatives, which is why we are so often right.

Honourable senators who have preceded me in participating in this discussion have referred to the report of the Joint Committee on the Constitution. It is easy for me, honourable senators, to join in the sentiments expressed, and it is indeed a pleasure to extend congratulations to the committee members for their work.

Groups presenting briefs to the committee came from varying regions, cultures and political backgrounds. They clearly demonstrated that Canadians, in spite of our differences, still form a cohesive and free nation under the present Constitution. The committee meetings were extensive, yet the committee failed to justify the need for the new Constitution. One brief would support one viewpoint, and the next day another brief would oppose that viewpoint. The briefs all questioned the future effect of this resolution; they questioned the amendment and its effect on Canada's future. Honourable senators, I think this is a most important point; one worthy of our consideration. There were many briefs presented, but I am not aware of one which supported the entire resolution, and surely that must tell us something.

The only unanimous support for this resolution that I am aware of came from the Liberal and NDP caucuses. The unanimous support from the NDP caucus terminated when the honourable member for Yorkton-Melville decided that he could no longer support Mr. Broadbent's blind allegiance to Prime Minister Trudeau. Honourable senators, there are those occasions in Parliament when someone comes forward and displays a lot of courage. Mr. Nystrom displayed that type of courage in taking his position, and I respect him very much for what he has done. He was placed on that committee because he was his party's expert on the Constitution and on dominion-provincial relations. I suppose I should follow the pattern established by my good friend, Senator Donahoe, and apologize for using the term, "dominion-provincial." That is no longer in vogue. However, I think it is still appropriate. The honourable member listened to the briefs; he considered them seriously; and he made up his own mind. I had the pleasure, when I was substituting as a member, to sit alongside him, and I discussed various problems with him. He came out of that committee with a new viewpoint. He changed his mind, and he had the courage to say so. Honourable senators, that shows one basic fact: Parliament does work, even if it is only on rare occasions. Mr. Nystrom has shown that Parliament does work.

● (1500)

The actions of Mr. Nystrom produced some interesting horsetrading, honourable senators. In the fashion in vogue in professional sports, the NDP demanded compensation from the Grits, whose first proposal was, "We will give you back Senator Argue." But, naturally, his former colleagues, who know him quite well, refused to take him back. After considerable trading back and forth, the Grits offered Senator Steuart as partial payment, and the NDP accepted him as partial payment—mind you, a very small part. They accepted Senator Steuart, but they also demanded the future rights to two Grit senators. I have found it rather interesting, honourable senators, to see various Grit senators manoeuvring themselves into position to be drafted by the NDP. I find it curious also that Stanley Knowles has been looking this chamber over, trying to decide which of the two Grits he will draft into the New Democratic Party.

Honourable senators, I had my secretary draw up a list of the objections that were raised by government supporters when this resolution was introduced last October. That list is most interesting. I do not intend to embarrass anyone here by giving the names of the senators and stating what their objections were. I will simply remind honourable senators that last October certain government supporters did have objections to unilateral action; certain senators did have objections to the provisions having to do with language rights, and how immigrants coming into Quebec would be affected, and so on; and certain government supporters did raise objections with respect to women's rights.

Now those objections have suddenly been forgotten. We now find Grit senators hastening to support the resolution; but in doing so they swallow themselves.

This is the season, honourable senators, for awards like "Emmys" and "Oscars", and for the best performances to date I feel I must nominate the Honourable Senator Steuart and the Honourable Senator Godfrey. They are in a particular class by themselves, and I am sure they will receive the Pepto-Bismal award for indigestion after having swallowed themselves.

It is dangerous to make political predictions. They have a habit of coming back and haunting the person making them. However, I will stick my neck out by saying that Senator Godfrey will soon be joining Senator Steuart in the NDP caucus.

It is not my intention to discuss the strictly legal aspects of the resolution, honourable senators, but rather to discuss the legitimacy or, as the Prime Minister described it, the moral aspect of the procedure being followed by the federal government. The legitimacy, as I think of it, is the demand or the unspoken consensus initiating or preceding any government legislation. In other words, you do not pass a piece of legislation unless there is some general public demand for it. The legality of the procedure should be decided by the Supreme Court. As Senator Nurgitz has stated, the Constitution should receive the same legal consideration as a prostitution case. He was advised that you do not discuss a certain prostitution case because it is before the Supreme Court; yet, honourable senators, we in this chamber discuss the Constitution while it is before the court.

I have often heard the Honourable Senator Frith refer to *Beauchesne*. In fact, on occasion he even pretends to have read it. I would ask the Honourable Senator Frith to have a look at page 118 and page 119 of the Fifth Edition of *Beauchesne*, section 338, subsection (4).

Hon. Royce Frith (Deputy Leader of the Government): I would not want to spoil your allegation by reading it, because then I would be able to say I had actually read it.

Senator Phillips: I think it would do you good, Senator Frith, to read something, and in particular *Beauchesne*, since you often quote it to us on this side.

Senator Frith: If you think it will do me good, doctor, I will read it.

Senator Phillips: Good. Section 338(4) reads as follows:

> The reference of a bill to the Supreme Court of Canada withdraws that bill temporarily from the jurisdiction of Parliament. If the constitutional situation of human rights is submitted to the Supreme Court, it thereby becomes sub-judice and cannot be considered by a committee of the House until the Court has given its decision. The question cannot be before two public bodies at the same time.

[Senator Phillips.]

• (1510)

I recall several Grits saying that this resolution deals with human rights. I ask the Honourable Senator Frith to take a close look at section 338(4) of *Beauchesne*.

It is my hope that the Supreme Court will be given the opportunity to deal with the legal aspects of this resolution before it is sent to Westminster. What would happen if this resolution was passed and sent to Westminster before the Supreme Court had an opportunity to hear the case and render its decision? Would the Supreme Court be allowed to continue its hearings after the British Parliament had voted on the resolution? Will Canadians be denied their right of appeal to our Supreme Court?

It is even more interesting, honourable senators, if we ask the basic question: What would happen if this matter were referred to the British Parliament, passed by that institution, and the Supreme Court of Canada subsequently said that it was unconstitutional? Surely honourable senators will consider this scenario before they decide to vote in favour of the resolution.

Earlier I mentioned the unspoken consensus that should initiate legislation. I ask honourable senators to bear with me while I look for that unspoken consensus. It will be very hard to find a consensus for the proposals contained in the resolution which is to be sent to the British Parliament. Such a consensus does not exist among the provinces because eight out of the ten provinces oppose the resolution and the other two provinces, Ontario and New Brunswick, have given only qualified support to the resolution and, in fact, have some very severe reservations. The Gallup polls are also another source of consensus. Such polls are a favourite of politicians. But the government will not find support in the Gallup polls because they show that two out of every three Canadians oppose the resolution and that only 22 per cent, or one out of every four Canadians, support the government's action.

In an attempt to be fair, I suggest that another place to look for consensus is among the provincial Liberal parties, but there is very little support there as well. In fact, the largest provincial Liberal Party in Canada, the Quebec Liberal Party, opposes the resolution. Indeed, Mr. Ryan, the leader of the Quebec Liberal Party, says that if he is elected on April 13 he intends to pick up the telephone and say, "Hey, boss, back to the bargaining table." I presume that the Liberal Party of Canada anticipates that Mr. Ryan will be elected. If that is the case, it would be logical that the government put this resolution in abeyance until after Mr. Ryan has made his telephone call to Prime Minister Trudeau.

Perhaps it is more than coincidence that the government is now imposing closure to terminate the debate on this subject. Is it possible the government wants to get the debate over with before April 13 simply because Mr. Ryan may win and could cause some embarrassment to the federal government if it had to deal with him as the Premier of Quebec? I believe that that is the reason for the government's imposition of closure on the debate on the resolution.

The thought has just occurred to me that we are the only free nation in the world which intends to develop a constitution through closure. It is not something of which we should be proud.

Let us go beyond the legislatures and parliaments in our search for support. Naturally, I do not expect to find such support among Conservatives, but I would like to take a look at the prominent Liberals of our time. There is the Honourable Jack Pickersgill, a prominent Newfoundland Liberal who, I believe, was referred to as the "grey eminence" of the Liberal Party. He is opposed to the constitutional procedure. There is also Mr. Gordon Robertson, who was a long-time constitutional adviser to the present Prime Minister before he was dropped, and he opposes the government's plan. I can also think of the Honourable John Turner, who is known and respected by a good many people in this chamber. He opposes the resolution.

● (1520)

Honourable senators, where is the support for this resolution? The only support I can find is from the Liberal caucus, and even that support is not wholehearted. We have heard a variety of excuses, honourable senators, for supporting the resolution; they are excuses, they are not reasons. Surely we should have reasons for supporting the resolution and not political excuses. Instead, honourable senators, we are told that Canada must have a strong central government. I suppose that has a certain public appeal, but a strong federal government has to have a function and should be dealing with the problems facing the country today.

Senator Fournier has stated that we should be dealing with the urgent problems such as high interest rates and inflation—rampant inflation at 12.2 per cent.

The federal government says that the provinces are too strong. A very simple test of the strength of the governments is to examine their spending power. Let us have a look at the amount spent by each of the three levels of government as related to GNP which passed through government coffers. The federal government, in 1980, spent about 42 per cent and, strangely enough, that was an increase over 1979 of 1.5 per cent; the provinces spent 30 per cent; and the municipalities spent 21 per cent. Those figures belie the argument that the provinces are too powerful.

The federal government's approach to the Constitution is based not on the past performance of a parliamentary system and on the development of our country, but, rather, it is based on a vague concept of a modern Canada. Who can forget Mr. Chrétien's plaintive, petulant cry, "I want a modern Canada"? It is very effective on television, honourable senators, to say, "I want a modern Canada," but what does the concept of a modern Canada imply?

Throughout the world there are a number of modern democracies which are vastly different from our concept of democracy, a concept that has worked extremely well in this country. Recent news broadcasts have shown that the Soviet praesidium, or parliament, meets whenever it is convenient for the Communist leaders. The delegates of that Parliament have said, "We do not need any debate; we do not need any consideration; the leaders already know what is best for the people. Therefore, there is no opposition." Is that the type of modern Canada you want, honourable senators? Is that what is meant by a "modern" Canada?

Canada was founded on the compact theory of Confederation. The provinces created a federal government to assume certain joint responsibilities such as the Post Office and defence. I will resist the temptation to comment on how effective the federal government has been in those two fields, except to say that they will both be crown corporations within five to ten years. The provinces retained the responsibility for the needs of the people in the regions, and they were considered equals, regardless of the size of the province. This concept has suddenly changed.

I would point out how this concept has changed. In 1921, Sir Robert Borden stated:

> Confederation was enacted by the Parliament of the United Kingdom. Necessary amendments have been effected by subsequent acts, passed by the Parliament upon joint resolution of the Senate and the House of Commons and no such amendments have been refused. Doubtless, the Canadian Parliament would hesitate to pass any such resolution if its effects would be properly regarded as a violation of the original contract between the provinces. In any such case it would be proper and, indeed, necessary to obtain the consent of every province affected by the proposed amendment.

In the interval since 1921, there has been a complete reversal of the attitude of the federal government. For some strange reason, this present government has a mandate for change. Why? It says, "We have a majority in Parliament." Honourable senators, a majority in Parliament is not a new situation. Sir Robert Borden had a majority in Parliament. The Right Honourable William Lyon Mackenzie King had a majority in Parliament, and he did not use it to ride roughshod over the provinces. The Right Honourable Louis St. Laurent had a majority, a majority that was based, largely, on his Quebec support, and he co-operated with the provinces. The Right Honourable John Diefenbaker had the biggest majority of any Canadian Prime Minister. He met with the provinces and attempted to overcome the differences and, indeed, succeeded in overcoming a good many of the problems, including several of the problems facing Quebec at that time.

● (1530)

The change in the Liberal philosophy appears to have originated with the present Prime Minister. I would ask my Liberal colleagues in this chamber: Have you had the opportunity at a Liberal meeting to review and consider this anti-provincial stance that your party has taken, or do you get that opportunity in a modern Canada? Today a small parliamentary majority—it is a small one—has been used as an excuse for ignoring and even belittling the provinces and the two out of three Canadians who oppose the constitutional proposals.

One hundred and forty-four Grits in the House of Commons, and somewhere in the vicinity of 60 Grits in this chamber, are riding roughshod over the wishes of about 15 million Canadians. Is this the type of modern Canada that you really want? The present resolution is only the first step in the constitutional proposals. I ask honourable senators to recall what the Minister of Justice said on October 6 when he introduced the resolution in the other place. He said: "We have the ball; we will run with it." He went on to say:

> The second stage of constitutional reform will deal with division of powers and with the updating—

And I use his term "updating".

> —of our political institutions.

If I may, honourable senators, I would ask you to bear with me while I take a moment to go through some of his comments in a speech on February 17. On that occasion the honourable minister asked:

> Why do we need in Canada an amending formula that has some flexibility? The answer is very simple, that what we are doing today is the start of the process, not the end.

I ask you: Who created the impression that this resolution is our Constitution? Honourable senators, it is not. It is a very dangerous basis of federal control for the division of powers in changing our political institutions. Need we ask why the provinces oppose the present resolution? They will be helpless to oppose the imminent re-division of powers that is already on the drawing board. If anyone has any doubts that future unilateral action is being planned, I will read to you from page 7377 of the House of Commons *Hansard*. Mr. Chrétien says:

> Much reform has to be undertaken in Canada in future in terms of constitutional powers. For example, take the upper chamber, the Senate . . . some agreement will have to be reached on it.

I notice a few smirks on the faces of some senators opposite who seem to think that removal of the original section 44 has safeguarded them. May I remind you, honourable senators, that both the Minister of Justice and the Prime Minister are still committed to your early demise?

On that same occasion the Minister of Justice went on to state:

> We will have to constitutionalize the Supreme Court, that will have to be done some day.

Honourable senators, what does the Minister of Justice mean by constitutionalizing the Supreme Court? Is it to be expanded and packed with government supporters, or, as has been suggested in some quarters, is it to have a special section dealing with constitutional matters?

This would be an appropriate time to remind honourable senators that recently the Chief Justice of the Supreme Court of Canada mentioned his views. He emphatically pointed out that the Supreme Court serves all Canadians, not just the federal government. Obviously, the Minister of Justice does not think very much of the Supreme Court as it is presently constituted and presently performing. I hope that most honourable senators do not share that view.

Honourable senators, I want to point out to you that once the Senate has been removed, the Supreme Court has been constitutionalized, or, in effect, made a government institution, what will stop this government from dealing with the Constitution in the future? There is no check once these two institutions are removed.

Very shortly we are going to have to vote on this resolution. If you do not remember anything else in my wandering remarks today, I would ask you to bear in mind this as being worthy of your consideration: Once the two checks—the Senate and the Supreme Court—are removed, what is going to stop those constitutional bandits in their future plans?

I am sorry I am going on as long as the previous speaker, but I will attempt to shorten my remarks.

Honourable senators, I cannot leave my notes without referring to the real clincher in Mr. Chrétien's remarks where he said:

> The re-examination of the division of powers in Canada will have to be tackled. Some powers could be delegated to the provinces—

I point out to you that he says "delegated"; in other words, the federal government is deciding what they will give away. And then he says:

> —and, in the best interests of Canada, some powers could be transferred to the national government.

Honourable senators, what powers does Mr. Chrétien plan to transfer from the provinces to the federal government? What responsibility is going to be removed from the Province of New Brunswick? What function will be taken over by the federal government?

The question that we should have uppermost in our minds is: *Quo vadis*?—Where are we going from here? What happens when this resolution is passed? What type of country will we have in five to ten years?

Let us consider the provincial status. Will we still have 10 provinces? Will the provinces still have the same responsibilities and significance, or will the premiers be considered as puppets of the Prime Minister, and the legislatures as subsidiaries of the federal government?

Mr. Chrétien also stated:

> It is very important also that we strengthen our economic union in Canada.

I am not going to elaborate on that except to say that means one thing, and that is more economic power to the federal government.

● (1540)

Government supporters say that we are going to have federal-provincial conferences or first ministers' conferences. That supposedly is a generous feature on behalf of the federal government. They don't have to do it because if they ring the bells the Liberal majority will vote in favour of them at any time.

I looked about for a situation that would be comparable to a premier coming into a conference. It would be similar to a bank manager calling a client, who has borrowed money on a demand note, and saying, "I want repayment"—and the client doesn't have the money. All the high cards will be held by the federal government, and it will use them.

Equalization payments will be directly tied to the powers the provinces are willing to yield. If honourable senators have any doubt about that fact, I would refer them to the present negotiations for health care grants and university grants. The provinces say that both are being reduced. Look now and in the future for equalization grants to be tied to the yielding of provincial powers.

The oil rich provinces may be able to protect us for a while, but only for a while, until the federal government has complete control of the oil and gas revenues.

Honourable senators, it doesn't matter whether the oil and gas are under the Rockies, the prairies or off the Atlantic coast; the mark of Marc is already on those revenues.

Then, when the first ministers' conference has failed, we will have a referendum. I would point out that a referendum is a very one-sided situation. I will attempt to abbreviate my notes by saying that the Honourable John Turner has stated that a referendum is foreign to our system: it undermines Parliament; it undermines the legislatures; and it is foreign to the compact theory of Confederation.

The federal government, in an effort to persuade the public that a referendum is all right, states that the 10 provinces can appoint one individual to the referendum commission. Do honourable senators honestly expect western Canada to accept someone from the Atlantic provinces? Do they honestly expect Ontario to accept someone from Quebec, or vice versa? Naturally, the provinces would like to be represented individually or even regionally. I would remind honourable senators that we saw evidence of that in this chamber when the joint committee was being established. All of us, representing our various regions, wanted to see our region represented on the joint committee. The same situation will apply with respect to a referendum.

A friend of mine who is a distinguished lawyer in this city, and also Dr. Ruth Gorman of Calgary, whose articles I am sure all honourable senators have read, have expressed concern about the due process of law being omitted from the charter. I will not presume to lecture my distinguished legal colleagues in this chamber, but I would point out that the due process of law was established in Magna Carta; the legal precedents are established, and I believe that at times even a layman understands it. We now find that a new system and new precedents will have to be established. I would like to hear from my distinguished legal colleagues in this chamber on that very point.

The Charter of Rights has received more criticism than most sections of the resolution. The charter provides for the freedom of conscience in religion, but for some unexplained reason it does not mention property rights.

When we are establishing a Constitution, we should anticipate situations that might arise. I would ask honourable senators: What would happen if someone said, "My religion says that I am entitled to own property."? Perhaps the basic reason why the government does not want to put property rights in is the fact that it realizes that Canadians can no longer afford to own their own homes. In most cases the two partners in a marriage must work in order to pay interest rates of 15 and 16 per cent, and monthly interest payments of $1,000.

After having spent a lifetime in the struggle to pay for a home, are we then going to turn around and tell those people, "Fine. You have done well, but you haven't got the right to own your own home."? Millions of Canadians came to our shores because they wanted to own their own home, their own farm, their own business. Will the information that we hand out to possible immigrants in the future say, "You don't have property rights in Canada."? I would like to expand a little more on that, honourable senators, but I realize that I have already taken considerable time. Therefore, I will shorten my remarks in that regard.

Honourable senators, we in this chamber often become annoyed with the House of Commons telling us to pass legislation. In fact, I have often heard Senator Bosa say that we have no right to refuse to pass legislation. It is a rather strange philosophy. But the present government has gone one step further—

Hon. Peter Bosa: Would the honourable senator permit a question? Since he mentioned my name, would he elaborate on what I am supposed to have said?

• (1550)

Senator Phillips: I would be delighted to spend some time with the honourable senator and point out to him the numerous occasions on which he has said the very thing that I have referred to. If he does not mind, in view of the fact that I have had the floor for approximately 40 minutes, although I started out with the intention of taking only 20, I would like to ask the honourable senator to allow me to see him later on this matter.

We in this chamber often complain that we are told to pass something. The present government has gone one step further than that, and has said to the Mother of Parliaments, "You pass this resolution—or else!" Honourable senators, I have a booklet here which I am sure you have all received, entitled, "The Role of the United Kingdom in the Amendment of the Canadian Constitution." It seems that the British Parliament is getting the same instructions as we so often get.

When the Statute of Westminster was passed, the Canadian provinces requested the British Parliament to retain the right to approve amendments. The British Parliament did not insist on it, if my memory serves me correctly. It was, rather, the Provinces of Ontario and British Columbia who at that time were the leading lights in the argument. Now we are telling the British Parliament to ignore the provinces, to forget their moral obligation to hear and consider the arguments of the

provinces. It is my view, honourable senators, that the British Parliament should hear the provinces.

Honourable senators, you will be pleased to know that I am about to close my remarks, but I cannot do that without making a few references to quotes. On Monday the Prime Minister quoted a number of distinguished Canadians—Conservatives—and I think it would be only fair if I were to put on the record a few quotations from a mediocre Canadian, one who professes to be a Liberal, and one who has complained that he has been in a straitjacket for 54 years.

I ask honourable senators to have a look at the House of Commons *Hansard* for January 26, 1970. There we find this Canadian saying:

> I, personally, went on record as saying that of all the urgent problems facing Canada, in my view the constitution had lowest priority.

For some reason, that Canadian became Prime Minister of Canada, and in 1971 Peter Ward, on interviewing the same right honourable gentleman, quoted him as saying:

> "Constitutional reform is something Canada can live without, a fact demonstrated by all the premiers after a series of conferences," said Trudeau. He reminded Toronto newsmen that in 1967, at the Confederation of Tomorrow Conference, he had opposed tackling constitutional reform.

Obviously he did not find the straitjacket too confining a mere 10 years ago.

Later on, honourable senators, we find in House of Commons *Hansard* for April 9, 1976, the present Prime Minister stating:

> It is for these reasons that I have raised the possibility that Parliament might seek to have "patriation" accomplished without provincial consent if that consent seems impossible to achieve. Clearly it would be a last resort, and clearly it should not be on a basis that could affect the distribution of powers or the position of the provinces. It must not provide any means by which Parliament could act unilaterally in future in any area where it cannot do so today, since that would erode the essence of our federal system.

Honourable senators, this resolution not only erodes our system; it endangers the country. When the bells ring for the final vote I ask you to remember that.

Thank you for your indulgence.

● (1600)

[*Translation*]

Hon. Pietro Rizzuto: Honourable senators, allow me to draw your attention to the presence in the gallery of the Italian ambassador to Canada, His Excellency Paolo Fulci, accompanied by his lovely wife, and by his assistant, Dr. Antonio Venturella and his wife.

Mi fà piacere vederle ascoltare il mio discorso.

As I said in Italian, "I am glad to see you came to hear my speech."

[Senator Phillips.]

Honourable senators, first of all I want to commend the members of the joint committee, our colleagues the senators as well as the members from the House of Commons. I also want to express my appreciation for the outstanding work of the two joint-chairmen, Honourable Senator Hays and the honourable member for Hochelaga-Maisonneuve, Mr. Serge Joyal, who surely did not have an easy task during their term of office.

I thank the Honourable Jean Chrétien for having made amendments to the resolution, particularly to Section 23, which was of special concern to me, as I told you on October 27 last.

As you know, I am one of those who were strongly opposed to the carrying of section 23 as initially set forth in the constitutional package. I therefore put forward an amendment, not without toil and sweat, the essence of which was retained in the form of an amendment by our government.

Moreover, I have been pleasantly surprised by recent rumors which were eventually confirmed that the Quebec Liberal Party had also changed its position on the language rights, as set out in its Beige Book.

At its general assembly two weeks ago, the Quebec Liberal Party agreed to what has been called the "Canada clause". It includes the first paragraph of the proposal I made last October 27. The mother tongue will no longer be the only criterion, but school attendance of the parents will also be considered. This proves that the Quebec Liberal Party has understood that using only the criterion of the mother tongue would have created discrimination against a large part of the Quebec population and that it would have caused substantial implementation problems.

In spite of all the amendments which have been made, several of our colleagues have expressed some reserve in their speeches and some of them have even opposed the resolution. As for me, after listening very carefully to many speeches and following very closely the reactions of provincial leaders and experts, I still have certain concerns.

In my speech of October 12, 1978, I said in this assembly, and I still maintain today, that to obtain positive results we would have to rely on the goodwill of all our political leaders.

So, I would like to tell you about the actions of several premiers who have constantly opposed the resolution from the very beginning.

If only their efforts and their energies had been harnessed for something positive, I firmly believe that they could have suggested an alternative on behalf of all Canadians. However, as each only wants to defend his own interests, they cannot reach a consensus, and it seems impossible for them to relate to Canadians as a nation.

When the federal government wants a province to share its wealth, such as the oil resources of the western provinces, with the rest of Canada, Ontario agrees wholeheartedly. However, if the federal government asks Ontario to protect the rights of its Francophone minority, Ontario unfortunately turns a deaf ear to this suggestion and if too hard-pressed would rather withdraw its support of the federal proposal.

Quebec will not be bound to protect its Anglophone minority, especially since little concern is shown in Ontario for the Francophone minority.

Yet, it would be up to Ontario to lead the way and show the other provinces that it is not only willing to benefit from the rest of Canada, but that it can make sacrifices to meet and especially respect the needs of all Canadians.

I hope the Ontario government will realize the importance of implementing section 133 and that our Ontario colleagues both in the Senate and the House of Commons will make a point of reminding the Government and the people of Ontario that they should also respect their minorities and, at the same time, the minorities within the Canadian entity.

I realize that it is much more rewarding when we return to our respective regions to be perceived as bearers of good tidings, for instance to announce to our western farmers that the government will pay the difference in the prices of wheat, or to our western cattlemen that it will use the Customs Tariff to protect them, or to our Ontario industrialists that it will not dare raise the price of oil to the world level. Yet, the people of western Canada should also be told that they must learn to share their oil resources with the rest of Canada, just as the people of Ontario should be told that they must learn to protect their Francophone minority and thus show that they appreciate what the people of Quebec have always done to protect their Anglophone minority.

Let it be known that it is not easy for us, as Quebec members of the Senate and the House of Commons, to support this resolution which involves the protection of the English-speaking minority within Quebec. We are being attacked from all quarters, and these include a good section of the population, the Quebec government and the French-language media. Yet, we do not shy away from supporting the resolution and we do recognize that it is necessary if not essential, under the present circumstances in Canada, to make sure that our minorities are protected and our wealth is shared, in the best interests of all our fellow-Canadians.

I do not say this because I do not trust our provincial governments, but because I know what political egotism is, and I submit that if we do not entrench in our Constitution certain basic rights, there will always be governments which will be tempted, to gain votes, to favour their majorities at the expense of their minorities.

It is said in several quarters that we should go back to the bargaining table, but I suggest that it would be pointless because we probably would not reach any consensus. I am thus lead to believe that we do not have the slightest indication that we should think there has been a change of attitude on the part of the provinces since the last federal-provincial conference held last summer.

I very well understand the concerns of some of my colleagues, such as my honourable friends, Senators Deschatelets and Thompson who want a negotiated consensus before going to London, and I share their belief that this would be an ideal solution. However, in view of the lack of such a consensus for all the reasons that I have stated earlier, I am convinced that between the "no action" position of some and the determination of the others to patriate the Constitution, it is obviously more logical to go along with the view of the federal government, namely, to go ahead, subject to correcting whatever shortcomings could show up in the future.

This government has shown flexibility and a great deal of goodwill by adopting several of the amendments suggested by the positive elements of the Canadian people who have agreed to contribute in the drafting of the resolution. All these things being considered, I think, honourable senators, that the federal government deserves our support so that the process of patriation may go on, in the sole interest of the Canadian people without any partisan bias.

It will be the last time that we have to turn to the British Parliament in order to get approval for what our own Parliament is going to decide. And even if some people would like us to believe that it is the British government who will decide for us, I still disagree. The only thing that Westminster will have to do will be to approve our resolution and return our Constitution to us so that our country may then become fully independent.

Since October I have been staging meetings with various groups and segments of our society. I see that Senator Flynn does not seem to agree. He seems to find it funny.

Senator Flynn: Go on, my friend.

Senator Rizzuto: The discussions dealt with the Constitution. After the discussions, the vast majority of the participants were showing their impatience and asking: "When will we see an end to all this? Will the Constitution be patriated soon?"

I was reminded of the typical Quebec saying: "When is the baby due?", when one of our colleagues from the other side told us last week that instead of a natural birth, we would have a Caesarean. I agree, and I prefer a Caesarean to the risk of endangering the lives of both mother and child. There are hundreds of thousands of mothers who have had Caesareans and who are now enjoying very good health.

One of the concerns that prompted me to accept my appointment to the Upper Chamber, namely the protection of minorities of all kinds in Canada, has always meant a lot to me. Moreover, I believe it should be one of the priorities of this chamber. And I suggest that the enshrining of the Charter of Rights and Freedoms is an additional guarantee that minority rights will be respected.

Honourable senators, I am no specialist in constitutional law, as some senators are, nevertheless, I shall try to contribute to this thorny debate by relying on logic and drawing inspiration from the yearnings, needs and interests of all Canadians.

● (1610)

[*English*]

Hon. Guy Williams: Honourable senators, it is with much pride, as a first citizen of this great Indian hunting ground known as Canada, that I rise in my place today to participate

in this historic debate respecting the new Canadian Constitution package which is presently before the chamber for final decision and/or passage. In common with those honourable members of the Senate who have preceded me in this deliberation, I support patriation of the Constitution. Patriation, with or without the entrenchment of the Charter of Rights and Freedoms, is the least of my concerns, however, because I have every faith that the procedures of the Mother Parliament in England will be followed conclusively to the satisfaction of the Governments of the United Kingdom and Canada and particularly to the satisfaction of the people of this country.

What I am concerned with, honourable senators, is the complete lack of clarity in the section of the resolution dealing with the aboriginal rights of the native Indians of Canada, whether they be treaty or non-treaty status Indians.

Not too long ago we witnessed on television, and read about in the daily papers, the rejoicing of certain Indian leaders and delegates of certain national and provincial Indian organizations following the announcement by the Special Joint Committee on the Constitution, on which I had the honour and privilege to sit as a member for five days, that the committee would amend the resolution so that it would in fact recognize aboriginal rights. What they were rejoicing about, I do not know.

In perusing the pertinent section of the Constitution package, I did not find any positive recognition of any aboriginal rights. Neither did I find any basis for Indian land settlements. Rather, I found that the native Indians will still have to go to the courts for recognition of their aboriginal rights, and that the governments of the land will only recognize the decision of the courts regarding aboriginal rights and land claims. That is sort of putting the cart before the horse. On one side of the coin the amendment makes reference only to aboriginal rights of the native peoples of Canada, while on the other side it leaves it up to the federal and provincial courts to interpret the section. Well, that is not good enough. More clarity is required in order to satisfy the native peoples of Canada.

It would appear, moreover, that while the pertinent section may strengthen the existing treaty rights, there is no clear definition with respect to the rights of non-treaty Indians, and I am particularly concerned for those non-treaty Indians in my province of British Columbia.

Ultimately, honourable senators, what the amendment provides is for the courts to define aboriginal rights. The majority of the Indians in this country are critical of the amendment because it leaves to the Canadian judicial system the matter of defining and interpreting native treaty and aboriginal rights.

I want it clearly understood, honourable senators, that I shall be a most reluctant supporter of this resolution owing to its lack of recognition of aboriginal rights and the land claims of my people here in Canada, including the Inuit.

Honourable senators, at this time I wish to read to you a communication that was sent to me by a registered Indian. He does not belong to any Indian organization in the country and he wants to remain anonymous. The reason I want to repeat this communication, honourable senators, is that it brings to the surface the feeling of an Indian who is not a member of an organization or in any way connected with any government or the Department of Indian Affairs, and I think it will be useful to this debate. He states:

● (1620)

> The proposed new constitution of Canada does not contain the right and proper recognition of we First People, the Indians and Inuit.
>
> The proposed new constitution does not include and does not guarantee the terms of the treaties, the conditions and the legal and moral rights of we aboriginal people in this land.
>
> The new proposed constitution for Canada to be accepted must show its respect for the past history and how this land came about, and the continuing debt to my people, the Indians and Inuit. This must be in the constitution for the British Parliament to release it and for the Canadian House of Commons and Senate to accept it. If our way of life is not guaranteed in the constitution, how do we Indians and Inuit know that we will not be victims of some television Messiah, some hysterical politicians or some wave of public emotion that may feel that there is no obligation from the past and we may be destroyed by some temporary legal maneuvers.
>
> The British Parliament should not approve the handing back of Canada's constitution to our elected political powers without a guarantee contained in it for a discharge of the obligations forever of the British to we First People. The debt of the British and of the later nation of Canada was created and is an obligation of the present and coming Canadians. This obligation does not extend to new and other groups of people who seek to be Indians and Inuit, but to those who are designated at the present by the laws of this land as Indian and Inuit and those laws should not be changed as to designation without the full approval of our people. To extend the group to include others to make new legal classifications in itself is a violation of the rights and obligations to the Indians and Inuit. This glorious continent of North America was the land of my ancestors for thousands of years beyond count. Without the benefit of different discoveries my ancestors came to terms with nature. They lived their lives in close harmony with natural life. We Indians and Inuit achieved the ideal balance of life and living so that we did not have to make change for the sake of change, progress for the sake of progress, war for the sake of war or have our lives dictated by profit for others. We lived our lives, we lived for our survival, we lived, which is much more than can be said for many people of this world today.
>
> Who are you to say that we First People should change or have changed?
>
> Some centuries ago strangers invaded North America and through the use of the powers of destruction of life our world was changed.

Nature aided our resistance so that the invaders had to come to terms and they made solemn agreements, some in writing, undertakings and moral obligations to we First People. That obligation was the obligation of the British People and entrusted to their Parliament, and the British North America Act, the Royal Proclamation and the subsequent Indian Act which defines what is an Indian was all part of that obligation.

Some of these guarantees were pittances in the light of the uncontrolled inflation of this world today. But none of these terms have changed the deep and moral principle of obligation to we First People.

When that sprawling area of land now Canada was joined into a single nation, the British North America Act and the Indian Act became the laws that governed and isolated our lives. And we have respected them and we have lived by them and now we demand that in the new constitution the security that was guaranteed us once shall be enshrined in that new document. We Indians and Inuit had guarantees of protection for our survival and those guarantees were in the hands of the British people. Their record of faith to their obligations speaks for itself. We have now come to a time when the hand and control of the British people through their government is being removed from our constitution of Canada. All of the laws of all of the people living in this land are now to be entrusted to the elected political groups who will in future govern this land but subject to certain conditions of the new constitution. Before any new constitution can be accepted in principle by the Parliament of Great Britain and Ireland, it is their obligation to insist and it is the obligation of the House of Commons and Senate of Canada and of the legislatures of the provinces and of all of the citizens in Canada that there must be included in that constitution the guaranteed protection of the rights of Indians and Inuit as there was in the beginning, now and ever shall be.

Honourable senators will note that the last portion of the last line comes from the Bible.

While many of the speeches have been lengthy and repetitive, that is not my intention, and I will not keep honourable senators very long. However, I would like to digress for a moment and refer to some of my own observations and possibly to my conclusions on those observations.

While attempting to answer questions and to explain the constitutional package to an old Indian, he at one point shook his head, pointed his finger at me and said, "Listen, it will not work to our good." He went on to say, "No hunter can slide up a mountain. Many hunters have slid down mountains by accident. The result is usually fatal". At one point in the discussion the old fellow pointed his cane at me and said, "You say the Indians will go to court for recognition of their aboriginal rights. How can Indians win in the courts when the judge is a member of the enemy?" He turns and walks slowly away saying, "The end, the end."

• (1630)

His statements remind me that over 2,000 years ago Aesop said, "Right is on the side of the strongest." Today, I believe that still applies.

The James Bay Crees are 7,000 in number. Their agreement of less than 10 years with the federal government and the Government of Quebec is already falling apart and, according to the press, that is why they are seeking a remedy in the courts. The point is: Who can the Indians trust in this day? How many of their treaties have been ignored in the past?

The Indian finds it difficult to live in this society. He is discriminated against and is only accepted as an equal when in prison, where he receives equal pay and support, or during times of war, when he receives equal pay and training.

Canada's most decorated Indian veteran, Tommy Prince, who was awarded 10 medals, including the Italian Star, the French Star, the German Star, the Defence Medal, the Canadian Volunteer Service Medal and the Canadian Silver Star, spent his final days living in a shelter constructed of boxes and cardboard in an alley in a Canadian city. He died in extreme poverty. He went to the happy hunting grounds in this manner.

Honourable senators, I am trying to relay to you the feelings and the views of the grass roots Indian people who are not involved in any organizations and who are not connected with government in any way.

Honourable senators, I do not want to repeat what has already been said by both sides. At this stage of the debate, it is questionable what "equal rights for every Canadian" means and what it will do for the Indian and the Inuit.

From Bonavista to Vancouver Island, the Territories, the Arctic lands and sea, Canada is a nation of rich resources which are not now enjoyed by the Indian as they were in days long past. Now I say: Let's get on with the job; let's get it over with and recreate the B.N.A. Act. I am of the opinion that when the Constitution is patriated there will be opportunities in the future for a greater voice for the Indian people.

In the tradition of my people from the west coast, the great shoreline of British Columbia, and in the tradition of my ancestors—I have spoken.

Hon. Senators: Hear, hear.

On motion of Senator Yuzyk, debate adjourned.

[*Translation*]

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on supplementary estimates (C) laid before Parliament for the fiscal year ending March 31, 1981.

Hon. Fernand-E. Leblanc, Deputy Chairman of the Standing Senate Committee on National Finance, moved that the report be adopted.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, March 26, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

APPROPRIATION BILL NO. 4, 1980-81

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-62, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1981.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Allister Grosart: Honourable senators, I take it that the Leader of the Government is asking for leave to have this bill read a second time later today. Perhaps he would explain the reason.

Senator Perrault: Honourable senators, it relates to the available sitting days. We have discussed with the Leader of the Opposition the concept of trying to sit a normal schedule and it was felt that, with leave of the Senate, this would be appropriate action this afternoon. The practice is not without precedent.

Senator Grosart: Perhaps I could ask the Leader of the Government to be a little more specific. Obviously, there may be a deadline, as far as Parliament is concerned, when the passage of this bill becomes urgent—in fact, even necessary.

I feel that we should have a slightly more explicit explanation of the timetable that the government suggests for consideration of this bill at this time.

Senator Perrault: Honourable senators, the deputy leader will be speaking to this bill on second reading, whenever that takes place. I will ask him to give that information.

Senator Grosart: Perhaps he could explain now why leave is requested for second reading of this bill today.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Government has asked me to second his motion and also to speak to the bill whenever second reading is moved.

This bill, and the following bill for which we will be asking leave to move second reading later today, deal with appropriations. Bill C-62 completes the appropriations for the fiscal year 1980-81 which have been studied by the National Finance Committee. Supplementary estimates (C) were reported by the committee, and the committee's report was adopted yesterday. Our deadline is the end of the fiscal year, namely, March 31 next. For this reason, we should like to have third reading and royal assent next week.

When the Leader of the Opposition and I discussed this matter today, it was suggested that after first reading we should give notice of second reading for Monday. However, we came to the conclusion that we would either have second reading today and third reading on Tuesday, or first reading today and second and third reading on Tuesday—at least, that is our target. We decided to have a go at it today.

• (1410)

It may be that we will have to adjourn the second reading debate today until next week, but I would like the opportunity to introduce the bill today, particularly because there may be some questions to which I could obtain the answers over the weekend and give them during the adjourned second reading debate, or on third reading, on Tuesday.

Senator Grosart: Honourable senators, that is the explanation I hoped would be given, because it also relates to the procedure by which supplementary estimates (C) have come before us.

It is true that the report of the committee was presented last week and that the chairman of the committee at that time asked that it be taken into consideration on March 25, which was yesterday. Indeed, maybe it was taken into consideration yesterday, but the chairman of the committee was not present and the deputy chairman made no report. It has been our custom, when the National Finance Committee reports on supplementary estimates, that the Senate is given an explanation. That explanation is always comprehensive and is never in the mere form in which it has been given on this occasion—namely, appending the report to *Hansard* and agreeing to answer questions. What we have had in the past is a clear explanation by the chairman, or the deputy chairman, of the committee.

The reason I consider this matter important is that the Senate has said over and over again that it will not pass an appropriation bill until it has received that kind of explanation from the Standing Senate Committee on National Finance. On this occasion we have not had such an explanation. I hope that in future we will not have a repetition of this sort of omission, because it is essential to the proper operation of the

Senate that, when the National Finance Committee reports the estimates which will be the basis of an appropriation bill, the Senate receive an explanation at that time.

Honourable senators, I could have made these comments yesterday, but I did not because I had assumed there might be some reason of which I was unaware for not following the normal procedure.

Senator Frith: Honourable senators, I agree with Senator Grosart. I think we should treat this as an exception. I hope the combination of the report, which has been available for some period of time and which was adopted yesterday, together with any explanation I can give on second reading will fill the explanatory gap. I do agree that the normal procedure has always been for the Chairman of the National Finance Committee to give an explanation of the report. The reason for not following the normal procedure at this time is that the chairman is not present. We are therefore trying to substitute, by combining the report with whatever explanation I can give, plus any information I can add arising out of questions asked.

In saying that, however, I am in no way attempting to deny that this should be anything but an exceptional procedure or that the preferred procedure is to receive an explanation from the committee chairman, and then have the introduction of the bill.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

APPROPRIATION BILL NO. 1, 1981-82

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-63, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1982.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

Hon. Allister Grosart: May we assume that the same explanation applies to this matter as applied to Bill C-62?

Senator Frith: Yes.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[Senator Grosart.]

• (1415)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Firearms Report to the Solicitor General of Canada by the Commissioner of the Royal Canadian Mounted Police for the year 1980, pursuant to section 106.9 of the *Criminal Code*, Chapter 53, Statutes of Canada, 1976-77.

Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1982, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-723, dated March 19, 1981, approving same.

[*Translation*]

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday, March 31, 1981, at 8 o'clock in the evening.

By way of explanation, honourable senators, I might remind you that this is a follow up in a way to the comments I made yesterday. It is for these very reasons that I suggested we sit next Tuesday evening, at 8 o'clock.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

QUEBEC AND MARITIMES PIPE LINES—GOVERNMENT ASSISTANCE

Hon. Richard A. Donahoe: Honourable senators, I have a question for the Minister of State for Economic Development. Yesterday I directed questions to that honourable minister and I have now found that his answers were evasive. He said that I was, in fact, asking him to comment on matters that were before the National Energy Board. He said that that was improper for him to do. I thought he suggested it was even improper for me to ask him to do so.

I shall repeat the same question today, but before doing so I should like to refer the minister to the statement made by the Minister of Energy, Mines and Resources on October 29, 1980. At that time that minister stated:

As a government we are committed. We will see to it that the Energy Board follows the normal process in terms of making sure that the proper rules and regulations, for instance, with regard to the environment, are respected. But as a matter of national priority, that pipeline will be extended without delay, to be completed by 1983.

That statement was made at a time when the matter, if not then before the National Energy Board, was certainly in the process of being prepared for presentation to the National Energy Board. That minister at that time had no hesitation in saying that he would give assurances, notwithstanding the fact that there had to intervene a hearing by the National Energy Board.

So, if that minister can assume National Energy Board approval, and my honourable friend opposite to whom I direct this question has on other occasions assumed the same thing, then my question is: Is the government going to respond quickly to the request from Trans Quebec & Maritimes Pipe Lines Inc. for funding so that this pipeline can proceed on schedule?

● (1420)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, with all the rhetoric that has just come from Senator Donahoe—

Hon. Jacques Flynn (Leader of the Opposition): Look at who is talking!

Senator Olson: —which is, of course, completely out of order—

Senator Perrault: Hear, hear.

Senator Olson: The way the question was put has violated more rules that this house has agreed to than any question I know. In citation 357 it says, for example—

Senator Flynn: Is the minister raising a point of order?

Senator Olson: No, I am pointing out that—

Senator Flynn: If the minister is not raising a point of order, then I shall rise on a point of order. The minister, when there is a question, has only the right to answer that question and not to discuss matters concerning the rules or precedents.

Some Hon. Senators: Hear, hear.

Senator Flynn: He is out of order when he does that.

Senator Olson: Honourable senators, is the Leader of the Opposition suggesting that I should confine myself to the rules of order?

Senator Flynn: Yes.

Senator Olson: Then it would be almost impossible to answer any question that is put, because if you assume that a question is out of order, then you cannot reply at all. Is that what the Leader of the Opposition is suggesting that I do?

Senator Flynn: Yes. If that is your contention, do that.

Senator Olson: In any event, the rhetoric contained in the preamble, which was out of order, to the question raised today, does not change the views I expressed yesterday. They are just as valid today as they were yesterday.

Senator Flynn: It was an empty answer yesterday, and it is of no greater value today.

Senator Donahoe: Honourable senators, I rise without much hope in my heart to address a supplementary question, but nevertheless I feel in duty bound to ask the minister if the government expects the pipeline to be completed before the end of 1983? That is a view that has been enunciated on various occasions, even while the application has been before the National Energy Board. Does the government still hold that view, and does it still intend to see that the pipeline is completed by that date?

Senator Olson: Honourable senators, the government's view has not changed from when those statements were made.

Senator Perrault: Of course not.

Senator Olson: The honourable senator knows as well as I do, because he commented on it, that before the pipeline can go forward an application has to be made to the National Energy Board. The board is required to hold a hearing, which it is doing, and to make a decision and a recommendation—or, in some cases, a decision that is subject to ratification by the Governor in Council.

GRAIN

NEGOTIATIONS RE CROWSNEST RATES

Hon. R. James Balfour: Honourable senators, in the absence of the Minister of State responsible for the Canadian Wheat Board, I will direct my question to the Leader of the Government. The railways have apparently made a new proposal to the federal government which would serve as an alternative to the renegotiation of the Crow rate—something which the Minister of State for the Canadian Wheat Board has said the government is not prepared to do at this time. Is the Leader of the Government aware of this proposal, and does it constitute a change in policy on the part of the government?

Hon. Raymond J. Perrault (Leader of the Government): That question will be taken as notice.

CANADA-UNITED STATES RELATIONS

TRANS-BORDER POLLUTION PROBLEMS

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government. This morning I was disturbed to hear a CBC item to the effect that the administration in the United States, supported by a number of congressmen, is seeking changes to the Clean Air Act of that country, which would, in effect, prevent the provisions of that act from diminishing emissions which cause acid rain.

Could the Leader of the Government indicate whether that particular subject was dealt with in the recent discussions with the President of the United States here in Ottawa, and if

intimations were given of such a legislative move, with administrative backing and prompting? Did the Canadians get an indication that this was to take place?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a number of matters were discussed at the meetings involving the Right Honourable the Prime Minister and the President of the United States.

● (1425)

Included on that agenda were items pertaining to the matter of pollution and acid rain. However, I will take the question as notice and see if a more formal reply can be provided.

Senator Macquarrie: Honourable senators, I know the minister need not be reminded that on this particular issue there is great anxiety in the country, and that this is one area where good fellowship should not be the order of the day.

Senator Perrault: Honourable senators, the news report referred to by the Honourable Senator Macquarrie was allegedly broadcast this morning. As yet, I have received nothing from the Secretary of State for External Affairs, but an inquiry will go forward to determine whether or not there will be an official reaction.

ENERGY

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. Lowell Murray: Honourable senators, I have several questions under the general heading of "delayed government decisions" that I would like to put to the Minister of State for Economic Development.

First of all, it has been some weeks now since the government, through its agency, Petro-Canada, decided to purchase Petrofina. Has the government decided how it is going to pay for this purchase, and, in particular, what the incidence will be of the Canadian ownership account tax?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, when a decision is reached on that, in its final stages an announcement will be made by the appropriate minister.

Senator Murray: I take it, then, that the answer is no, and that this matter remains in limbo.

Senator Olson: That is not what I said. I said that an announcement will be made when the matter is finalized. That does not mean that it is in limbo.

Senator Murray: The minister says that an announcement will be made when the matter is finalized, which is to say that a decision has not yet been reached. With regard to this matter, is the government considering the representations of the Canadian Gas Association, to the effect that the proposed Canadian ownership account tax will have the effect of making natural gas even less competitive with other fuels?

Senator Olson: I am sure those representations are being taken seriously, and are being taken into account. This does not mean that we necessarily acquiesce in all of them.

[Senator Macquarrie.]

INDUSTRY

ASSISTANCE TO SYDNEY STEEL CORPORATION

Hon. Lowell Murray: Honourable senators, also under the heading of "delayed government decisions," will the government say whether it has yet decided where, how and when the $350 million industrial adjustment program that was announced with such fanfare by many of his colleagues weeks ago will be applied, and, in particular, will he tell us whether the approximately $70 million for the first phase of modernization of the Sydney, Nova Scotia steel plant is coming from this fund?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there was a rather detailed press release made public a week or ten days ago—I forget the exact date—with respect to the four centres that have been identified with respect to the utilization of this program. Sydney, Nova Scotia, is one of them.

Before any further details can be taken into account, however, there has to be consultation with local people in the area, with the object of working out the details of the program. That was also referred to in the press release of about ten days ago, and my honourable friend should have read that release a little more carefully.

Senator Murray: It must be the only press release from the federal government in the past two years that I have not received.

Senator Olson: Furthermore, I was asked to table the press release here, and if I recall correctly I did bring it into the chamber. I am not sure whether or not I tabled it, but if I did not, I will make sure a copy is sent to my friend's office today.

Senator Murray: I thank the honourable the minister for that undertaking. I hope the consultations with local people will include consultation with the provincial governments, under whose jurisdiction some of these matters come, particularly in the field of any manpower retraining arrangements that might be envisaged in terms of this program.

GRAIN

EMBARGO ON SALES TO U.S.S.R.—COMPENSATION TO FARMERS

Hon. Lowell Murray: May I ask the minister, or his colleague, the Minister of State for the Canadian Wheat Board, whether a decision has yet been made on the payment of compensation to western grain growers in respect of the Soviet embargo?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): No decision has yet been made.

Senator Murray: Does the decision that is under consideration by the government relate only to the amount of compensation that would be paid, and when may we expect a decision on this long delayed issue?

● (1430)

Senator Argue: I do not think that I am able to add anything to what I said earlier when this question was asked.

The matter is still under consideration, and I expect a decision will be made in due course. I am sure that my honourable friend will know of that decision soon after it is made.

Senator Perrault: Hear, hear.

Hon. Jacques Flynn (Leader of the Opposition): As a supplementary to that, has the minister or the government ascertained that there was a definite loss as a result of the embargo?

Senator Argue: The entire question, including that particular aspect, is under consideration.

CANADA-UNITED STATES RELATIONS

TRANS-BORDER POLLUTION PROBLEMS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have requested and received information about the alleged CBC report this morning on the subject of acid rain. I would like to assure honourable senators that we attempt to obtain information as quickly as possible, and some arrives sooner than other—for example, the Irish moss information has been somewhat delayed.

The CBC reported this morning to the effect that the Reagan administration could not support amendment of the Clean Air Act which would make it possible to begin to deal with acid rain, confirming the report brought to the chamber by the Honourable Senator Macquarrie. The government has not been informed of any such decision, so there has been no formal communication. The new administrator of the U.S. Environmental Protection Agency, known as the EPA, has not yet been appointed. It seems unlikely that any firm proposals will be made before the appointment comes into effect.

The government will be doing everything it can to ensure that the administration and Congress are fully aware of Canada's concerns about the acid rain problem as the review of the Clean Air Act approaches. President Reagan assured the government that the U.S. intends to proceed with the negotiation of an agreement to deal with acid rain. That was the commitment given to Canada during the course of those discussions. The President also told the joint sitting of the Senate and the House of Commons two weeks ago that the United States "wants to continue to work co-operatively to understand and control the air and water pollution that respects no borders."

ENERGY

EFFECT OF SPOT PURCHASES ON OIL PRICING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by the Honourable Senator Austin on November 13, 1980. He asked, in light of the upward pressure on spot oil prices resulting from purchases by western industrial nations, whether the Canadian government is considering, in concert with other industrial nations, the possibilities of limiting purchases as to price except by government agreement.

The Honourable Senator Roblin asked, as a supplementary question, whether the International Energy Agency, known as the IEA, has considered these increases in price and whether it has made any recommendations to the member states with respect to prices. Both of these questions were taken as notice by the Honourable Senator Frith.

Since oil consumption within IEA countries is currently low compared with recent years, resulting in high oil stock levels, and since utilization of spare capacity could contribute to a better world energy balance, on October 1 member countries agreed to undertake certain measures to limit spot market activity through the use of surplus oil inventories by companies in consultation with governments.

Commencing the week of November 17, the effects of these measures were being reviewed by the IEA's standing group on the oil market and the governing board. At the IEA ministerial meeting scheduled for December 8 and 9 this program will be reviewed in relation to the Iran-Iraq situation, and at that time it will be decided whether further action will be required to ensure an orderly international oil market.

● (1435)

PACIFIC COAST SHELF—EXPLORATION ACTIVITY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Austin on January 13 concerning Pacific coastal shelf exploration activity.

The federal government has started to move, with much vigilance, towards making a decision on whether or not to authorize drilling in certain areas off Canada's west coast. A preliminary examination of the environmental implications of renewed drilling is presently under way, and a draft study will not be available until later this spring. This study could lead to a decision later in the year as to whether drilling could again, after a 12-year lapse, be carried out safely and without undue risk to the marine environment.

VANCOUVER ISLAND PIPELINE—REFUSAL OF GOVERNMENT OF BRITISH COLUMBIA TO PERMIT INQUIRY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Austin on February 24 concerning the Vancouver Island pipeline and the alleged refusal of the Government of British Columbia to permit an inquiry as to some of the details of that proposed project.

The federal government, as outlined in the National Energy Program last October, stated that it would set aside $500 million to assist in the construction of gas system extensions to both Vancouver Island and to eastern Canada provided that federal support is required. Therefore, officials from the federal government, in co-operation with B.C. officials, will be studying the economics of the B.C. Hydro proposal in some depth, with a view to determining both the extent and form, if at all, of the federal subsidy.

Although the federal task may have been made easier if an open hearing, which would have reviewed the economics of all possible pipeline routes to service the Îsland, had occurred, the federal government recognizes that all decisions relating to the gas extension rest entirely with the province.

FOREIGN AFFAIRS

MR. REEVES HAGGAN—ROLE OF PUBLIC SERVANT IN LONDON

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Murray on March 24 concerning the role of Mr. Reeves Haggan in the United Kingdom.

Mr. Reeves Haggan is an assistant deputy minister in the Solicitor General's Department who has been loaned to the Constitutional Secretariat in the Federal-Provincial Relations Office since mid-June, 1980. He participated in intensive constitutional negotiations throughout the summer of 1980, and, subsequently, in staff work associated with the constitutional resolution now before the Senate. He has been temporarily assigned to London as a special adviser to the High Commissioner to assist her and the High Commission in relations with the British government and others in the United Kingdom on the constitutional question.

It was considered that it would be useful to have an official who was fully conversant with the constitutional dossier in the High Commission while the resolution is being considered by the two Parliaments. It is not unusual for public servants with specialized knowledge to do temporary duty in embassies or high commissions abroad. Mr. Haggan's role and conduct in London are perfectly consistent with his status as a public servant.

Hon. Jacques Flynn (Leader of the Opposition): The same way as the High Commissioner from Britain.

NATIONAL ENERGY PROGRAM—CONSULTATION WITH OECD

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question asked by Senator Roblin on March 12 which concerned government consultation with the OECD before our National Energy Program was announced.

As I have already indicated, it is not normal to consult outside the government on issues which are budgetary matters, or related to them.

I will be happy to explain to the senator what the "commitment to notify and consult," mentioned by the Honourable J. Allan MacEachen in his statement in 1976, refers to.

Under the provisions of the OECD council decisions, member countries undertook to notify the OECD of measures which would constitute exceptions to national treatment within 30 days after their introduction. This would be within 30 days after the passage of the relevant legislation. Therefore, obviously no notification has yet taken place, although we have indicated in the OECD our intention to do so at the appropriate time.

With respect to "commitment to consult," consultations on issues related to the declaration can be requested by any member country which so wishes. Requests for consultations on matters relating to national treatment contained in the National Energy Program were requested by the United States, the United Kingdom and The Netherlands. These consultations, to which Canada readily agreed, took place on Friday, March 13. I might add that no country questioned Canada's right to take the measures it considered necessary with respect to national treatment of investment issues.

THE ENVIRONMENT

CANADIAN FORESTRY INDUSTRY

Question No. 42 on the Order Paper—**By Hon. Jack Marshall:**

1. With reference to Department of the Environment News release #10/25/0380—4682, what are the names of the members of the Federal Forestry Strategy Committee?

2. What steps has the government taken in offering tax credits to give incentive to the Canadian forestry industry, to invest in forest management, and to develop better and cheaper techniques?

3. Have reviews been completed of the forestry industry respecting (a) the adequacy of federal support for research and development; (b) technical services; (c) graduate training in forestry; and (d) the impacts of transportation policies and regulations on the industry, and if so, what progress has been made to date?

4. What is the status of the study under the Department of the Environment on "The Outlook for Timber Utilization in Canada to the Year 2000"?

5. What is the state of progress on (a) the development of an econometric model of the forestry sector in Canada; (b) modernization of research facilities and a strengthening of research programs on forest regeneration and spruce budworm control; (c) development of integrated systems of forest pest control that entail less reliance on chemical pesticides; and (d) development of a facility to produce materials for biological control of pests?

Reply by the Minister of the Environment:

1. The Federal Forestry Sector Strategy Committee is chaired by the Department of Environment to coordinate and assess federal initiatives and actions relating to the forestry sector.

Department	Member	Assisted by
Agriculture Canada	Mr. Claude Brouillard Assistant Deputy Minister	Mr. F. R. Hayward Acting Director

Department	Member	Assisted by
	Intergovernmental and International Affairs Branch	Regional Development and Analysis Branch
Canadian International Development Agency	Mr. Pierre P. Sicard Vice President Resources Branch	Mr. Ralph W. Roberts Chief, Forestry Sector Group
Ministry of State for Economic Development	Mr. Gordon Ritchie Deputy Secretary, Operations	Mr. Ian Clark Director, Operations Mr. Terry Ford Officer, Operations Mr. Hal Kroeker Director, Policy Formulation Mr. Fred McGuire Officer, Policy Formulation
Employment and Immigration Canada	Mr. Duncan R. Campbell Executive Director Labour Market Development	Mr. Steve Gerley Director Manpower Planning Directorate Mr. Jean Francois David Forestry and Wood Industries
Energy, Mines and Resources	Dr. Ian E. Efford Director General Conservation and Renewable Energy Branch	Dr. S. M. Pnevmaticos Biomass Advisor Conservation and Renewable Energy Branch
Environment Canada	Mr. F. L. C. Reed (Chairman) Assistant Deputy Minister Canadian Forestry Service	Mr. W. K. Fullerton Director General Forestry Relations and Renewal Mr. Troels A. Jaeger (Secretary) Officer, Federal Affairs Dr. I. Cameron M. Place A/Director General Policy and Economics Mr. J. (Hans) Ottens Forest Resources Economist Policy and Economics
Federal Provincial Relations Office	Mr. W. L. Haney Assistant Secretary to the Cabinet for Federal Provincial Relations (Operations)	Mr. Michel Lapointe Federal Provincial Relations (Operations)
Finance Canada	Mr. A. Syd Rubinoff Assistant Deputy Minister Economic Programs and Government Finance Branch	Mr. Gilles Ouellet Renewable Resources
Indian and Northern Affairs	Mr. Neil Faulkner Assistant Deputy Minister Northern Affairs Program	Dr. Maurice J. Ruel Director General Northern Environment

Department	Member	Assisted by
		Mr. Walter J. Moore Chief, Forest Resources Division
Industry, Trade and Commerce	Mr. A. M. Guérin Assistant Deputy Minister Industry and Commerce Development	Mr. Ted J. Ward Director General Resource Industries Branch Mr. Curt J. Copeland Acting Director Forest Products Group Mr. Warren A. J. Calow Policy Development and Liaison Division
National Sciences and Engineering Council	Dr. Tom R. Ingraham Director of Programs	Dr. Klaus P. Beltzner Awards Officer
Privy Council Office	Mr. M. Daniels Senior Assistant Secretary Economic Policy	Mrs. Katherine Gourlie Operations Secretariat
Regional Economic Expansion	Mr. Tim Reid Assistant Deputy Minister Planning and Co-ordination	Mr. Ron Bilodeau Director, Program Analysis and Liaison Division Mr. Robert Archer Senior Liaison Officer, External Liaison Mr. Jean Mireault Director Incentives Evaluation and Loan Guarantees Division
Science and Technology Canada	Mr. D. R. Stevens Assistant Secretary Government Branch	Dr. Don E. Read A/General Director Government Projects Division
Transport Canada	Mr. Nick G. Mulder Assistant Deputy Minister Strategic Planning	Dr. R. Ian Logan Director General Systems Planning Mr. Jack E. Campbell Project Director Intermodal Freight Project
Treasury Board Canada	Mr. R. L. Richardson Deputy Secretary Program Branch	Mr. T. M. Williams Group Chief, Science and Environment Mrs. Elizabeth Shaver Program Analyst, Environment

2. Tax credits have not been offered to the Canadian forest industry as an incentive to invest in forest management. Tax credits were among many alternative incentive instruments being examined in the study commissioned by the Canadian Council of Resource and Environment Ministers. That study will be completed shortly. The Federal Forestry Sector Strategy Committee has commissioned an investigation of the fundamental issues in funding forest management in Canada, namely the limiting factor to expenditures on forest management by the public and private sectors; the appropriate level of funding, and the strategies that the federal government can assume to overcome impediments to funding forest management. A final report is due by the end of March 1981.

Tax credits for research and development have been in existence for some time. In addition, the Canadian Forestry Service is the scientific authority for the development of a planting machine in British Columbia under the Cooperative Projects with Industry (COPI) program.

The Canadian Forestry Service is preparing a paper regarding strategies to be followed to upgrade the natural resource base, assure adequate mission-oriented federal research, and develop new markets for resources.

3 (a) and 3 (b). A draft discussion paper on the adequacy of federal support for forestry research and development and technical services will be completed soon.

3 (c). A discussion paper on graduate training in Forestry has been completed. It will be made a public document as soon as the necessary approval is obtained and translation is completed.

3 (d). The Department of Transport has submitted a preliminary paper to the Federal Forestry Strategy Committee on the impacts of the transportation policy and hopes to make it part of a more comprehensive paper in the next few months. Consultation with the provinces has taken place.

4. A pre-publication copy of the final report dated July 1979, was reviewed and accepted for publication as Forestry Technical Report 29 by the Canadian Forestry Service Editorial Board on February 22, 1980.

The English version of the manuscript has been printed under DSS contract and is ready for release. The French version has been re-submitted for editing. Publication now awaits final approval.

5 (a). The International Institute for Applied Systems Analysis (IIASA), in a series of explanatory meetings in late 1979 and early 1980, proposed a collaborative forest industry project. One task of the proposed project is the construction of a set of national forest sector models linked to a world trade model of forest products. This model system would be used to support policy analysis at the country level. (Agriculture Canada has been participating in the development of a similar model system with IIASA's Food and Agriculture Program (FAP) Area for some time now. The other three tasks include: First, a state-of-the-art survey of forest sector models, a forest sector model bank and a handbook of systems analysis for forest sector modelling; Second, a study of control, management and information systems in the forest industry and; Third, studies of conflict between forestry, energy and agriculture in less developed countries and, of the dynamics of the forest ecosystem.

The Canadian Forestry Service, on the recommendation of Canadian participants at IIASA's exploratory meetings, convened a meeting of representatives of the provincial and federal governments, industry, labour, universities and forestry associations, in June 1980, to consider the need for a systems study of the forestry sector. It was emphasized that analysis of policy alternatives to improve forestry sector performance could benefit from better understanding of the interrelatedness of its many activities. Three recommendations were made to pursue a holistic approach to forest sector policy analysis. First, a working group would draft a proposal for a forest sector systems study. Second, a steering committee should be established to consider the proposal, manage the project, arrange for its funding and liaise with IIASA. Third, the Canadian Forestry Service would coordinate the establishment of a steering committee, in consultation with government, industry, labour, university and other forest sector interest groups.

The Canadian Forestry Service has acted on these recommendations. The proposed structure of a steering committee has been submitted to various forestry sector interest groups. Responses have generally been favourable. The working group plans to submit a draft proposal shortly.

It is anticipated that the steering committee will make recommendations concerning participation in the IIASA project before March 31, 1981, the date by which IIASA would like to receive final commitments. The scheduled completion date of the IIASA project, not including the fourth task, is December 1983.

5 (b) and 5 (c). Canadian Forestry Service research facilities are being improved as follows: at the Pacific Forest Research Centre, planning is underway for a modest expansion of facilities; planning for expansion of the main laboratory building at the Forest Pest Management Institute with added facilities for application technology and virus research and production; at the Petawawa National Forestry Institute where a major addition has just been completed to house the new amalgamated Institute; in Fredericton, plans are being developed for a new forestry complex to house the Maritimes Forest Research Centre along with both provincial and university forestry groups; and at the Newfoundland Forest

Research Centre, plans are going ahead to improve the research facilities in St. John's, while at the same time a proposed new building is under active study.

Overall, the Canadian Forestry Service is improving its computer capacity to meet the needs of modern research programs.

At a recent meeting, the Canadian Forestry Service senior officials approved action to increase research on forest renewal, thus placing it as the highest priority of the service.

At present, research concerned with the development of an integrated system of forest pest control that entails less reliance on chemical pesticides applies only to the control of the spruce budworm. The Canadian Forestry Service programs on spruce budworm control can be considered under three major categories—(i) research on biological control techniques; (ii) research on chemicals; and (iii) research on application technology.

In the field of biological control techniques the most promising materials currently appear to be the bacterial agent 'Bacillus thuringiensis' (B.t.) and the nuclear polyhedrosis viruses (NPV). During recent years, a promising new oil-based formulation of B.t. has been under investigation. Trials during the spring and summer of 1980 demonstrated that this new formulation is as effective as the older water-based formulations and is easier to apply. The formulation is now conditionally registered and extensive operational field trials are planned for 1981. Field trials using NPV are also contemplated for 1981. Previous experiments indicated that the virus was effective, and the tests for the next field season will be directed towards determining the most effective application rate. This pathogen is very expensive to propagate because to date, it has only been produced in living spruce budworms or living cell cultures. The search for alternative production methods continues. Other pathogens being studied include fungal and protozoan parasites of the budworm. These are all in the early stages of development, with no immediate hope of a viable alternative to chemical pesticides.

A second group of materials being investigated are those of a chemical nature but are either naturally occurring or synthetic analogs of naturally occurring organic materials. These include growth hormones, growth regulators, biological inhibitors, pheromones, and pyrethroids. Several have been field tested extensively, one could be used restrictedly and there is some promise of others achieving success within the medium term (i.e. within the 5-10 year time frame). Even though these are naturally occurring or related to naturally occurring substances, some have certain undesirable characteristics from the environmental aspect.

The third group of materials being studied are the true chemical insecticides. Limited research is underway to identify less hazardous alternatives to the materials in current usage. A few promising candidates are in the final stages of field testing.

Current Canadian Forestry Service research on application technology is applicable to the three groups of materials mentioned. The objectives are to achieve acceptable deposits of the formulations on the target areas and to minimize off-target drift. These programs include work on formulations, atomization and weather effects as they affect the behaviour of spray clouds. Developments during the spring and summer of 1980 indicate that it may be possible to better manipulate spray clouds to increase effective deposit and, at the same time, to reduce off-target drift.

5 (d). The Canadian Forestry Service has awarded a contract to a private consultant to examine the technical and economic feasibility of setting up a Canadian facility to produce materials for biological control of forest pests. The consultant's report is expected early in 1981.

• (1440)

APPROPRIATION BILL NO. 4, 1980-81

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved second reading of Bill C-62, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1981.

He said: Honourable senators, I believe you have before you copies of proposed Appropriation Act No. 4 which was introduced today as Bill C-62. Honourable senators will note that their copies do not bear the number of the bill, there being a blank space beside the "C".

Appropriation Bill No. 4 provides for the whole of the supplementary estimates (C) for 1980-81. These estimates were tabled in the Senate on March 5, 1981 and were immediately referred to the Standing Senate Committee on National Finance.

On March 19, they were discussed in committee with officials of Treasury Board, and yesterday the deputy chairman of the committee reported to the house, and the report was adopted.

These are the last appropriations for the 1980-81 fiscal year which ends on March 31, 1981, and they total $1.6 billion. Of that total, $500 million represents the net increase in statutory requirements. Honourable senators will recall that these requirements arise automatically as a result of statutory provisions. The amount of new spending authority which Parliament is being asked to approve is $1.1 billion.

I will comment briefly on the statutory requirements and the parliamentary authority items. First, I shall deal with the major changes in the statutory requirements. They are: $338 million for the purchase of equity in Petro-Canada; $315 million for public debt charges due to higher interest rates; $225 million for fiscal transfer payments to provinces; $72

million in additional payments to provinces under the Canada Assistance Plan; and $46 million for election expenses. These statutory requirements are offset by a reduction of $139 million in payments to the provinces for health-related programs, and an increase in net revenues to the Petroleum Compensation Revolving Fund of $446 million due to the introduction of a blended pricing policy for oil in October 1980.

The major items requiring parliamentary authority are: $692 million to forgive loans and interest due from Atomic Energy of Canada Limited for heavy water plants and inventories—this item being offset by identical loan repayments and thus being included in these estimates for authority purposes only; $162 million for subsidies on imported oil due to increases in the international price of oil and variations in the exchange rate; and $58 million for the agricultural commodities stabilization and support.

The third and final part of my submission deals with the $1 votes. These estimates originally contained 34 $1 votes. However, as a result of a ruling on March 25, 1981 by the Speaker of the House of Commons, six $1 votes requesting authority for the deletion of debts due to the Crown have been removed from the Appropriation Act. In addition, the specific reference to "deletion of debts" has also been removed from the wording of two other votes.

Honourable senators may therefore wish to amend their copies of the printed estimates which would be under that heading and the list of $1 items to reflect the changes. Of course, these changes will be on the record if honourable senators wish to consider them before we give the bill third reading.

The pages and the votes deleted are as follows: Page 8, Agriculture, vote 5c; page 92, National Health and Welfare, vote 30c; page 94, National Revenue—Taxation, vote 5c; page 106, Public Works, vote 20c; page 110, Regional Economic Expansion, vote 1c; and page 130, Supply and Services, vote 5c. These figures, of course, are not found in the bill but in the estimates.

The vote wordings amended are: National Revenue—Customs and Excise, page 94, vote 1c should now read, "Customs and Excise—program expenditures and to provide a further amount of . . . $1,760,805"; and Public Works, page 106, vote 10c should now read, "Accommodation—operating expenditures and the grant listed in the estimates . . . $1."

I believe I have covered most of the important features of this Appropriation Act. Should honourable senators wish further explanation, I will do my best to provide it, either from the additional material I have with me, or, if I do not have the information, I will undertake to get the information for the honourable senator who wishes it before the bill receives either second or third reading. However, honourable senators, I shall be asking that it receive second reading today and third reading next Tuesday evening.

Hon. Allister Grosart: Honourable senators, I should like to address a question to the Deputy Leader of the Government with regard to the statement he has just made about the change in the $1 items. This is news to me. I am not sure that this information was put before the Standing Senate Committee on National Finance, because the report of the committee, which was approved by the Senate, states clearly that there were 34 $1 items. I ask the deputy leader to tell us whether that statement in the report of the committee is correct or incorrect.

Senator Frith: Originally, these estimates included 34 $1 items, but, as a result of a ruling in the House of Commons, six of the $1 votes requesting authority for the deletion of debts due to the Crown were removed from the Appropriation Act. Therefore, the 34 items must now be reduced by the six items which were removed. Therefore, the 34 items that were before the committee have to be so changed. The changes that I mentioned today in these items, and which I have given detail, were not before the committee.

• (1450)

Senator Grosart: Honourable senators, surely this is a most extraordinary situation—one which I do not think we have ever faced before in a request to pass an appropriation bill. Supplementary estimates (C) were before the committee; were discussed in detail with the officials; and the committee reported the estimates on which this bill is based.

We have a long-standing rule in the Senate, which may even be a tradition or a convention, that we will not deal with any matter in an appropriation bill until the matter has been reported by our own committee. We are faced with a situation now where changes have been made in the appropriation bill which are not reflected in the supplementary estimates, and which have not been brought to the attention of our own committee. Perhaps I should ask the deputy leader if I am correct in assuming that this information he is now bringing to the attention of the Senate was not brought to the attention of the Standing Senate Committee on National Finance.

I would add this rider: The deputy leader has told us that the decision is based on a decision made by the Speaker of the House of Commons the other day, but it is my understanding that a decision on the matter was made a long time ago.

Senator Frith: No, it was just the other day.

Senator Grosart: If it is based on a decision made a long time ago, why was it not included in the supplementary estimates, and why was it not brought to the attention of the National Finance Committee?

Senator Frith: Honourable senators, the chronology is as follows: the estimates were tabled in the Senate on March 5, 1981; referred to the Standing Senate Committee on National Finance on March 19, 1981; reported yesterday, which was March 25, 1981; and the ruling that changed the $1 votes was made yesterday in the House of Commons. The reason it did not come to the attention of that committee is that the change in the $1 votes postdated the report of the committee. That, of course, does not mean that it cannot now be discussed in committee, because the bill can be referred to committee.

Senator Grosart: I thank the deputy leader for that explanation. I was not aware of that. The committee discussed the former ruling by the Speaker of the House of Commons, the effect of which was that no statute, other than an appropriation act, could be amended by a $1 vote. A statement was then made by the officials that the department had been instructed by the government that, in future, the estimates and the appropriation bills would not, according to present policy, ever contain an item which was an amendment to a statute other than an appropriation act.

Would the deputy leader inform us about this new ruling which has changed the whole picture before us? Would he give us the gist of the ruling so that we know what we are dealing with?

Senator Frith: Honourable senators, I do not have that information, but I am sure I can obtain it. However, I suggest there are two ways we can deal with this matter. I could try to get a satisfactory explanation and give it later today. If it is not satisfactory, we could then refer the subject matter back to the Standing Senate Committee on National Finance and still have the opportunity for third reading of the bill on Tuesday.

So I suggest that I be given an opportunity to find a satisfactory explanation today which will not require the matter to go before the committee again. If my explanation is unsatisfactory, we could refer the bill to the committee and an explanation could be provided there. We will then still have the possibility of having third reading on Tuesday.

Senator Grosart: I believe that we, on this side, would be prepared to accept that suggestion. Perhaps we might go ahead in the meantime, and have the usual discussion of the bill as it is before us. We could then adjourn the debate until such time as the deputy leader is able to make a subsequent statement, at which time we could decide the issue and, perhaps, pass the bill today.

I understand the urgency since these estimates deal with expenditures in the current fiscal year which ends on March 31 and, therefore, it is important that the Senate complete its consideration of the bill as soon as possible. I will not comment on the other appropriation bill until it comes before us.

As the deputy leader has indicated, this bill will again add considerably to the expenditures of the government on various grounds—budgetary, non-budgetary, statutory and so on—for the fiscal year just ending. He has indicated that the main items are understandably of great concern.

The first item is, of course, the public debt. In this respect, a provision is made in the supplementary estimates for an increase of $315 million. The public debt has increased by alarming proportions, both substantively, in relation to GNP, and as a percentage of total government expenditures.

In 1972-73, we were accustomed to a small budgetary deficit—that is, an increase in the public debt situation—of perhaps 1 per cent of GNP. This year it is up to 5 per cent. It has been steadily increasing. In 1975-76 it was 3.3 per cent; in 1977-78 it was 4.9 per cent; in 1978-79 it was 5.3 per cent; and now, there is a very small drop this year to 5 per cent.

[Senator Frith.]

In the Standing Senate Committee on National Finance, the officials were able to tell us that it is government policy, as transmitted to the departmental officials, to contain and lower this very high percentage of deficit, as an addition to public debt, in the years ahead. Perhaps the deputy leader would care to confirm, in general terms, that it is policy to decrease the budgetary deficit, in the years ahead, as a percentage of GNP, to the 1982-83 target figure of 2.9 per cent. I think it is important that we have that as a statement of intended policy in view of the fact that it was during our own committee hearing that the first announcement was made of government policy to contain the increase in government expenditures as a percentage of GNP to a somewhat lower figure than the increase in GNP in any one year.

In spite of the fact that it was made, the government found it not possible to implement that promise this year. I am not going to comment on that at the moment, because what is important is the assurance that this situation will not continue until the country goes bankrupt, as it would, of course, if it kept on increasing at that rate of 1 to 5 per cent as in the last 10 years.

A rather extraordinary aspect of this is that this rapid increase in the budgetary deficit in any one year is not matched exactly by the increase or decrease from year to year in the totality of government outlays as a percentage of GNP. Against that figure of 1 per cent in 1972-73, the percentage of government expenditures related to GNP was 19.8 per cent.

• (1500)

In the present year that has risen to only 21.1 per cent. While the other escalation has been five times, this has only escalated by a fraction. I will recommend to the National Finance Committee that it give careful consideration to this. It is obvious that the GNP has not risen at the same rate every year, but it is a remarkable fact that the deficit has risen five times, from 1 to 5, whereas the total outlays of government as a percentage of GNP have risen from 19.8 per cent only to 21.1 per cent. The government may or may not take comfort in those figures, but I think it would be a good exercise on the part of the National Finance Committee to investigate those figures and report on their significance.

Fiscal transfer payments have been mentioned as another large item in the supplementaries on which this Appropriation Bill is based. Actually, $225 million is not a realistic amount because, as we are all aware, the federal government changed its policy in respect of certain health-related payments, decreasing the payments to the provinces so that that amount reflects a net bottom line rather than an actual situation. Actually, on a straight comparison basis, that figure would be higher. I am not saying what the significance of that is, but it is an indication that we have to be careful when reading the figures that are given to us in a raw state from time to time.

There are other indications here of why that is so. For example, in the present estimates, or in the bill, we are asked to approve, by vote, guarantees to de Havilland in the amount of $45 million, and to Massey Ferguson in the amount of $130 million. Those, it is true, are only guarantees, but they are not

recorded as commitments or expenditures. The evidence we had was that they would only be taken into the accounts as items affecting the bottom line, when and if there was a call on the government to meet those guarantees.

As many highly qualified members of the accounting profession here will realize, in an ordinary business sense you would regard those as liabilities. Guarantees are on almost the same basis as loans, and, certainly, in terms of balance sheets they are very much the same. However, I am not quarrelling with that, because I do not see how the government could take them into the official accounts in any more realistic way than that.

There are other examples. There are indications here of projects that were approved in appropriation acts, and which are not being continued. From time to time the government, for various reasons—and I am not saying they are not good reasons—decides not to go ahead with a particular project; but, unless there is a transfer vote, that is never shown in the estimates as a saving. Therefore, in comparative terms, any such items should really be added to the total, because sooner or later that money will be expended, and, on a netting basis, it again makes the figures we have at the bottom line somewhat unrealistic. That, of course, also applies to the general estimate of the totality of expenditures in this year.

The government in the last few years, and I believe at the instigation, or initiative anyway, of our National Finance Committee, has undertaken to make a guess at the amount that might lapse. We all know that as a fiscal year winds to its close sometimes it is not possible to spend money that has been appropriated. I have noticed that the amounts that the government takes into consideration as potential lapsing amounts seem to increase every year. I am not saying that, when the public accounts come out, they will be proved wrong, but I suspect that there is more than sheer arithmetic involved in the increases in the projections of the lapsing.

There are other items that I think should be called to the attention of the Senate. A major item—in fact, the largest single item mentioned by the deputy leader—is the forgiveness of the AECL debt, which, as he indicated, amounts to $692 million. That is more than half the total amount we are asked to appropriate. There is some sensitivity, of course, in this area. The $692 million forgiveness, which is one of the official terms used, requires us to question the whole AECL operation. We asked the officials if they could give us the total commitment of the Canadian government to Atomic Energy of Canada, which is a crown corporation, but they did not have the figures. They have undertaken to let us have them, though. I hasten to say that I am not an AECL witch hunter. I happen to believe that what has happened since the Second World War in the development of our atomic energy capacity has been a great Canadian achievement. The Candu reactor is still probably the best in the world, taking into consideration all factors, both short term and long term.

However, we are entitled to know how much it is costing us to reach this particular point of excellence. We are entitled to know why suddenly, and quite suddenly, in the final supplementary estimates for one year we are asked to write off—which is the phrase used in our own report—close to $700 million. We are told by way of explanation, of course, that that is the result of problems related to heavy water. That is true. There are such problems. But, if there is a silver lining to the cloud, it is the fact that, while this large amount is being written off, the officials, and I am quite sure the government, have some hope that there will be an eventual payoff of the whole AECL operation and that, finally, there will be dividends which will at least decrease, if not eliminate completely, this very large write-off.

The item concerning the chief electoral officer has been mentioned. For that we have been asked for another $46 million. It may interest honourable senators to know, now that all the bills are in, that the total cost of the last election was some $64 million. There are those of us who wonder if it was worth it.

Senator Frith: You bet there are.

Senator Grosart: The usual CBC item is in. That is another $178 million. I put that in my notes for the benefit of Senator Beaubien, who has always been interested in the progress of the CBC and at times has asked some rather searching questions on the financing of the CBC.

The total cost of the consolidated revenue fund this year will be only $536 million.

• (1510)

My final comment is on another netting item mentioned by the deputy leader in connection with the revolving fund. We have a net revenue increase of $445 million to be offset against the total of the additional amounts requested for government expenditures in the year. It has been suggested that the Standing Senate Committee on National Finance, under the chairmanship of Senator Everett, who has taken such matters under consideration and has achieved excellent results by doing so, take a continuing interest in this new account called the Canadian ownership account. This is a new account with no dollar amounts set against it. It will be interesting to see how this account operates and how it is reported in the estimates from time to time.

Mention was made of the $1 items. I am pleased that the Deputy Leader of the Government has told us that we will have a further report on them, because it is of great interest to the committee and, I am sure, to the Senate. It is a fact that this whole question of the voting of supply through $1 items has been of great concern to all of us who are interested in a more efficient reporting of spending, and more efficient spending itself.

It is true that this matter was raised originally during meetings of the Senate committee. The officials co-operated with us over the years, and for the first time came up with a list of the $1 items so that they could be taken out of the blue books and examined individually. They were then good enough, after we questioned the rationale of the $1 items, to break them down into $1 categories which are shown in the report of the Standing Senate Committee on National Finance.

This, of course, raised the whole question of the use of the $1 items to amend acts of Parliament. As I have already indicated, there was the ruling that this could only be used where the amendment was to an appropriation act. Apparently, there is a new rule and I would expect that we will receive a full explanation of it before we are asked to pass this bill.

The committee's report commented at some length on the $1 items and included, interestingly enough, a document of great importance to this whole business of financing the cost of government. The document is a letter directed to the chairman of the committee, Senator Everett, from a Mr. L. J. O'Toole, Assistant Secretary, Treasury Board. He was most co-operative with the committee. In that letter he discusses this whole question of $1 votes and supplementary estimates. As I said, it is a document of great importance. The letter is dated December 2, 1980, and there should be greater awareness in parliamentary circles of this than there is at the moment. As far as I know, this is the first time that this letter has been published.

In the letter, Mr. O'Toole, speaking of departmental practice as it affects government policy, makes certain various points. There are a few of them the committee may wish to take up. One deals with the question of deletion of debts. The debt of Atomic Energy of Canada is one because we are now in the rather absurd position that wherever there is a deletion of a debt over $5,000, the deletion requires an appropriation act to authorize it. I believe the officials are thinking of a much higher sum than that, and I think the committee would be inclined to support them. A $5,000 forgiveness, deletion or write-off is a small item by itself in the context of the totality of the budget.

The purpose of the letter is to say that $1 votes will continue to be used in certain specific circumstances, one being the transfer of budgetary funds between votes, which we all understand—that is, where the money is available in the vote there may be an extension of the purposes of the vote, or an inclusion of others not originally named. It is merely a transfer of authority within the vote.

The second is new and increased grants. Again, this is a fairly technical item, and I will not go into too much technical detail. However, there is an important distinction between contributions and grants. This is not always recognized. Obviously, this is a legitimate use of $1 votes so that grants can be increased where the money is already available in the vote.

Deletion of debts I have already mentioned, and I also mentioned the amendment of previous appropriation acts. The interesting thing is that this letter states quite categorically—and I am sure Senator Frith wants to comment on this—the following:

> Our position is that the $1 Votes will continue to be used for the following cases.

The implication being that it is in the following cases only. Number 4 is:

> Amendment of Previous Appropriation Acts—to effect changes to previous votes authorized through Appropriation Acts. (eg. increasing limits for Revolving Funds).

[Senator Grosart.]

If there has been a change in that, a limitation or an increase, it would be useful for us to have some detail of it.

Again, we have the following statement:

> The Committee is known to be particularly interested in the following specific instances from among the many situations where the $1 Vote would not be considered acceptable . . .
>
> 3. Amendment of Existing Legislation (other than Appropriation Acts)—since the relevant Act should normally be amended.

I think what is meant there is "amended normally," but that is not an important point.

Senator Frith: Amended by normal procedures.

Senator Grosart: Yes. Honourable senators, with these comments, and the proviso that we will have a satisfactory explanation later on, as I feel we will, I think we on this side are quite prepared to agree to second reading later this day. Perhaps the deputy leader should move the adjournment of the debate until that time.

Senator Frith: Honourable senators, I thank Senator Grosart for his intervention. I believe I have found an answer to the objection that he raised and the question that he quite properly raised. I found it without having to send out for it. It was under my desk.

However, let me first of all deal with a couple of other points. On the question of the linkage or relationship between the deficit, the expenditures and the GNP, I cannot give that information now. I shall try to get some statement on that in time or, at least, remember that that question was raised by the opposition and that Senator Grosart would like to know what the government's policy is with respect to that linkage.

On the question of AECL, I have nothing to add except to say—and this is not an answer to Senator Grosart's observations—that apparently the item is offset by a repayment. Therefore, it is only the authority that is needed, but it still comes out bottom line at almost $700 million. It is not $1.4 billion; it is $700 million or approximately $700 million.

Senator Grosart: It is a lot of money.

Senator Frith: It is quite a lot of money.

The honourable senator has already explained the background of that. There may be some good news in terms of that amount.

In general, I should like to thank Senator Grosart for drawing to our attention some of the items which were considered by the committee which we may not have known about or may not have read about in the report. That, in turn, brings me to the O'Toole letter and the principal question he raised with reference to the deletion of the $1 items.

It seems, honourable senators, that the very point raised by Senator Grosart was raised before the Speaker in the other place. If I can put it this way, the Speaker upheld the point of order that was raised in the other place, and in so doing, upheld the point raised by Senator Grosart.

• (1520)

What happened will be found at page 8600 of *House of Commons Debates* of Wednesday, March 25, 1981. The ruling covers approximately three columns and is, in essence, the point raised by Senator Grosart. To summarize it, the Speaker of the House of Commons, as reported at page 8601, said:

> In 1977, on March 22, the Speaker reviewed the previous rulings on the question of the estimates and pointed out that whether it is a one dollar item or not, a vote in the estimates may not "contain legislative content".

I learned today, if I understood Senator Grosart correctly, that the Senate committee originally raised this question but it seems that it has found fruition in the House of Commons on the occasion of a ruling by the Speaker.

The ruling by the Speaker was:

> On the general question, it is my view that the government receives from Parliament the authority to act through the passage of legislation and receives the money to finance such authorized action through the passage by Parliament of an appropriation act. A supply item in my opinion ought not, therefore, to be used to obtain authority which is the proper subject of legislation—

Then, turning to the right-hand column on page 8601, the Honourable the Speaker of the House of Commons is reported as saying:

> I have been placed in this present position. It is clear in my mind that the eight items—

Honourable senators will recall that I referred to eight particular items:

> —referred to above which cancel debts are pure legislative items and seek in each case to amend section 18(1) of the Financial Administration Act and I would rule that they should be and are hereby deleted from Supplementary Estimates (C) 1981-82.

So it seems to me that the reason for the deletion is that which Senator Grosart has called to our attention. I hope that I have given a satisfactory explanation as to why those eight items were deleted.

Senator Grosart: I find it quite satisfactory. Perhaps I could suggest to the deputy leader that he read into our record the particular $1 items that are now to be deleted, so that we will be quite sure what we are passing if and when we pass this appropriation bill.

Senator Frith: Yes, honourable senators. I believe I have already read those in. However, I will certainly see that they are incorporated in the record. The eight items were at pages 8, 92, 94, 106, 110 and 130. I will see that they are entered in full detail.

Senator Grosart: As items, not just as pages.

Senator Frith: Yes; the votes deleted and the vote items.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

APPROPRIATION BILL NO. 1, 1981-82

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved second reading of Bill C-63, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1982.

He said: Honourable senators, Appropriation Bill No. 1, 1981-82, Bill C-63, introduced today, provides interim supply for the 1981-82 main estimates. These estimates were tabled in the Senate on March 2 and were referred immediately to the Standing Senate Committee on National Finance. They will be subjected to a detailed review by that committee during the interim supply period.

Honourable senators, the basic interim supply period is the first three months of the 1981-82 fiscal year—namely the period that starts on April 1 and continues for three months. Honourable senators will find that some supply periods go for eight months because of special requirements for contract commitments, and I will give details if required.

What we are talking about now is interim supply for three months of the estimates that are before the committee and which will be considered by the committee in detail. The main estimates total $65,583,000,000. Of that amount, $36,673,000,000 is authorized by existing legislation—so we are back to the division between legislation and parliamentary vote—and $28,909,000,000 is to be voted by Parliament.

Appropriation Bill No. 1, 1981-82—which is Bill C-63 and is in the pile of bills beneath honourable senators' desks—provides $8,267,000,000 of the amounts to be voted to meet the expenditure requirements of the government to June 30, 1981. The dates again are April 1 to June 30, 1981. Of the total of approximately $65 billion, we are asking as interim supply—only interim supply—for $8,267,000,000 of the amounts to be voted to meet the expenditure requirements of the government to that date, namely, June 30, 1981.

It contains a general proportion of three-twelfths of all votes—three months of 12 months—plus additional twelfths for 36 votes. There are 36 votes that have more than three-twelfths. Those additional proportions are required due to the seasonal nature of some programs and the need in other instances to make major payments before the end of June. In no case—and I underline that—is Parliament being asked to pass the entire amount for a vote.

Honourable senators, since the purpose of Appropriation Bill No. 1 is to provide interim financing to June 30, and since the main estimates are yet to be reviewed in committee—although they are before the committee—I have purposely kept my remarks brief. I would like to say, however, that these estimates were presented for the first time in two parts. Part I, entitled "The Government Expenditure Plan", contains a

statement of the government's spending intentions to 1983-84 and an analysis of those intentions by policy sector and associated resource envelopes. That is what we used to call "How Your Tax Dollar is Spent." This is another version. Part II is the traditional blue book to which those interested in these matters have become accustomed.

I would state also, by way of final underlining, that the proportions requested in the bill—that is, the three-twelfths in most cases and somewhat more than three-twelfths in a few other cases—are intended to provide for all necessary requirements of the Government of Canada to June 30, 1981. In no instance is the total amount of an item being released by the bill.

The form of the bill is the usual one for interim supply bills. The passing of the bill will not prejudice the rights and privileges of honourable senators to criticize any item in the estimates when it comes up for consideration in committee, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this bill.

I commend to honourable senators the second reading of this bill.

Hon. Allister Grosart: Honourable senators, this is a very different appropriation bill from the one we have just dealt with, as the Deputy Leader of the Government has made clear. We are not in any way committing ourselves to approval of individual votes, all of which will be and are being discussed in detail in the main estimates. The Deputy Leader of the Government has given what has come to be called the usual assurance which goes always with an interim supply bill, and we on this side of the house are quite happy to see the bill expedited through Parliament as soon as reasonably possible, in normal conformity with our rules, or exceptions as may be necessary.

● (1530)

Senator Frith: Honourable senators, I have nothing to add to what I said before, and nothing to add to what the Honourable Senator Grosart has said, except to thank him for his comments.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

[Senator Frith.]

Hon. Paul Yuzyk: Honourable senators, I intend to introduce an amendment to this resolution at the end of my speech.

Honourable senators, in the debate on the proposed resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada, on November 3 last year I took a critical stance. In dealing with the Charter of Human Rights and Freedoms I charged the government with discrimination against the ethno-cultural groups, including the native peoples, and said that it appeared that the government had repudiated the policy of multiculturalism, since there was no mention of it in the proposed Constitution.

During the hearings of the special joint committee, in which I participated several times as a substitute, there were many representations from the non-Anglo-Celtic, non-French groups, as well as from the Canadian Consultative Council on Multiculturalism. As a result, the government and the special joint committee responded favourably to the demands of a large segment, nearly one-third, of Canadian society. A new clause, clause 27, was added, which reads as follows:

> 27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

Clause 25 recognizes the aboriginal and treaty rights of the native peoples of Canada, but in a limited way.

In his speech on March 19 Senator Peter Bosa, a former chairman of the Canadian Consultative Council on Multiculturalism, reiterated his support for the rights of minorities in the interests of the quality, unity and happiness of all Canadians, for which I commend him.

Why, up to this time, had the Liberal government remained reticent on this matter, and why did it accede only under pressure? Was it not this government which instituted the policy of multiculturalism within the framework of bilingualism on October 8, 1971, 10 years ago, with the solid support of all the other parties? Did not this government, in 1972, establish a Ministry of State for Multiculturalism, with Dr. Stanley Haidasz, now Senator Haidasz, as its first minister? Was it not this government that established the Canadian Consultative Council on Multiculturalism in 1973? Have not most provinces of Canada adopted a policy of multiculturalism which preserves and perpetuates languages and cultures of various ethnic groups, to be shared by all Canadians? Was it not a previous Liberal government through the Secretary of State at that time, the Honourable Maurice Lamontagne, now Senator Lamontagne, which established the Canadian Folk Arts Council, in 1965, now a prominent body promoting rich cultural activities throughout Canada? Did not the Royal Commission on Bilingualism and Biculturalism, of which the Deputy Leader of the Government, Senator Royce Frith, was a prominent member, in the fourth volume of its report tabled in 1971, recommend the recognition of multiculturalism, in addition to bilingualism? Did not the Special Joint Committee on the Constitution of Canada, of which the co-chairmen were Senator Gildas Molgat and the Honourable Mark

MacGuigan, the present Secretary of State for External Affairs, table a report in 1972, which stated that Canada was an "independent, democratic, officially bilingual, multicultural state"?

After this imposing record, why was the present government reluctant to grant recognition to multiculturalism in the Charter of Human Rights and Freedoms of the Constitution until pressure was exerted by various organizations and societies of nearly one-third of the Canadian population? Whatever reasons the government may have had for previously ignoring this matter, the Canadian reality of today is multiculturalism, and I share the happiness of several million Canadian citizens at the fact that general recognition is given to it now in the amended charter. The implementation of multiculturalism, however, is meaningless if the parameters are not defined.

The members of the special joint committee are to be commended for their long hours of dutiful work, dedication, patience and judgment. The charter is good as far as it goes, and on this they are to be congratulated.

The charter, however, does not go far enough and has many shortcomings, with respect to which parliamentarians have been receiving considerable criticism from various quarters. Here are some of the things which have been left out of it and which should be incorporated into the charter:

1. The person's right to property, although recognized by statute law up to now;

2. Recognition of God and the Judeo-Christian ethic, democracy's cornerstone, professed by a large majority of Canadians;

3. Equality of women before the law and removal of certain discriminatory aspects of this matter in some clauses;

4. Reform of the Supreme Court to prevent possible partisanship of judges and assure neutrality, independence and prestige;

5. The right to freedom from political imprisonment—the War Measures Act is made part of the Constitution, making apprehension indictable;

6. The right to life of every living human being from the time of conception to the natural end, including the handicapped and the aged;

7. Rights for the family.

I am mentioning a few important principles that need serious consideration. There are others. Some of the clauses will have to be reconsidered, and the wording of many clauses could be improved for clarity. I believe that the joint committee was in too much of a rush. Although the members considered these matters, they just did not have the time to realize all the implications.

I do not intend to plead the case for these items, but merely present them in order to convey certain inadequacies that are being voiced by many Canadians, both groups and individuals, proving that more time and thought are needed to produce a better charter.

• (1540)

This proposed charter is not the Canadian Constitution; it is only one part of it, though certainly a very important part. I am sure that the people across our vast country would like to see a new, modern Canadian Constitution which would meet present-day needs and be flexible enough to provide the means for the solution of future problems. For this we need more time.

I support the patriation of the B.N.A. Act and a workable amending formula. My pride as a Canadian, however, does not allow me to approve of the enactment of a Canadian Charter of Human Rights and Freedoms by the British Parliament—a friendly but foreign power. This action would indicate that we are still colonials and, in my opinion, it would be a contradiction of our sovereignty and a blot on our integrity as a free nation. I hope that the Parliament of the United Kingdom will approve patriation and an amending formula, but that it will decidedly throw out the constitutional package on the ground that sanction of such a constitutional measure would be tantamount to interference in the internal affairs of a foreign state.

We cannot blame the United Kingdom for the constitutional mess in which we find ourselves. The British North America Act of 1867 was drawn up in Charlottetown and Quebec by delegates from the Canadian provinces, and no British representative was even present. The final consideration of the resolution took place in London, England, again with no British representatives present. Therefore, the B.N.A. Act was made in Canada and passed by the British Parliament at the request of the whole Canadian delegation. My understanding is that Britain has always been willing to return the Constitution to Canada, but it was the Canadian governments who could not find the method to bring it back.

There is a method of enacting a new Canadian Constitution which, in my opinion, would be less painful and less divisive than that which is now being imposed upon us by Prime Minister Trudeau. In my speech on the Constitution of Canada, delivered in 1970, and later when the joint parliamentary committee, of which I was an active member, tabled its report in 1972, I pointed out the fact that most democratic countries of the world drew up their constitutions in constituent or constitutional assemblies.

I give, as an excellent example of this method, the creation of the American Constitution, since the United States of America is a federal state much like Canada. The articles of confederation drawn up by the states in the summer of 1776 provided for a continental congress composed of delegates chosen by each state. There was much quarrelling among the states at the two continental congresses, so the delegates decided to call a constitutional convention in May 1787. The 55 representatives of states, under the leadership of such able men as Washington, Franklin, Madison, Hamilton and others, drafted a constitution in four months, which was then ratified by the states and became the law of the nation two years later, in 1789. In considering this example, I am interested in the method of drafting a constitution rather than in its contents.

As matters now stand in Canada, Prime Minister Trudeau is attempting to establish a new federation without the full consent of the constituent provinces. He cannot claim to speak on behalf of the entire Canadian nation. In his speech on March 18, Senator Manning, the former Premier of Alberta who has constantly voted with the Liberal government in the Senate, strongly opposed the government's arbitrary unilateral action, stating:

> —that the federal government party in the present Parliament is in no sense a representative national government. Over 50 per cent of its members are from one province, Quebec, another 36 per cent are from the other central province, Ontario, leaving only 20 government members from all the rest of Canada, and only one—

And I will correct this; it should be two.

> —from the four western provinces whose six million people account for 25 per cent of Canada's population. For a federal government, with no broad national representation in Parliament, to use its numerical majority concentrated in the two central provinces to impose its will on the entire nation in a matter as vital as the country's Constitution, in the face of strong opposition from all but one of the other eight provinces, is wrong and indefensible.

Even if the Trudeau government railroaded the whole package through Parliament, and even if the Parliament of the United Kingdom approved the whole resolution, we would still not have a modernized Constitution. Therefore, we can profit from the experience in the creation of the Constitution of the United States, which I described earlier.

Several constitutional scholars have recommended the convening of a constitutional assembly. Following the advice of some of these constitutional experts, I make the suggestion that Prime Minister Trudeau call a federal-provincial meeting in the very near future to discuss the formation of a constitutional assembly. This body should consist of, for example, 60 members, 30 of whom should be chosen by the federal government and 30 by the provincial governments. In the words of Professor J. V. Clyne, who appeared before the Special Committee of the Senate on the Constitution of Canada not so long ago, such a body should consist of:

> . . . experts drawn from all walks of life to examine the subject thoroughly in the light of evidence taken in all parts of Canada and to make recommendations to Parliament and to the legislatures as to a new or a revised Constitution.

I would add that these experts should also include representatives of classes, women, minorities and regions. They would be instructed to draft a new Constitution or a revised B.N.A. Act within a period of six months to one year. This draft Constitution would then be submitted to the federal Parliament and the provincial legislatures for adoption and ratification, which was the procedure followed at the time of Canadian Confederation.

[Senator Yuzyk.]

Since the members of such an assembly would not be influenced by political pressures or ambitions—which could have been the case with respect to the first ministers—a constitutional document presented by them would, in all probability, be accepted by the federal Parliament and the provincial legislatures. This does not mean that such a document would satisfy all the political leaders, but they would know that all issues would be reasonably resolved. This would be a complete Constitution delineating the distribution of powers between the federal and provincial governments, setting out the functions of the houses of Parliament, the Charter of Rights, the amending formula and all matters which go into the making of a modern Constitution.

There are many matters which can be more readily resolved by such an assembly, including such important ones as the development of our rich natural resources, the principle of equalization, the entry of new provinces—keeping in mind the Yukon and the Northwest Territories—and secession. There is also the matter of electoral reform. Change of the electoral system has been stymied because members of Parliament are afraid of losing their own seats. A constitutional assembly whose members have no seats to lose in Parliament is in a better position to devise a more representative electoral system.

● (1550)

Honourable senators, I have presented very briefly the idea of a constitutional assembly, which, of course, is not new. Obviously, it will need elaboration. This is a viable, speedy method. If the Americans could produce their constitution in four months 200 years ago, when they had no models to choose from, why cannot Canadians produce an acceptable constitution of their own in six months, when they can study many types of constitution that have been adopted by a large number of democratic countries, and, particularly, when they have at their disposal a considerable amount of material and recommendations made by a joint parliamentary committee, the Pepin-Robarts Task Force, several federal-provincial conferences, a special Senate committee and numerous briefs and testimony by authorities and experts in the past ten years?

If we had applied this method 50 years ago, after the Statute of Westminster, and had immediately enacted a Canadian Constitution, then the Parliament of the United Kingdom would have had no recourse but to repeal the B.N.A. Act. This would have been easier at that time, because Canadians were not faced with the problem of separation in Quebec, the energy issue, and western alienation, as we have today.

All these problems can be reasonably resolved by a constitutional assembly in a short period of time. I am therefore appealing to the Leader of the Government in the Senate, Senator Perrault, and the other two ministers in this chamber, Senator Olson and Senator Argue, to present this proposal to Prime Minister Trudeau and the cabinet. Positive action by the government will then allow Parliament to deal with the urgent problems of the economy, inflation, unemployment and energy.

Honourable senators, we cannot ignore what is happening in the other place. There is no doubt that the government is trying to rush the House of Commons to a quick vote on the resolution. The government has its own reasons for doing so. Apparently, Mr. Trudeau wants to have this measure out of Canada before the Quebec election, and have the measure voted on before the Supreme Court of Canada has a chance to rule on its legality. With closure hanging over the heads of members of the House of Commons, it may well be that the measure will be forced through in a way that will foreclose any further amendments initiated in the House of Commons.

We, on this side, are of course opposed to that process. If this resolution is to be sent to Westminster by the government majority, we should at least try to correct one of the more glaring injustices which it contains. The fact remains that there is not an adequate guarantee of equality as between men and women. Because closure is hanging over their heads, the House of Commons may not have a chance to correct this.

MOTION IN AMENDMENT

Honourable senators, in view of the fact that the recent Women's Conference on the Constitution, of last February 14, demanded that the resolution should recognize equality of men and women, I move, seconded by Senator Tremblay, that the motion be amended in Schedule B of the resolution by inserting immediately after clause 28 the following:

> 28.1 Notwithstanding anything in this Charter, the rights and freedoms set out herein are guaranteed equally to men and women.

Hon. Royce Frith (Deputy Leader of the Government): May I ask a question of the honourable senator? Is this to replace the present clause 28?

Senator Yuzyk: It would be clause 28.1.

Hon. Stanley Haidasz: Honourable senators, it is indeed a pleasure and a privilege to take part in this debate, and also to follow our distinguished colleague, Senator Yuzyk, who has presented an amendment to which I am sure all of us will give a great deal of consideration.

However, in reply to Senator Yuzyk, I would like to say that I really do consider myself a member of a truly representative national Parliament. There are many Liberal senators from every province in this house, and in the other place the people of Canada are fully represented from coast to coast. Moreover, as the Special Joint Committee on the Constitution of Canada did hear over 100 witnesses from all parts of Canada and from a broad section of Canadian society, I think it is an insult to those Canadians who made the effort to prepare a brief, and to come to Ottawa to testify before the committee, to infer that their views and representations are not enough or worth nothing. It is also an insult to those Canadians who appeared and stated their views before the Pepin-Robarts Task Force on the Constitution, to say that their views and comments are not enough.

I would also like to add my voice to other senators in this place who have spoken so convincingly and sincerely in support of the joint resolution. I am sure there will be other senators following me who will take under consideration, and make their comments on, the amendment just moved by Senator Yuzyk and seconded by Senator Tremblay. I share the concern and strong commitment that Senator Yuzyk and other senators have for a united, strong and independent Canada. I also share some of the honourable senator's views on the proposals which he outlined just a few moments ago, particularly the proposal in his amendment. However, I am unmoved in my conviction that Canada cannot wait any longer. We need a strong and effective national government within our federated structure, more so today than ever before, a government that can speak and act decisively for the good of all Canadians. So it is with a very happy heart and great enthusiasm that I take part in this process of constitutional reform and of renewed federalism which, for the citizens of this great country, is a noble and necessary goal and, in particular, for us as legislators, a very pressing and vital task.

● (1600)

One hundred and fourteen years ago the Fathers of Confederation laid the foundation of a federal structure, forged a nation and created the Dominion of Canada. The British North America Act, passed by the United Kingdom Parliament at Westminster in 1867, became the fundamental law of our country. But the amending power remained at Westminster because the federal and provincial governments failed to agree in this regard. Today, thanks to the courage and wisdom of the federal government and the co-operation and untiring efforts of the members of the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada, we have the opportunity—indeed, the duty—to reform the Constitution and to break that last colonial link by dealing positively with the resolution with which we have been presented.

Honourable senators, this resolution is the product of very long and painstaking work by the representatives of all the political parties in the house and all the members of the Senate from all parts of this country. There is also the input of the views held by more than 100 national and local organizations from all regions of our country, the representatives of which expressed not only their grievances at the unfair treatment they have received from time to time from some governments, some bureaucrats and some members of the powerful groups in this country, but also their aspirations for a truly just society.

The resolution proposed by the government, and subsequently amended by the special joint committee, can therefore be described as the real beginning of a truly modern Canadian Constitution, made in Canada, shaped by Canadians and meeting the needs of Canadians of today and tomorrow. This is why we should take pride in this outstanding result of the special joint committee's labours and express our appreciation to the joint chairmen, Senator Harry Hays, my seatmate, and the honourable member for Montréal Hochelaga-Maisonneuve, Mr. Serge Joyal, who presided over 106 emotion-charged meetings.

Thanks should also go to the members who worked so patiently and diligently during the four long months of intense hearings, who studied more than 1,200 submissions from Canadians from all across this country, and who considered deeply some 76 amendments to the original draft resolution. We should also be grateful to the Minister of Justice for his exceptional flexibility, sympathy and understanding in allowing so many amendments to be presented.

I served for a short while on this committee. I consider it a real and rare privilege and an opportunity of great educational value. The entire exercise was an example of participatory democracy, and I feel that the unfavourable criticism of this committee's work and achievement is grossly unfair.

Honourable senators, I should like to focus now on the urgency of this resolution. I believe that some of the proposals expressed by Senator Yuzyk would only further delay this constitutional debate. I do not think we can be accused of undue haste. The process of constitutional renewal has been going on for years and, in this past year, very intensely. It is obvious to all who are attuned to the realities of our country that over the past 100 years, and particularly over the past 50 years, Canada has changed socially, demographically, economically and politically.

We have today serious problems in our interprovincial, federal-provincial and inter-regional relationships. As a result, there is a feeling of alienation in many of the regions of Canada today. There is talk of isolation and even attempts at separation in some parts of the country. The recent energy disagreement, which is a pressing problem that must be resolved quickly, is another reason why we should proceed apace with this resolution; otherwise we face a national tragedy.

I am sure that honourable senators will agree that the national policy reflected in the British North America Act of 1867 is obsolete. However, progress constitutionally has been very slow and very little. From time to time over the past 50 years there were efforts to restructure our system in a way that would meet the needs of modern Canada. But superficial, cosmetic surgery is not enough: we need fundamental reforms to meet the challenges of profound change and the urgent needs that are facing our country.

We need, of course, new legal means to solve our burning problems and we must not forget, above all, the promise of constitutional reform or, of federal renewal when we urged the people of Quebec to say "no" to Premier Lévesque's proposal in the referendum of May 20, 1980. In their hour of decision, our fellow countrymen in Quebec chose Canada. They did not choose colonialism, or the status quo, or procrastination, as some people want. Our commitments were made in good faith, and the Parliament of Canada is fully capable of realizing that promise and of honouring that commitment.

The Speech from the Throne, at the opening of the Thirty-second Parliament, had this to say:

> Because my Government wants to strengthen the spirit of Canadian unity and nurture the seeds of renewal, it promises to interpret a vote of "no" to sovereignty-association as a vote for the rebuilding of the Canadian federation. My Government also promises to give effect to a "no" vote by mobilizing all the forces at its command in order to ensure the renewal of the Federation in a spirit of respect and justice for all.

Senator Flynn: And respect for the provinces, I suppose.

• (1610)

Senator Haidasz: Honourable senators, in recalling this statement, we must realize that we promised constitutional renewal without delay, without excuse and without hesitation. Moreover, the repeated failure of federal-provincial attempts to reform the Constitution is a national shame. The September 1980 First Ministers' Conference was a most bitter disappointment, especially after the exhaustive discussions and negotiations which took place in the early part of last year. Most Canadians are convinced that the provincial premiers' goal of unanimity on a substantive constitutional package is illusory and, as Senator Croll said earlier this week, an impossible dream. Their continual disagreement is an intolerable situation. Time is fast running out. We cannot wait any longer, and that is why we must act now.

Senator Flynn: You mean Mr. Trudeau.

Senator Haidasz: Mr. Trudeau has acted, and now it is time for us to act.

The resolution before us goes a long way towards satisfying our need for constitutional reform. Its major features are patriation, the Victoria amending formula, equalization, and a Charter of Fundamental Rights and Freedoms. What is wrong with that? Are you against it? The desirability for patriation has already been amply explained and supported by the great majority of spokesmen in this place. It is, rather, the legality of the process of patriation that some have questioned.

Honourable senators, it has been clearly demonstrated that the resolution of the Senate and the House of Commons is the only legal way to patriate the Constitution, and the only way that an amendment to our Constitution can be passed.

Furthermore, the United Kingdom Parliament has been recognized as having the legal power to legislate constitutions for Canada ever since 1774, when the Quebec Act was passed. The U.K. Parliament enacted the B.N.A. Act in 1867 and later made 21 amendments. The Statute of Westminster, 1931 specifically preserved the power of the United Kingdom Parliament to amend the B.N.A. Act.

Some senators support the provinces' contention that, on the basis of past practices in connection with the amendment of the Constitution, there should be unanimous consent of the provinces before the Senate and the House of Commons request the amendments set out in this resolution. Some have argued that, in the absence of such unanimous agreement, the present procedure is not only inconsistent with constitutional conventions but is also, for that reason, illegal. In reply to those arguments, it must be said that past practices were not consistent and none dealt with patriation or the entrenchment of a Charter of Rights and Freedoms.

As I mentioned earlier, 21 amendments were made to the B.N.A. Act by the United Kingdom Parliament, and on three occasions—in 1893, 1927 and 1950—minor amendments, for statute revision purposes, were made on the sole initiative of the United Kingdom Parliament. In all other cases involving more substantial amendments, a request was made by the Government of Canada or by the Canadian Parliament. In no case has the U.K. Parliament refused an amendment because the consent of the provinces had not been obtained, nor has it accepted an amendment upon a provincial request.

As for the conventions, these change with circumstances. Even if one can say there is a convention requiring unanimous provincial agreement in constitutional matters, all attempts to get such agreement over the past 54 years have failed. The record has shown clearly that the objective of unanimity has proven to be impossible to achieve. Furthermore, all honourable senators know that conventions are not rules of law, but rules of politics.

In any event, doubts as to the constitutional propriety of an amendment now being requested by the Senate and the House of Commons of Canada without provincial consent were recently removed by a historic and monumental decision of the Manitoba Court of Appeal. Even the dissenting judges agreed that there is no historical evidence of a convention requiring provincial consultation and consent.

As regards an amending formula, we all know that is necessary once we have patriated the Constitution. The government has chosen the Victoria formula. Although it is not a perfect formula, it is the only one which received the approval of all 11 first ministers in 1971. According to this formula, the provinces will have, from now on, a legal say in the process of amending our Constitution.

Honourable senators, the legitimate interests of all the people in our country, no matter in which place they may reside, should always be the concern of the national government.

The chief Tory spokesman, the Leader of the Opposition in the other place, and some premiers envision Canada to be a country that is a community of communities, a loose association of provinces, free from the ties of a national economic fabric and free from a dedication to sharing. This they should not be entitled to in our Constitution. To reach an agreement on constitutional reform, we should never barter the fundamental rights and freedoms of Canadians.

Honourable senators, when we recall the violations of human rights that have been perpetrated upon humanity during the last 40 years, it is astonishing, indeed shocking, that several provincial governments are today opposed to the Charter of Rights and Freedoms contained in the joint resolution.

The Universal Declaration of Human Rights, which was adopted by the United Nations General Assembly in 1948, was the positive expression of mankind's outrage at the atrocities of World War II, especially the attempted genocidal extermination of people in Nazi death camps.

I would recall, at this moment, what two great champions of human rights have said on this important matter. First, I would like to quote from the encyclical of Pope John XXIII, *Pacem in Terris,* which stated:

> —in the judicial organization of states in our times the first requisite is that a charter of fundamental human rights be drawn up in clear and precise terms and that it be incorporated in its entirety in the constitution.

The present reigning pope, Pope John Paul II, said on a recent visit to the Philippines:

> Nothing can justify a breach of human rights even in exceptional circumstances.
>
> Governments are there to serve the people and protect their dignity. They cannot pretend to serve the people's interests when they do not respect basic individual rights.
>
> Human rights are paramount.

Over the past 33 years human rights have become an important cornerstone of Canadian domestic and foreign policies. Abroad, Canada has ratified the major international convenants and protocols on fundamental rights and freedoms. At home, it was in 1947 that the first Joint Committee of the Senate and the House of Commons on Human Rights was established to study the United Nations Declaration of Human Rights and to see what we could do about it in Canada.

● (1620)

Today, Canadian provinces have enacted statutes on human rights following the good example shown by the government of Tommy Douglas in Saskatchewan. Today, almost all provinces have human rights legislation and have established human rights commissions, and some provinces even have the office of ombudsman in operation.

In the federal sphere, we have the 1960 Bill of Rights promoted by a former Prime Minister, the late John G. Diefenbaker, which was enhanced by a Liberal member of Parliament when he introduced in committee an amendment referring to the supremacy of God.

I distinctly recall also the Right Honourable Pierre Elliott Trudeau, when, as Minister of Justice in 1968 at a federal-provincial conference, he stated that there should be an entrenchment of a Canadian Charter of Human Rights. Since that day I have learned to have great respect for that man.

In 1975 Canada signed the Helsinki Final Act, which embodies human rights principles. In 1977 the government of Mr. Trudeau sponsored the Canadian Human Rights Act and established a privacy commissioner and a Human Rights Commission.

Today, in this joint resolution before us, we seek to improve upon the existing measures of human rights by ensuring that there will be in Canada a constitutional bulwark which will protect all the people of Canada under every jurisdiction against all arbitrary violations of their rights on the part of any government or any body or any company or any organization.

The entrenchment of a Charter of Rights would preclude Parliament, or any provincial legislature, from altering or abolishing constitutionally entrenched rights or provisions unilaterally. Any change to the charter would require a constitutional amendment in accordance with a constitutionally established amending formula. Canadians would therefore be fully protected against arbitrary legislative action.

True, Canadians are a freedom-loving and tolerant people; nevertheless, there have been occasions in Canadian history when various federal and provincial governments have violated the rights of Canadians. I will just mention a few, such as: the expulsion or internment of many Japanese Canadians during World War II; the treatment accorded to the press by the Alberta government of Premier Aberhart in 1937, when he attempted to force the press to print government versions of events; and the infamous padlock law, enacted under Quebec's Premier Duplessis, which provided that buildings could be closed or padlocked if the Quebec attorney general deemed they were being used for undesirable purposes.

Under an entrenched Charter of Rights, such actions would no longer be permissible, and no federal or provincial government could use temporary shifts in public opinion as a guise for justifying the harrassment or arrest of persons considered troublesome by those in authority.

If the provincial governments are sincere in their claim that they would only seek to enhance rights legislation and not detract from it, they should have no logical grounds for opposing entrenchment, for entrenchment would merely provide that their commitment is sanctioned with the guarantee of constitutional certainty.

Furthermore, an important point which opponents of patriation frequently gloss over is that an entrenched Charter of Rights would in no way prevent Parliament or the provincial legislatures from providing forms of protection in addition to those already included in the charter.

Honourable senators, as for the desirability of the role of the courts in the matter of human rights, I would only like to say that, since Canada is a federal state, and the Constitution being the immutable law of the land, the courts do play the role of interpreters of the Constitution and they would also provide, in the future, greater certainty for the people of Canada, once human rights are entrenched in the Constitution.

Another advantage of such an entrenchment is that it would serve as an important means by which Canada could live up to its international obligations. Unfortunately, the Progressive Conservative Party's position on entrenchment is meaningless and unacceptable, as it would allow any province the opportunity of opting out of any constitutional provision, thereby creating inequality throughout Canada. Furthermore, to our dismay, the Conservative Premier of Manitoba, Mr. Sterling Lyon, rejected outright the entrenchment of a Charter of Rights and Freedoms as proposed by Mr. Trudeau. In fact, the September 1980 constitutional conference revealed that seven premiers had stated publicly at one time or another that they could not agree to any form of entrenchment of a Charter of Rights and Freedoms.

The rights included in this charter before us are fundamental. They are a minimum guarantee, and although that may place certain limitations on the powers of both federal and provincial legislatures and governments, these limitations would exist only to protect certain fundamental rights and freedoms of the individual that are recognized as essential in every advanced society.

In the way of a general summary of the desirability of the Charter of Rights and Freedoms, I would like to say that the rights and freedoms included in this charter are a statement of the very foundation of our society, and they certainly require clear expression in our Constitution. At present the rights and freedoms vary from place to place in Canada. If there is one overriding element of unity in a federal state, it should be the greatest possible measure of commonality in the recognition and protection of basic rights, so that a person moving from one place to another will be assured equal treatment and protection as well as an equal opportunity for a job, wherever he may come from and wherever he may decide to reside in Canada.

Furthermore, the charter does not have a centralizing effect. As I mentioned, it does not authorize any shift of power from the provincial levels of government. Section 30 of the charter clearly extends the legislative powers of any body or authority.

Specific sections of the Canadian Charter of Rights and Freedoms are so laudable and worthy of support that I should like to read them into the record. Dealing with fundamental freedoms, section 2 states:

> Everyone has the following fundamental freedoms:
>
> (a) freedom of conscience and religion;
>
> (b) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication;
>
> (c) freedom of peaceful assembly; and
>
> (d) freedom of association.

I will not read section 15, but it deals with equality rights, and we all know that it will forbid discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

● (1630)

I welcome these two sections because they are so comprehensive and because these fundamental freedoms will be enshrined in a new Constitution. It also shows how much things have changed and how liberal a society we want to be. After this charter has been passed, Canadians—no matter what their creed, race, national or ethnic origin, colour, sex, age or mental or physical disability—should never be discriminated against; they should never be rejected for a job or promotion on the basis of their new rights. Canadians with non-Anglo-Celtic or non-French names should not be obliged to feel they should change their family name or alter its spelling to get a good job or a promotion or high appointment or position or

directorship in a bank or some other corporation. My brother was asked to change his name if he expected to be promoted in a big Canadian corporation, just to prove the point.

To illustrate my point further, I should like to relate some interesting episodes in early Canadian history which involved religious and ethnic features. I am doing so only because they are interesting examples and not to demean or criticize any ethnic group or province in Canada.

Around the year 1761, the first Jewish immigrant, Aaron Hart, settled in Trois-Rivières. He and his family and descendants participated in the economic and political life of their community. In 1807 his son, Ezekiel Hart, was elected to the Colonial Legislature of Lower Canada. During one sitting, after he had voted, his oath of office was questioned. Historians state that for religious and political reasons he was removed from the legislature. Ezekiel Hart was re-elected and thrown out a second time. He then ran a third time, but became discouraged and withdrew during the course of the campaign. In disgust, the Governor of Lower Canada dismissed the legislature. Happily, it was the great French-Canadian nationalist, Louis Joseph Papineau, who did a great deal to regularize the Jewish position in 1832 by granting them all the rights of citizens in Lower Canada.

Following this enlightened move, the Legislature of the United Provinces of Canada passed a law in 1851 declaring the equality of all religious groups. I think this was the first historic basis of religious equality in Canadian confederation.

I warmly welcome sections 25, 33 and 35 guaranteeing the rights, freedoms and treaty obligations of our aboriginal peoples. This recognition and affirmation will prevail over the Indian Act and other discriminatory and unfair acts of our legislatures. I think that this is a tremendous achievement. Who can be against that?

As one who has been involved in the multicultural life of our country, I enthusiastically welcome sections 14, 15, 22, 26, 27 and 28, dealing with the right to interpreters, equality rights, preservation of non-official language rights, multiculturalism, minority language education rights and rights respecting denominational and separate schools.

However, it is especially section 27 that I should like to bring to your attention at this time, just as Senator Yuzyk did a few moments ago. Section 27 states:

> This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

True, our country had a multicultural society even before the Italian sailor Giovanni Caboto, referred to as John Cabot in our history books, came to Canadian shores. We had numerous Indian nations and tribes before the arrival of settlers from France, England, Germany, Poland, Italy, the Ukraine, the Scandinavian and other countries of the world. Yes, and even before Confederation, there were Canadians who did not belong to charter groups, or the two founding races, as they are often referred to, who played a prominent role in the development of Canada.

I should like to read into the record some points about men such as Sir Casimir Gzowski who came to London in 1840. He built railways and bridges in Ontario, and even became the founder of a theological school in Toronto. For all of his works he was knighted by Queen Victoria. I should like to mention also Edward Kieszkowski who came from Poland to St. Hyacinthe in 1840. He became a member of the legislature of Lower Canada and in 1867 represented the constituency of St. Hyacinthe as a Liberal in the first Parliament of Canada. I should also like to mention Alexandre Globensky who in 1890 was an independent member of the federal constituency of St. Eustache and Deux Montagnes. Many of these people and those who followed them gave their sweat and tears to develop Canada. Many of them also gave their blood in our wars. I want to mention Andrew Mynarski, of Winnipeg, who served with the RCAF and who was posthumously awarded the Victoria Cross for saving the lives of his fellow air crew.

Honourable senators, I cannot let this moment pass without referring to October 8, 1971, a day I so well remember and, I am sure, is well remembered by honourable senators. That was the day that the Right Honourable Pierre Elliott Trudeau announced the federal government's official policy of multiculturalism. He stated at that time:

> A policy of multiculturalism within a bilingual framework commends itself to the government as the most suitable means of assuring the cultural freedom of Canadians. Such a policy should help to break down discriminatory attitudes and cultural jealousies. National unity, if it is to mean anything in the deeply personal sense, must be founded on confidence in one's own individual identity; out of this can grow respect for that of others and a willingness to share ideas, attitudes and assumptions. A vigorous policy of multiculturalism will help create this initial confidence. It can form the base of a society which is based on fair play for all.

It was with mixed feelings of humility and joy that I later accepted the responsibility as the first Minister of State for Multiculturalism. Although the leaders of the opposition parties, Robert Stanfield, David Lewis and Réal Caouette, supported the policy and although multiculturalism struck a responsive chord in many Canadians, there was some reluctance and fear on the part of a minority who still either do not understand or refuse to understand the true meaning of that policy. Now that the enhancement of the multicultural heritage of Canadians will be entrenched in the Charter of Rights, those doubts, fears and reluctances should not be entertained in the future.

Section 27, which is an interpretive rule, will serve as a positive guide to the courts whenever our multicultural heritage is questioned. The constitutional entrenchment of multiculturalism should contribute a great deal to giving Canadians a sense of belonging to this great country, cementing our mosaic, and thereby enhancing national identity and strengthening Canadian unity.

Honourable senators, I recognize that the Charter of Rights and Freedoms is neither complete nor perfect. Even the Prime

Minister stated last Monday in the other place that he wanted to bring in some amendments. I am sure that along with Senator Yuzyk there are others who would like to bring in amendments, too—perhaps myself also, if I had an opportunity: amendments to strengthen women's rights, as Senator Yuzyk wants; amendments to strengthen equality rights and legal rights; words to protect more clearly the rights of the unborn; amendments to add property rights and economic rights; and also to add a preamble which recognizes the supremacy of God.

● (1640)

Honourable senators, either in the Senate or the House of Commons, since 1957 I have participated in the great debates on medicare, the Canada Pension Plan, Canadian citizenship, human rights, environmental protection, the Canadian flag, and the national anthem. However, even though they were milestones in Canadian legislative achievement, which provide pride and security for our people, it is in this debate on the joint resolution that is now before us, in the debate on the new Canadian Constitution, that we are offering Canadians more security, greater pride, and full independence.

The Fathers of Confederation forged a nation. Let us make a more just and free nation. In this resolution we are offering the Canadian people more potential to develop and to grow. We are offering them a greater destiny. The best time to seize this opportunity and challenge is the present. Honourable senators, let us take control of Canada's destiny now.

Some Hon. Senators: Hear, hear.

On motion of Senator Macdonald, for Senator Bielish, debate adjourned.

VISITORS IN GALLERY

IRISH REGIMENT OF CANADA CADETS

The Hon. the Speaker: Honourable senators, I draw your attention to the presence in our gallery of cadets of the Irish Regiment of Canada, who have come from Sudbury.

Hon. Senators: Hear, hear.

The Senate adjourned until Tuesday, March 31, 1981, at 8 p.m.

THE SENATE

Tuesday, March 31, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

PRESIDENT OF THE LETHBRIDGE STAKE OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-16, respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints, and acquainting the Senate that they had passed the bill without amendment.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Program Expenditure Plan 1980-81, Illustration of Structure and Content for the Department of National Revenue, Customs and Excise, issued by the Treasury Board of Canada.

Program Expenditure Plan 1980-81, Illustration of Structure and Content for National Health and Welfare Income Security, issued by the Treasury Board of Canada.

Report on the administration of the *Canada Assistance Plan* for the fiscal year ended March 31, 1979, pursuant to section 19, Chapter C-1, R.S.C., 1970.

Report of the Canada Deposit Insurance Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to section 46 of the *Canada Deposit Insurance Corporation Act,* Chapter C-3, R.S.C., 1970.

Report of the Anti-dumping Tribunal for the year ended December 31, 1980, pursuant to section 32 of the *Anti-dumping Act,* Chapter A-15, R.S.C., 1970.

Report of the Export Development Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report on operations under the *Bretton Woods Agreements Act* and the *International Development Association Act* for the year ended December 31, 1980, pursuant to section 7 of the first-mentioned Act, Chapter B-9, and section 5 of the latter Act, Chapter I-21, R.S.C., 1970.

Report of Statistics Canada for the fiscal year ended March 31, 1980, pursuant to section 4(3) of the *Statistics Act*, Chapter 15, Statutes of Canada, 1970-71-72.

Report on the administration of the *Public Service Superannuation Act*, for the fiscal year ended March 31, 1980, pursuant to sections 36 and 49 of the said Act, Chapter P-36, R.S.C., 1970.

Report on the administration of the *Supplementary Retirement Benefits Act*, for the fiscal year ended March 31, 1980, pursuant to section 11 of the said Act, Chapter 43 (1st Supplement), R.S.C., 1970.

Report of the Canadian Transport Commission for the year ended December 31, 1980, pursuant to section 28(2) of the *National Transportation Act*, Chapter N-17, R.S.C., 1970.

Capital Budget of The Jacques Cartier and Champlain Bridges Incorporated for the fiscal year ending March 31, 1982, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-627, dated March 5, 1981, approving same.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Charbonneau be substituted for that of the Honourable Senator Beaubien on, and the name of the Honourable Senator Nurgitz be added to, the list of the senators serving on the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

NORTHERN PIPELINE

COMMITTEE AUTHORIZED TO ADJOURN TO ALASKA

Hon. Earl A. Hastings, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Special Committee of the Senate on the Northern Pipeline, which was authorized by the Senate on July 10, 1980, to inquire into any matter relating to the planning and construction of the pipeline for the transmission of natural gas from Alaska and northern Canada, and report thereon, be empowered to adjourn to Alaska, U.S.A., for the purpose of such inquiry.

Hon. Jacques Flynn (Leader of the Opposition): When?

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

An Hon. Senator: Explain.

● (2010)

Senator Hastings: We are planning meetings in Alaska with government officials, industry officials and community associations, and the purpose of the motion is to permit us to visit Juneau, Alaska, for meetings with the Governor of Alaska and state officials with respect to the construction of the Alaska pipeline.

Senator Flynn: When are these meetings planned to take place?

Senator Hastings: The first week of June.

Senator Flynn: The best time of the year.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

EFFECT OF JUDGMENT OF SUPREME COURT OF NEWFOUNDLAND

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators will not be surprised that I have for the Leader of the Government in the Senate a question on the judgment rendered today by the Supreme Court of Newfoundland.

My first question is: Has the government decided to alter its course of action with regard to the constitutional package? More specifically, has the government decided to appeal to the Supreme Court of Canada?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I had anticipated the question with respect to the decision rendered by the Newfoundland court today.

Senator Flynn: I grant you that.

Senator Perrault: Honourable senators, may I quote, in part, from remarks which have been made today by the Right Honourable the Prime Minister? I believe they shed some light on the situation as it exists. He said:

> —we are somewhat disappointed by the judgment of the Supreme Court of Newfoundland; but it is certainly a very important one.

He went on to say that two decisions have now been made which are in conflict. One decision, rendered by the Manitoba Court of Appeal, ruled in favour of the federal government.

Senator Flynn: It was a three-to-two decision.

[Senator Hastings.]

Senator Perrault: Yes, three to two, by majority; and the Newfoundland court ruled in favour of the provinces.

This is what the Right Honourable the Prime Minister said:

> These two decisions which are in conflict, and the fact that the Supreme Court of Canada has now decided that it would hear the appeal from Manitoba, and presumably any other appeals which are brought before it on this subject, before the end of April,—

I must say, that is sooner than had been anticipated.

> —leads me to remind the House what some of the judges in the Manitoba case said, including the Chief Justice.

The Prime Minister went on to say:

> They said that as long as the resolution was not out of the House the first question put to the court was hypothetical, indicating that it would prefer to judge not on a hypothetical bill but on a real bill.

● (2015)

The Prime Minister continued:

> As a result of that, I wonder if we could not agree to pass the resolution and make sure the Supreme Court of Canada is acting, not on a hypothetical case, but on a real case, and agree to respect the decision of the Supreme Court.

However, he went on to say this—

Senator Flynn: A little later.

Senator Perrault: Yes, a little later, but to complete his statement, he said:

> I am prepared to suggest that if we can agree on some form of time allocation which would not only get the resolution approved with the amendment dealing with women's rights—which I believe have been pressed from various sides of the House—and an amendment which has been discussed on aboriginal rights—

Then, after being interrupted, he continued:

> If the honourable members opposite do not want to approve the resolution another way, my offer will still stand, that we get a resolution from the Supreme Court of Canada in return for which the government would certainly undertake not to press the United Kingdom to pass the resolution until it has seen the judgment of the Supreme Court of Canada,—

Then the Right Honourable the Prime Minister stated:

> If the Supreme Court renders in favour of the resolution, I take it that it would settle the matter and we could put an end to this debate which has been going on for several months. Of course, if it renders against us, the government would have to admit that it cannot proceed in the United Kingdom with the resolution in this form.

That is where matters stand. There are reports that the Commons house leaders have agreed to meet. I understand that some meetings involving house leaders may have already taken place to discuss the Prime Minister's further proposal which he made today, to have Parliament deal with the

resolution by Easter, and to decide whether this suggestion is acceptable to the other parties in the House of Commons.

Senator Flynn: Honourable senators, I have a supplementary question. Notwithstanding the problem of the parliamentary process, with regard to the appeal which the Supreme Court of Canada will hear at the end of April, would the government consider intervening directly and putting its own questions forward in order to cover the entire problem of the constitutional package?

Some views have been expressed to the effect that the Manitoba case does not cover the whole question. My suggestion is that the government should intervene in order to solve the whole problem. Notwithstanding what the Leader of the Government has quoted from the Prime Minister, it seems to me that, despite the fact that it is only a proposal before Parliament, the government's position is exactly the same today as it was with regard to Bill C-60, when reference was made to the Supreme Court on that specific question. I do not see any difference between the situation in which we find ourselves today and that which existed with regard to Bill C-60.

Senator Perrault: Honourable senators, may I say that, particularly in view of the fact that the Honourable Senator Flynn is a former Minister of Justice, consideration will certainly be given to the views he has expressed this evening. It may be that there is a difference of opinion as to whether the Manitoba terms of reference were sufficiently broad, but certainly Senator Flynn's views will be given careful consideration and the suggestion will be taken as notice.

Senator Flynn: May I ask the Leader of the Government whether consideration has been, or will be, given to the alternative of postponing the debate on the resolution until the Supreme Court has ruled in a definite manner? Perhaps then the government can achieve an agreement on an appropriate allocation of time in the other place and in this house.

● (2020)

Senator Perrault: Honourable senators, consideration appears to have been given to that possibility in recent hours, but there is one concern of the government, and that is that any resolution which is ultimately referred to the Supreme Court of Canada should be as complete as possible.

It is our view that the amendments with respect to women's rights and aboriginal rights should be included in any reference to the Supreme Court of Canada. Thus, the present view of the government is to opt to refer the resolution to the Supreme Court of Canada, in its complete and final form, after Parliament has rendered its judgment on it, rather than refer an incomplete resolution to the Supreme Court of Canada.

Senator Flynn: That is what I was suggesting. I am not trying to limit the scope of any questions that might be put before the Supreme Court of Canada. They should be made as wide as possible, but I suggest that the amendments really do not bear on the essence of the problem which the Supreme Court would have to deal with. In any event, I am not proposing any restriction. On the contrary, I am proposing that the government should intervene to put the question as widely as possible.

Senator Perrault: Honourable senators, I believe we all understand the point which is being advanced by the Leader of the Opposition. However, the government is sensitive to the fact—and I repeat the words that I used earlier this evening—that the Chief Justice of the Manitoba Court of Appeal said that the first question put to the court was hypothetical, to quote his words. He then indicated that the court would prefer to rule on a real bill and not on a hypothetical bill. We want to make sure that the bill which goes to the Supreme Court of Canada is complete, final and reflects the views of the Parliament of Canada.

Senator Flynn: Honourable senators, I suggest that the concern of the Manitoba Court of Appeal would not be the concern of the Supreme Court of Canada, in view of its ruling in the Senate reference.

Senator Perrault: Honourable senators, there again is a differing viewpoint advanced by the Leader of the Opposition. However, some would maintain most vigorously that the two cases are not directly comparable. In any case, surely Parliament can end the impasse and can deal in an orderly way with the constitutional resolution and then get on with the task of dealing with some of the other problems facing the country. I know that honourable senators will be fully co-operative in making sure that this resolution is given fair and complete debate in the Senate.

GRAIN

NEGOTIATIONS RE CROWSNEST RATES

Hon. Nathan Nurgitz: Honourable senators, I have a question to direct to the Minister of State for the Canadian Wheat Board.

Last week the railways apparently made a new proposal to the federal government which would serve, I assume, as a form of alternative to the renegotiation of the Crowsnest rate, something which the Minister of State for the Canadian Wheat Board has said the government was not anxious to get into too quickly. Is the minister aware of this proposal, and, if so, would he inform the Senate of his views on it?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am aware of the proposal, in the sense that I have read the newspaper reports. I am not otherwise aware of the proposal.

As I recall, what I read in the newspapers would indicate that it is really not much different from the proposal we received in the past. I am certainly willing to make inquiries to see if I can get any proposal that they may have made and make any comments on it that would seem appropriate.

I think the situation with regard to the Crowsnest rate is quite clear. The Prime Minister has said that he and his government would not wish to fiddle with the Crowsnest rate

unless and until there appeared to be a consensus in western Canada asking that this be done.

I think that the nub of the question is really something outside the Crowsnest rate, namely, whether or not we shall have a transportation system that will do the job with regard to hauling grain and with regard to hauling other products. I believe that the Government of Canada is fully committed to whatever action is necessary to obtain an efficient transportation system and to making certain that our railway transportation facilities will do the job for grain producers, for coal producers, for potash producers, for the manufacturers of forest products, and for the producers of other commodities that must be hauled by rail. The obtaining of such a modern, efficient rail transportation system, in my view, does not in any way depend on the grain producers of western Canada being prepared to accept a change in the Crow rate.

• (2025)

Senator Nurgitz: I have a supplementary question which arises as a result of something which, I believe, the minister has already expressed—his preference that the Crow rate not be touched, but, rather, that there be more equity investment, for instance, in the CNR. Would the minister respond in the positive, were such a proposal to come from the railways?

Senator Argue: I would have to determine whether or not the proposal contained an equity provision for the railways. I will be happy to look into the matter and report back to the Senate.

ECONOMIC DEVELOPMENT

WESTERN CANADA—INDUSTRIAL DEVELOPMENT

Hon. R. James Balfour: Honourable senators, my question is directed either to the Leader of the Government in the Senate or to the Minister of State for Economic Development. I shall let them decide who will respond. My question is simply this: What is the status of the government's election commitment to deploy $4 billion for western Canada industrial development?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, when a more detailed announcement is ready to be made public, it will be done in the usual manner.

Hon. Jacques Flynn (Leader of the Opposition): I have heard that before.

Senator Balfour: My supplementary question is also to the Minister of State for Economic Development. Would it be correct to say that the government is simply awaiting its revenue gains from its confiscatory taxation of western Canadian natural resources to fund its commitment—in other words, to buy western Canada with its own money?

Senator Olson: Honourable senators, it is fair to add to Senator Balfour's comment that a number of matters are under consideration, including the main use of the funds.

[Senator Argue.]

FOREIGN INVESTMENT REVIEW ACT

FOREIGN-OWNED FIRMS—PERFORMANCE REVIEW

Hon. Lowell Murray: Honourable senators, also under the general heading of "delayed government decision," may I ask the Minister of State for Economic Development whether it is still the intention of the government to bring in amendments to the Foreign Investment Review Act to provide for a performance review of foreign-owned firms to see that they meet the test of bringing substantial benefits to Canada, and, if so, when?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I could reply to that question in some detail, but I believe that the honourable senator already knows the answer, because the same topic was covered on page B2 of this morning's *Globe and Mail*. I believe that story was written on the basis of questions directed to the minister who is directly responsible for this program.

Senator Murray: The purpose of my question was not to learn what was in the *Globe and Mail* this morning. I want to know whether it is still the intention of the government to bring in amendments to the Foreign Investment Review Act for the purpose which I have already stated.

Senator Olson: Honourable senators, I will take the specific type of amendment suggested by the honourable senator as notice and refer it to the minister for his reply. I will do that because, if I were to reply either in the affirmative or the negative, I anticipate that the honourable senator's next question would be "When?" It seems to me that I should request of the minister his projections for bringing in an amendment of the nature described.

Senator Murray: Naturally, I would like to know when the government intends to bring in such amendments, if it intends to do so at all.

Perhaps I can phrase the question a little differently and ask: Has there been any change in the stated policy of the government to the effect that changes will be made in the Foreign Investment Review Act to provide a performance review of foreign-owned companies to ensure that they meet the test of bringing substantial benefits to Canada? At the same time, will the minister say whether there has been any change in the policy of the government with regard to other amendments providing, for example, for the publication by foreign firms of their intention to take over Canadian firms, to allow Canadians an opportunity to make counter offers? Has there been any change in the policy of the government as stated on those matters?

• (2030)

Senator Olson: Honourable senators, I am unaware that the minister directly responsible has made an announcement which would constitute a statement of having changed from the enunciation of the policy some time in 1980.

Senator Murray: Does the Minister of State for Economic Development state that there has been no change in the policy as previously announced?

Senator Olson: Honourable senators, what I stated was that I am unaware of any announcement that has been made in that regard.

Senator Murray: The question is not whether or not the minister is aware of an announcement; the question is whether a change has been made—whether a decision has been made by the government to change the policy in regard to those matters. I believe my question is quite clear and requires a simple answer.

Senator Olson: Yes, the question is quite clear to me. I must repeat what I have said a number of times in this chamber, and that is that I am not going to make statements on behalf of other ministers. It, therefore, follows that, unless the minister directly responsible for this policy has made an announcement of this change, there has not been an announcement of the change.

Hon. Jacques Flynn (Leader of the Opposition): Ask him.

Senator Murray: There may have been a change, whether announced or not.

Senator Flynn: I think the minister should be able to reply that he will inquire and report. If he says this is not his responsibility, then the question will be addressed to the Leader of the Government who can field all questions in all areas.

Hon. Raymond J. Perrault (Leader of the Government): And never drop them.

Senator Olson: Honourable senators, I will give an undertaking to refer the question to the minister and ask him if he is ready to make a statement of policy that incorporates the changes my honourable friend has asked for. He may say, no, that he is not ready to give such a statement.

Senator Flynn: Find out.

Senator Olson: I will do that.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, my question is for the Leader of the Government in the Senate. As you are probably aware, I have asked several questions pertaining to the Garrison, which affects Manitoba and the southern part of Saskatchewan. Manitobans are still very concerned about this matter, but we do not seem to hear very much about it.

Have any new developments taken place since the President's visit, and would the Leader of the Government make us aware of any developments, if any?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we all appreciate the continuing interest of Senator Guay in this very important national matter.

Some Hon. Senators: Hear, hear.

Senator Perrault: I can report that the United States—and this is as of this afternoon—has now informed us that the additional appropriation of $4 million being requested for the Garrison project will be used for project personnel and administrative expenses. That will allay some of the fears expressed here.

We have also received the assurance of President Reagan that the United States will honour the commitments of previous U.S. administrations and that no work potentially affecting Canada will be undertaken until consultations have been completed. That is another important statement from the United States this afternoon.

Nonetheless, Canada continues to oppose the authorization of any new funds for construction or preconstruction activities on the project, as we believe the commitment of additional funds adds momentum to the ultimate completion of the currently authorized project as a whole. We intend to continue our efforts to ensure that the U.S. Congress and administration are aware of our concerns.

We have indicated to the United States our willingness to commence the consultation process, and we anticipate that the first meeting will be held in Washington in April.

INDUSTRY

GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on February 24 by Senator Roblin concerning industrial strategy.

I would assure the honourable senator that, of course, there would be consultation with the provincial governments, business and labour, as appropriate, prior to the government bringing forward a series of initiatives that relate to industrial, trade and export policies.

PUBLIC SERVICE

ATTENDANCE AT ADDRESS BY DR. HENRY KISSINGER

Question No. 40 on the Order Paper—**By Hon. Heath Macquarrie:**

1. How many members of the Public Service of Canada attended the address by Dr. Henry Kissinger, sponsored by Algonquin College on October 21, 1980?

2. How many attended the luncheon for Dr. Kissinger at the National Arts Centre on the same day?

3. What was the total amount paid by the Government of Canada in fees and admission charges for (a) the address and (b) the luncheon?

Reply by the President of the Privy Council:

1 and 3. (a)

Communications Canada	2—$ 390
Employment and Immigration Canada	2—$ 390
Energy, Mines and Resources Canada	1—$ 195
Environment Canada	5—$ 975
External Affairs Canada	6—$1,170

Fisheries and Oceans	3	$ 585
Health and Welfare Canada	1	$ 195
Industry, Trade and Commerce	4	$ 780
Metric Commission Canada	1	$ 195
Justice	2	$ 390
Regional Economic Expansion	3	$ 390
(one invited by seminar organizers—no fee)		
Supply and Services Canada	4	$ 780

2. None

3. (b) Not applicable

Note: The basic registration fee for a participant was $195. This figure included a basic lunch which was part of the seminar package. It did not include the private luncheon with Mr. Henry Kissinger at the NAC which was at additional cost.

VETERANS AFFAIRS

DISTRICT OFFICES—LOCATION AND WORKLOAD

Question No. 44 on the Order Paper—**By Hon. Jack Marshall:**

1. What are the locations of district offices established across Canada by the Department of Veterans Affairs prior to January 1, 1980?

2. Give (a) the date each office was opened, and (b) the function and case workload of each office.

Reply by the Minister of Veterans Affairs:

1. See following list.

2. (a) See following list.

(b) The function of each office is to provide counselling, referral, and benefit delivery services for the full range of economic support and treatment benefits administered by the Department. The number of War Veterans Allowance/Civilian War Allowance recipients served in each office is shown on the attached list.

Question 1	Question 2(a)	Question 2(b)
Locations of District Offices	Opening Dates of Offices*	Case Workload (WVA/CWA Recipients) (February 1, 1981)
St. John's, Nfld.	—	4,600
Cornerbrook, Nfld.	June 22/79	880
Charlottetown, P.E.I.	—	1,470
Halifax, N.S.	—	7,760
Saint John, N.B.	—	5,400
Campbellton, N.B.	May 23/79	910
Sydney, N.S.	—	1,080
Quebec City, Que.	—	2,120
Montreal, Que.	—	7,130
Sherbrooke, Que.	April 30/79	1,050
Gatineau, Que.	May 1/79	1,100
Ottawa, Ont.	—	4.050
Kingston, Ont.	—	1,650
Toronto, Ont.	—	8,560
Hamilton, Ont.	—	4,250
London, Ont.	—	3,820
Windsor, Ont.	—	1,570
North Bay, Ont.	—	2,760
Thunder Bay, Ont.	—	1,480
Peterborough, Ont.	May 7/79	1,120
Brampton, Ont.	April 23/79	1,340
Winnipeg, Man.	—	4,650
Brandon, Man.	April 9/79	970
Regina, Sask.	—	2,010
Saskatoon, Sask.	—	1,720
Calgary, Alt.	—	2,820
Edmonton, Alta.	—	3,130
Vancouver, B.C.	—	8,920
Victoria, B.C.	—	2,380
Penticton, B.C.	April 26/79	1,120
Prince George, B.C.	May 3/79	1,080

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*Of the 31 District Offices listed above, 22 have been in operation for many years.

EMPLOYMENT AND IMMIGRATION

NEWFOUNDLAND—ALLOCATIONS UNDER SUMMER YOUTH EMPLOYMENT PROGRAM AND CANADA COMMUNITY SERVICES PROJECTS

Question No. 45 on the Order Paper—**By Hon. Jack Marshall:**

How much money has been allocated in the last fiscal year to the Province of Newfoundland by district under (a) the Summer Canada Program (b) Community Services Contribution Program?

Reply by the Minister of Employment and Immigration:

a) Insofar as the Summer Youth Employment Program (1980) is concerned, the following indicates the breakdown of monies allocated to the Province of Newfoundland in 1980:

Federal Project Stream (no constituency breakdown)	
Monies allocated	$ 1,320,850

Community Project Stream

Bonavista-Trinity-Conception	$ 432,424
Burin-St. George's	$ 249,732
Gander-Twillingate	$ 430,370
Grand Falls-White Bay Labrador	$ 325,956
Humber-Port-au-Port-St. Barbe	$ 372,400
St. John's East	$ 344,990
St. John's West	$ 315,569
Community Project Stream Total	
Federal Project Stream and Community Project Stream Total	$ 3,792,291

b) There were no Canada Community Services Projects operating in fiscal year 1979-80.

The Allocation for Newfoundland during the fiscal year 1980-81 is $213,000.

APPROPRIATION BILL NO. 4, 1980-81

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-62, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending 31st March, 1981.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 1, 1981-82

THIRD READING

Hon. Royce Frith (Deputy Leader of the Government) moved the third reading of Bill C-63, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1982.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

March 31, 1981

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 31st day of March, at 9.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith:

That an Address be presented to Her Majesty the Queen respecting the Constitution of Canada.

And on the motion in amendment thereto of the Honourable Senator Yuzyk, seconded by the Honourable Senator Tremblay, that the motion be amended in Schedule B of the resolution by inserting immediately after Clause 28 the following:

28.1 Notwithstanding anything in this Charter, the rights and freedoms set out herein are guaranteed equally to men and women.—(*Honourable Senator Bielish*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise on a point of order. Would the Leader of the Government prefer that this item stand until the government has informed us of its decision with regard to the consequences of the judgment of the Supreme Court of Newfoundland given today?

If the debate is to be adjourned until the Supreme Court of Canada has ruled on the legality of the constitutional package, I think it would be rather inappropriate for this house to continue the debate. I am asking him if we should wait until tomorrow or Thursday to see what the government decides in this matter.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it can be said that the debate in the Senate has proceeded in good spirit and in a co-operative manner, unlike the events of the other chamber.

We have taken the position on this side, that every senator should be given a full opportunity to set forth his or her opinion on this important resolution.

Certainly, it would not offend us to hear Senator Bielish. Indeed, we have been looking forward to her contribution to this debate, and we would welcome that contribution this evening. Therefore, we do not think the debate should be delayed.

Hon. Martha P. Bielish: Honourable senators, I yield to Senator Muir.

● (2040)

Hon. Robert Muir: Honourable senators, I wish it had been outlined—

Senator Frith: Did you bring your music, Senator Muir?

Senator Muir: I sure did. I wish the Leader of the Government in the Senate had been informed that I was going to speak instead of Senator Bielish. He had so many nice things to say about Senator Bielish, and I doubt that he would have said the same things about me.

In any event, honourable senators, I hesitated to take part in this debate as I felt that perhaps just a legal question was involved, and it should be left to the legal people to debate. However, after listening with interest to the legal arguments, in which both those for and those against the resolution seem to have made their points, I came to the conclusion that the legal argument could only be decided in the courts, and I do not understand why the government is unwilling—indeed, afraid—to have it decided by the highest court in Canada before proceeding further with it.

Senator Perrault: Will you vote for it now?

Senator Muir: Since the legality of the proposal is not going to be decided, at least at present—although there have been some rumblings today—I believe it is quite proper for a non-legal person like myself, one who came out of the coal mines of Cape Breton and who makes no claim to having expert knowledge on either legal or constitutional matters, to speak on the resolution from another point of view.

Before I do so, I thought I should make a passing comment. With all due respect to my legal confreres in all parts of this chamber, I say that when your profession is law—I say this in a jocular manner—you are suspect; but when you are both a lawyer and a politician, you are doubly suspect. Here I refer to the brilliant and lengthy dissertation given by Senator Godfrey in this chamber on March 11. From his speech, to which I listened very carefully from beginning to end—it was most interesting; extremely interesting—I could tell that he is an outstanding lawyer. It was a thoughtful and deeply researched presentation that he made. Indeed, he consumed over seven pages of *Hansard*, and in doing so he outlined point by point why the resolution should not be passed—and you know, honourable senators, he thoroughly convinced me. He built an excellent case, as only a scholarly lawyer could. It was a masterpiece, a masterful presentation—

Senator Frith: He should be on the Bench.

[Senator Perrault.]

Senator Muir: But, honourable senators, the final few sentences of his remarks brought complete disillusionment. Let me quote my honourable friend. After damning the resolution from one end to the other, and bearing in mind the hours of research that he must have put into it, he finished by saying, in the penultimate paragraph:

> —I have finally come to the conclusion, in spite of my strong reservations about the process, that patriating the Constitution is all important, is long overdue—

Senator Steuart: Hear, hear.

Senator Muir: Now, now, David.

> —and should be done now, even though it includes a Charter of Rights which is completely entrenched, which I do not really think is necessary at this time.

An Hon. Senator: Oh, oh.

Senator Muir: He then goes on to say:

> Let us get this first step over with, so that we can get on with amending the Constitution at home with respect to other important matters such as the division of powers. I am, therefore, going to hold my nose and vote for this resolution.

Senator Perrault: Hold whatever you like.

Senator Muir: How anyone could make such a beautiful, wonderful, fantastic speech against the resolution, and then say that, is beyond me. However, I am not a lawyer, so I don't know how it works.

I would say that Senator Godfrey thoroughly convinced me, and if I were in any difficulty at any time—and please God I am not—I think I would engage him as my lawyer, because he is a very convincing gentleman when he puts his case forward, but I would hope, if I were being charged with a criminal offence, that he would not desert me in the final paragraph.

To get back to what I was going to say before I rudely interrupted myself, in my opinion, in regard to this matter, the people of Canada could be divided into four classes or categories. There are those who support the government's action, those who oppose it, those who have no interest in it or, indeed, no understanding of the issues involved, and those of the fourth class, to which I believe I belong, who feel that there are other and more important matters which should be the concern of the government. I try to speak on behalf of the fourth class.

I believe the first concern of the government at this time should be the economic situation. I believe the first concern of the government should be the great problem of unemployment, the great problem of inflation, the great need of new incentives in those regions of Canada which suffer from even higher unemployment than the national average. I believe the first concern of a concerned government should be the relief of those in need—and of first importance now is the relief of homeowners, and those who want to be homeowners, from abnormally high mortgage interest rates due to the inaction of the government.

It appears obvious that this government has placed its constitutional obsession above human needs. It has no con-

sideration and no sense of compassion for those who suffer on account of low incomes and high prices. It has no consideration and no sense of compassion for all those who ask only for employment, who ask only for economic security so they can support their families without the constant threat of unemployment, with all its evil results, hanging over them.

Honourable senators, as you are aware, it is estimated that one million people in Canada are unemployed. I truly do not believe that those people put a high priority on patriating the Constitution. They have to live, and they want to provide for their families above the poverty line. When the homeowner has to renegotiate the mortgage on his house at a higher rate of interest, when he must try to balance the cost of food, the cost of fuel, light and power, and all the other necessary items, with a severely reduced income, he can be forgiven if his interest in the Constitution is so slight as to be almost non-existent.

I say to all honourable senators that the government has lost whatever sense of proportion it ever had—and, believe me, I do not think it has had very much in regard to this matter.

Let us face facts. The first concern of the government should be the economic welfare of the people of Canada, and yet we see the majority of the supporters of the government so concerned with the Constitution that they do not realize, or understand, or appreciate the attitude toward it of the ordinary people of Canada.

I want to make my own position very clear. I do not think that patriation of the Constitution, with a Charter of Rights attached, is a matter of urgent importance, and after hearing the speeches on the resolution given here, and also reading and hearing some delivered in the House of Commons, I believe I understand the position of those in favour of, and of those opposed to, the resolution. I wholly agree with those who state that the Canadian Charter of Rights and Freedoms should be made in Canada by Canadians.

Although I was born in Edinburgh, Scotland, I was brought to Canada at an early age, and consider myself a true Canadian. I resent the fact that our government should be begging and pleading the British Parliament to legislate on what is a wholly Canadian matter.

I understand, of course, that the United Kingdom Parliament must amend the B.N.A. Act by including an amending formula to make it a Canadian statute, because the B.N.A. act is a statute of that Parliament. I cannot go along with the proposal of having a Canadian Charter of Rights given to us by the Parliament of the United Kindgon.

● (2050)

The excuse for this strange and, indeed, abnormal, procedure is that it would not be passed in Canada under any formula. I cannot accept this as a valid excuse. It should be remembered that those who oppose the government are also Canadians who are absolutely sincere in their beliefs. We have proclaimed for years that we have come of age. We have cut the umbilical ties, and so on. We have cut our colonial ties, and we are a sovereign nation. Now we plead with the parliament of a foreign country, practically on bended knees, to pass a law which would be binding on Canadians.

Honourable senators, in my view, that is an incredible situation. It is like an adolescent who is constantly at odds with his parents. "I have this problem; you solve it." I find the whole process extremely humiliating. Here we are supposed to be writing history. We are supposed to be committing to paper the fundamental rights of Canadians. So far, we have only succeeded in dividing our country, and antagonizing most of our provinces.

A Charter of Rights should be a uniting force, to my mind, and yet by its high-handed actions, and by its assumption of superiority, the government is creating a division in this country which possibly would remain for years.

Honourable senators, being a political realist, and having been a member of the House of Commons for 22 years before coming here, I know this resolution will pass either in its present form or with a few non-controversial amendments. I do not think it should pass until we have had, at least, an opportunity to give the proposed Constitution a clause-by-clause examination. I know the special joint committee gave it such a study, and the members are to be commended for their work. However, a committee study on such an important piece of legislation—we don't do this every year or every few months—cannot take the place of a clause-by-clause examination by a Committee of the Whole in the Senate. Certainly there is not time for an ordinary member of the Senate to speak on all the clauses.

Any Charter of Rights should be written so that it protects the rights of citizens, especially against the tendency of big governments to whittle away the rights of the people in the name of efficiency. I do not think the proposed Constitution gives the ordinary citizen sufficient protection.

Someone once said that to give a man his life but to deny him his liberty is to take from him all that makes life worth living. To give him his liberty but not to guarantee him his property, which is the fruit of that liberty, is to still leave him a slave. I do not suggest that the proposed Constitution goes as far as that, but I simply do not understand why it does not guarantee the property rights of our citizens.

I do not understand why there is no reference in the proposed Constitution to the fact, which I think is beyond dispute, that Canada as a nation acknowledges the supremacy of God. I recall this was mentioned by my colleague from Cape Breton, Senator Macdonald. Like him, I cannot understand why an amendment to that effect made in committee was opposed by the Liberal members of the joint committee. I would not have expected such an amendment to be considered as a partisan measure. Yet, while the Conservatives and NDP members voted for it, Liberal members, including six Liberal senators, voted it down.

While Senator Stanbury was speaking, I raised that question with him, and he gave me a reply—well, he really didn't say very much in his response because he had not read the preamble, which is really good. It reads:

> We, the people of Canada, proudly proclaim that we are and shall always be, with the help of God, a free and self-governing people.

In his earlier remarks, he said it was the provinces who did not want it and who did not agree with it. When he responded to my question, he stated that he had made an error, that, in fact, the provinces did not want to talk about the preamble until the whole Constitution was put together. He said:

> Perhaps I should correct something which may have been misleading because of lack of information . . . I was wrong in saying it was a rejection—

Honourable senators, what I could not understand—

Hon. Richard J. Stanbury: Honourable senators, I wonder if Senator Muir would mind reading the excerpt in full instead of mumbling it quietly and incompletely.

Senator Muir: I beg your pardon? Would you repeat that, please?

Hon. Orville H. Phillips: Would you be influenced if the whole thing were read?

Senator Muir: Would Senator Stanbury please repeat that?

Senator Stanbury: I am asking that the honourable senator read the full quote because what he was doing was mumbling the quote and not giving it completely. I think that in fairness he should read the full quote.

Senator Muir: Wonderful, wonderful! Far be it from me to mumble in this place or any other place at any time. I would never do that.

Senator Phillips: A Cape Bretoner never mumbles.

Senator Muir: You are right.

I had posed the question as follows:

> Honourable senators, I wonder if my honourable colleague, Senator Stanbury, would permit a question. It is a very sincere question, with no partisanship about it at all.

I am quoting myself now. I love to quote myself.

Senator Flynn: You are not the only one.

Senator Muir: I went on to say:

> I know Senator Stanbury's background, and the work he has done with regard to the church, the Deity, and so on. He quoted from the preamble that was previously presented. In the course of that preamble reference is made to the Deity. Would the honourable senator kindly advise me—

Can you hear me, Senator Stanbury?

Senator Stanbury: It is difficult.

Senator Muir: I will go on:

> Would the honourable senator kindly advise me why, in the recent Constitution hearings, the Liberal members of that committee, along with the New Democratic Party, said, "Away with the Deity, and away with references to the Deity. We will have nothing to do with the Deity"? I just wonder if he would explain that to me—and I say this sincerely—in the light of his important background in church work, and things of that nature.

Senator Stanbury's reply was—and I am quoting Senator Stanbury, that great worker from one of the very great churches of Canada:

> I am sure that individuals in every party have their own points of view. What I was giving you was the proposal of a preamble given by the Government of Canada to the provincial premiers. Perhaps I should correct something which may have been misleading because of lack of information. My understanding—

I am still quoting Senator Richard J. Stanbury.

> —of what happened was that the premiers said, "We do not want to talk about the preamble until we have the whole Constitution put together." I was wrong in saying it was a rejection, but it was not accepted at that time as the preamble for the Constitution. If it had been, it would have referred to these matters which I regard as important.

Senator Stanbury: Thank you very much.

Senator Muir: You are most welcome. I am only too happy to accommodate you.

Honourable senators, I hope Senator Stanbury will say I am quite welcome when I bring up this other point. That was no answer at all to the question I posed—no answer whatsoever. I asked him why the Liberal senators had opposed the Deity, the mention of God, or anything about this preamble. He did not answer it at all.

Senator Phillips: He did not understand.

• (2100)

Senator Muir: To get back to what I was saying before I was so rudely interrupted by the Presbyterian Pope, I would not have expected that such an amendment would be considered a partisan measure. Yet, while the Conservative and NDP members voted for it, the Liberal members, including the six Liberal senators, voted it down.

I am sure that Senator Stanbury must have received these letters, one of them from a town called Toronto which was signed by a Reverend Leonard Self. I am sure that the honourable senator must have received that letter from the Westminster Presbyterian Church. I hope that he personally answered the letter from Reverend Self and explained the situation to him.

Senator Stanbury: I did.

Senator Muir: I am sure that he did not get much of an explanation, if he got an answer to this question that was anything like the answer I got to mine.

I would have thought that the proposed amendment was non-controversial. If you look at the *Minutes of the Proceedings* of the joint committee of January 22, 1981, you will see the following:

> The Committee resumed consideration of the motion of Mr. Epp, That clause 1 of the proposed *Constitution Act,*

1980 be amended by striking out line 1 on page 3 and substituting the following:

"1. Affirming that

(*a*) the Canadian nation is founded upon principles that acknowledge the supremacy of God, the dignity and worth of the human person and the position of the family in a society of free individuals and free institutions, and

(*b*) individuals and institutions remain free only when freedom is founded upon respect for moral and spiritual values and the rule of law,

the *Canadian Charter of Rights and*"

After debate, the question being put on the amendment, it was negatived on the following division—

I would like to put on the record the result of the vote, and I mention only the Senate members because we are in this chamber at the moment. Yeas: Asselin, Nurgitz, Roblin. Nays: Austin, Cottreau, Goldenberg, Lucier, Petten and Rousseau.

Honourable senators, it would be interesting to learn from any of these honourable senators the reason they opposed what I would consider a non-controversial and non-partisan amendment. It seems unusual that they would oppose it. Indeed, if the objection was merely that it was proposed by the Conservatives, I can only say that the members on this side would support it if it were brought in by a government supporter. I hope that Senator Stanbury will bring in that amendment, and I can assure him that we will all support it very strongly.

Senator Thériault: What side are you speaking from?

Senator Muir: Oh, yes, I had forgotten that you are overflowing into this side of the chamber. We will have to find a seat for you on the other side.

Honourable senators, I know that we are debating the amendment proposed by Senator Yuzyk, and I certainly support it. Indeed, I think it strengthens my contention that we should have a clause-by-clause examination of the proposed Constitution in this chamber before voting on it. As it now stands, I support the amendment, but, even with the amendment, the resolution is so lacking in the protection and guaranteeing of fundamental rights that I cannot support it.

Hon. B. Alasdair Graham: Honourable senators, in view of the fact that the Academy Awards are being presented in Hollywood tonight, and in view of the fact that two Cape Breton senators are speaking back to back here in Ottawa, I can only observe that it is quite a night in North America.

I congratulate my friend and colleague, Senator Muir, for the concerns he has expressed with respect to the unemployed and the needy in Canada. I am sure that he would want me to mention that the Government of Canada has indeed recognized those needs in a most magnificent way: the announcement in the last few weeks that our own native Cape Breton will receive hundreds of millions of dollars to aid the steel and coal industries of our area.

With respect to the subject at hand, this is the second time that I have had the privilege of participating in the debate on the Canadian Constitution. In my first effort, when the resolution was originally introduced last fall, I spoke primarily about my views as a Canadian living in Nova Scotia. I dealt with mobility rights, the principle of equalization, ownership of resources, language rights and the historic significance of what has been proposed. Since that time, the resolution has undergone major changes by way of the amendment process and has attracted both fervent support and vehement opposition. I believe that most Canadians support the substance of the resolution, but they are sometimes confused by and, in the case of the majority of the provincial premiers and the official opposition, opposed to the process. So let me speak about that process.

Senator Flynn: Good idea!

Senator Graham: Almost without exception, speakers who have reflected on the process have expressed concern. Even supporters of the proposed resolution have said that it is unfortunate that there is not greater acceptance on the part of the provinces and the official opposition. However, they argue that the time is right and that the momentum for change, which started with the Quebec referendum, should not be lost. If the current attempt at reform is lost, as have been attempts so many times in the past, there is no telling when, if ever, the process could be brought to a successful conclusion.

I believe there has been a great deal of movement towards the reform position taken by the federal government since the introduction of the proposed resolution on October 6, 1980. It seems to me that this movement has been the result of favourable public reaction to the content of the resolution, notably the desire for patriation and the entrenchment of rights. That is not to say that the public has been enamoured of the unilateral process. This, I believe, is the result of much misunderstanding.

At the beginning of October 1980 there were two almost equally controversial aspects with respect to the process: the first was unilateralism; the second was the entrenchment of rights in the Constitution. The entrenchment of rights appears to have won over many converts. Jake Epp, the constitutional spokesman for the Progressive Conservative Party, on January 20, 1981, when introducing his party's amendments to the Special Joint Committee on the Constitution, said:

> It is the popular will that we have a Charter of Rights and Freedoms for the Canadian people embedded in the Constitution.

Prior to January 20, the issue within the Conservative Party seemed to be very much open to debate, some members supporting entrenchment and others opposing it. This ambivalence was perhaps understandable, in light of the positions taken by the Conservative provincial premiers. Throughout the summer of 1980, Premier Lyon of Manitoba led a vigorous attack against entrenching a Charter of Rights. He was supported by Premiers Buchanan, Lougheed and MacLean. Premier Peckford indicated that he would support the limited

entrenchment of rights. Several premiers made statements connecting the entrenchment of rights with the settlement of other constitutional issues. Premiers Davis and Hatfield, on the other hand, have supported the entrenchment of a Charter of Rights and Freedoms. It is also worth noting that opinion polls conducted on this subject have been overwhelmingly supportive of the general concept of an entrenched Charter of Rights and Freedoms. I will return later to the charter and its contents.

● (2110)

The unilateral nature of the process has been subjected to a great deal of emotional rhetoric, particularly when it has been labelled "colonialist". It would perhaps be helpful to set out some of the basic facts.

In the first place, the British North America Act, although not the entire Constitution of Canada, is our basic constitutional document. As all such documents are and must be, it is amendable and it has, in fact, been amended many times since 1867. Reference has been made to these amendments by other honourable senators. The amending formula, although somewhat vague, does exist. It requires that a joint resolution from the Senate and the House of Commons of Canada be sent to the monarch to request enactment by the British Parliament. In 1931, the Parliament of Canada, by way of a Joint Address, asked that this process continue. Unless we wish to proceed with a unilateral declaration of independence—and the government clearly does not—the Parliament of Canada has no option but to request that the British enact each and every amendment that is sought. I repeat, there is no option but to use the auspices of the British Parliament, unless we in Canada wish to ignore entirely our legal responsibility under the British North America Act and the Statute of Westminster.

Furthermore, every amendment is, in one sense, unilateral in that, for it to be put into effect, it must first be requested in a Joint Address from the Parliament of Canada. No other legislature outside the Parliament of Canada has any official role to play in the passage of the Joint Address. The process is not un-Canadian, because the essence and the details of the resolution have been conceived, written and amended in Canada by Canadians. The British North America Act itself is just such a creation. It was written in Canada by Canadians for Canadians. It is the basic constitutional document for Canada. The 20 or so amendments to this act are Canadian creations, as is the proposed resolution. So, one sometimes wonders what the fuss is all about.

In 1867, the British North America Act created the Dominion of Canada, the first such dominion within the British Empire that would henceforth be in complete control of its domestic affairs. However, Canada was still in a semi-colonial position; its independence was not complete. This was reflected by the fact that the British North America Act did not contain a domestic amending formula.

In 1931, when the Statute of Westminster confirmed Canadian sovereignty with respect to its external relations, the development of Canadian sovereignty was almost complete.

However, Prime Minister R. B. Bennett decided that, in the absence of agreement on an amending formula, it would be better to leave that process in the hands of the British government. This does not mean that it would not be in our own interest and for our self-esteem, not to mention our international reputation to bring this outdated amending process to an end. The government is saying today that this is not 1931, and in spite of continued disagreement on an amending formula, the time is right and we should remove this last vestige of colonialism. There is widespread popular support for this proposition. Indeed, I can again quote Jake Epp who, on January 20, 1981, declared:

> It is the popular will of Canadians that our Constitution rest in this country.

Does anyone seriously question the need for patriation, *per se*? The answer is a clear: No. But patriation without an amending formula would place this country in a most ambiguous position. It is unclear, at least to me, just what the procedure for amendment might be. Perhaps it would require the unanimous consent of all the provinces and the federal government. If this were the case, we would be left with a Constitution that would be almost impossible to change, in my view. Always, there would be at least one province that would refuse to give up its protective veto for something less substantial. That one objection would rule the day. Canada would have the world's most rigid federal constitution. No other federal country insists on unanimity by its constituent parts.

The federal government has suggested one way to escape the tyranny of the rule of unanimity. It has admitted that its preferred formula may not be the most acceptable one, and has, therefore, provided a two-year period for further negotiations on the subject of the amending formula. If the federal and provincial governments emerge from these negotiations with opposite conclusions, the people of Canada will have the opportunity to cast the deciding vote in a referendum. I am not a champion of referenda, but I am convinced that in a matter so fundamentally important to the future of our country, a deadlock-breaking mechanism is absolutely essential.

I believe that the stand of the official opposition, although expressed with emotion and great moral indignation, is not so very different from that of the government. They would ask for immediate patriation of the British North America Act with an amending formula of their choice. Their choice of an amending formula is their own particular version of the so-called Vancouver consensus. It is worth making the point that the Conservative choice for the formula is simply one political option. In fact, it is one that I believe they acknowledge is really incomplete. They would permit only one year for their formula to be revised. The consensus required would be federal concurrence, with seven provinces having 50 per cent of the Canadian population. The government, on the other hand, has chosen a different formula, one regarding which, at one time, at the meeting in Victoria in 1971, there was unanimous agreement among the 11 first ministers. The government will continue to encourage negotiations towards a more acceptable formula. If an accord between the federal

government and the provinces is not possible, then the Canadian people will choose.

I suggest that, on the face of it, the process which the government proposes is even more flexible and permissive than that suggested by the Conservative Party. The difficulty with patriation, plus an amending formula, is not so much a question of process but a question of detail: Which formula do you like, Vancouver or Victoria? The essential point is that never before has there been such widespread agreement and support for patriation than now. To do so, without an amending formula and a deadlock-breaking mechanism, would simply lead to years, even decades, of stagnation and hopeless frustration.

The main issue, then, has become: Why include a Charter of Rights and Freedoms? Here we have an interesting conundrum. The inclusion of some kind of amending formula is not a matter of dispute among most people. What is in dispute is the content of the formula. Here it is fair to say that the content of the charter is not much disputed among Canadians, with the exception that the opposition argues for the inclusion of other rights. There is all-party agreement that the entrenchment of rights is worthwhile. The complaint is as to the process, having the necessary amendments enacted by the British Parliament prior to patriation.

It has already been pointed out that the British Parliament must at this time play a role in making amendments to the Canadian Constitution. The role is the same whether the amendment be for an amending formula, a charter of rights, equalization or resources. It is no more colonial for one than for the other, as both are substantive amendments to the Constitution, and both lack unanimous provincial consent.

One may ask whether there is any difference between the two. In the sense that each is an amendment, there is no difference; the process is the same. However, as indicated earlier, it would be tragic to patriate the Constitution without an amending formula. It could produce a constitutional straitjacket. The Charter of Rights and Freedoms could, with substantial provincial agreement, be implemented under the Victoria formula, but many of the opposition have argued, "Why not wait?"

● (2120)

Essentially, the government offers two answers to this question. In the first place, the government feels that it, along with the provincial premiers, promised the people of Quebec, in the referendum campaign, significant constitutional change. The federal government is attempting to live up to its promise with the proposed resolution. The resolution contains an acknowledgement of fundamental freedoms and rights to equality before the law, to equal protection of the law, and to political and legal rights. Multicultural rights are recognized and aboriginal and treaty rights are affirmed. The right to move throughout the country to accept employment is affirmed and established.

The provincial "best efforts" draft respecting equalization payments to provincial governments is enshrined. Provincial control is established with respect to the management, development and conservation of non-renewable resources, forestry and hydro-electric resources. For the first time the provinces are given entry into the field of indirect taxation with respect to these resources. These changes are important; they are very substantial.

With the exception of the enshrinement of the principle of equalization and the addition of provincial management and taxation of natural resources—both items, by the way, offer substantial new concessions to the provinces—there is no effect on the division of powers. Sections 91 and 92 of the British North America Act have not been altered to the detriment of either level of government.

I want to emphasize, as others have before me, that the government does not claim that constitutional change will cease with the present resolution. This, it acknowledges, is only a beginning. However, it is a necessary beginning because, without it, meaningful constitutional change will continue to be sacrificed on the altar of unanimous consent.

The proposed resolution does two things which make future change of the division of powers possible. It provides for a formula by which agreements may be formalized. It removes, from the debate on political changes, bartering over the inclusion of human rights. The second reason for including a Charter of Rights now is precisely because, as I mentioned earlier, it would be almost impossible to achieve the necessary provincial accord in the near future. Negotiations over human rights will either have to be dropped altogether or they will continue to be mixed up in negotiations over fishing boundaries, or natural resource taxation, or whatever.

The official opposition proclaims that, to proceed with entrenching rights in the Constitution by way of the traditional route of going to Great Britain, is dangerous and threatening to the continued well-being of the country. On the surface, this proclamation would appear doubtful. If, however, by some stretch of the imagination it is true, I believe there is a remedy. If the nation is imperilled by this action of the Liberal government, one might logically expect the public to rally around Mr. Clark and his confrères in the House of Commons. One might expect the country to survive to the next election, in which, given the hypothetical crisis of confidence, Mr. Clark would be returned to power with a majority government.

Senator Grosart: Hear, hear.

Senator Frith: That is the way to get their attention.

Senator Graham: In this event, the new prime minister, who is undoubtedly a humane man and one who is very sensitive to the aspirations of the provinces, will be able to reach an accord on constitutional change. This change will be possible under the amending formula. Certainly, the Victoria formula would not be too much of an obstacle for a federal government bent on saving the nation, particularly since the new prime minister would not then require the unanimity which the present government is being asked to achieve.

Senator Flynn: But Mr. Davis would object.

Senator Graham: A new federal government with provincial support could replace the Victoria formula with the Vancouver

consensus. It could rewrite the Charter of Rights so that provincial sensitivities would not be offended. All that would be required would be popular provincial support which, it is claimed, can be achieved by an accommodating manner and political will. Already the official opposition claims that the popular will is behind it and that the provinces are in accord with their position. So, one might ask whether they will be prepared to accept the challenge and campaign on revising the charter and replacing the amending formula at their next electoral opportunity.

As has just been mentioned, one can argue that the position of the Progressive Conservative Party is to leave the settlement of constitutional issues like the amending formula to governments acting in the traditional-style federal-provincial conference. It is true that from time to time there have been suggestions for some sort of constituent assembly, but such a process would seem to require provincial consent, and this would not appear to be possible.

Let me acknowledge that the Charter of Rights which was presented in October 1980 was, by most accounts, deficient: the wording was too vague; there were too many loopholes through which government legislation could escape. This is a prime example of a document inspired almost totally within government, and it reflected the federal government's desire to accommodate, where possible, its provincial colleagues. The special joint committee opened up the Charter of Rights and Freedoms to the public, for which they are to be commended. Besides four provincial governments, the two territorial governments and four provincial political parties, 100 groups and individuals appeared before the committee. Fifty-one senators and 132 members of the House of Commons participated on the committee, and other members and senators were recognized and allowed to voice their concerns.

There would be no doubt that the special joint committee presented the opportunity for widespread, meaningful participation by parliamentarians from both houses and by the major, and not so major, interests within Canadian society. There can be no doubt that the committee and the government listened attentively to the various representations, and that they acted in a sensitive fashion in responding to those requests.

I want to congratulate all members of this chamber on their leadership, participation and very positive work which culminated in the positive results of that committee. The original documents, which some critics called inadequate, even insipid, left the committee hearings with a Charter of Rights in which all Canadians can take great pride. But, honourable senators, to send such a document back to intergovernmental meetings could undo all of the progress which the committee and the public have achieved.

It is also worth noting that there has been very little criticism by provincial governments of the substance of the charter. No premier has come out against the entrenchment of aboriginal or treaty rights. No premier has criticized the legal and political rights, although there is some reason to believe that some would prefer to see them returned to the previously more limited state where the legal rights were tied to the phrase "in accordance with procedures established by law."

The point to be emphasized is that the Canadian government, the members of the special joint committee of all political parties and the participating public worked diligently to improve the proposed Charter of Rights and Freedoms. Those who object to its substance should explain just which rights would threaten either the authority of their government or the structure of parliamentary democracy.

The opposition response is two-fold. The official opposition does not criticize the charter for what it contains; they ask that more rights be added, and they ask that those rights be interpreted in light of the supremacy of God, the family and moral and spiritual values. This point was raised earlier by Senator Muir and Senator Macdonald, my colleagues from Cape Breton. The government recognizes the supremacy of God, the family, and moral and spiritual values. The government argues that this is not the right place to note the supremacy of God *et al.* The government had included the reference to God in the preamble proposed at last year's spring meeting of first ministers, but the first minsters rejected the entire preamble at that particular time.

• (2130)

The second response, which comes from some provincial governments and from some honourable senators in this chamber, is that the charter is unnecessary; rights in Canada are well protected, they argue, and it is destructive of parliamentary supremacy. There has been little or no compromise on this position, and there is no evidence to suggest that any charter would be acceptable to the provinces which take this view now.

To respond to the "charter is unnecessary" proposition, one need only examine the hearings of the special joint committee. Not only was entrenchment supported by the Human Rights Commission and the Civil Liberties Association, but by organizations representing handicapped Canadians, children, ethnic groups and others.

Some of the most poignant testimony came from the Japanese Canadians. They made a dramatic and moving plea for the "inviolate entrenchment" of a charter of rights when they stated:

> We are a people who were undermined, who were overridden, who were the victims of a political process when such a basic and fundamental thing as rights were not guaranteed, and today they are still not.

I quote further:

> The Japanese Americans were able to return to their homes a full nine months prior to the termination of the Pacific war, while Canadian Japanese languished in the internment camps and were being deported, sent back to Japan most likely and dispersed, for almost four full years after the unconditional surrender of Japan when the presumed reasons for their confinement had vanished.

Senator Donahoe: By a Liberal government.

Senator Flynn: Under the War Measures Act.

Senator Graham: We are trying to provide against such injustices in the future. Can anyone, conscientiously, ignore such appeals so rooted in bitter experience? The committee hearings were overwhelmed with similar testimony in support of the entrenchment of rights in the Constitution.

On January 12, 1981 the Minister of Justice, the Honourable Jean Chrétien, presented to the committee a series of possible amendments to the resolution on behalf of the Canadian government. They were designed, mainly, to improve the Charter of Rights and Freedoms in the light of representations received by the committee. They also provided a clearer definition of the principle of equalization. Further, they guaranteed that the referendum procedure would be used only as a deadlock-breaking mechanism and that its rules would be established, initially, by a federal-provincial commission.

Although the committee did not hear evidence on these proposed amendments, it is fair to say that they were generally well received by those who had submitted their criticisms of the first draft of the resolution, although, according to some, they still did not go far enough.

For example, Gordon Fairweather, of the Canadian Human Rights Commission, announced that he was "delighted" with the "substantive changes" proposed by the minister. With regard to the reformulation of the limitations clause, he felt that the minister had gone to "extraordinary lengths" to meet the concerns of the commission.

Max Yalden, the Commissioner of Official Languages, was pleased that official bilingualism was to be extended to New Brunswick, although it must be acknowledged that he was dissatisfied with the fact that the same language rights would not be granted within Ontario. I, personally, share his concern and hope that this deficiency will be corrected as soon as possible in the future.

Some Hon. Senators: Hear, hear.

Senator Graham: Doris Anderson, former president of the Canadian Advisory Council on the Status of Women, called the amendments "major step forward," adding, "the government's come a very long way toward meeting the concerns of Canadians, including women."

A letter from the Select Committee on the Canadian Constitution of the Canadian Jewish Congress to the special joint committee expressed the view that amendments to the resolution:

> —reflect a substantial adoption of the many constructive ideas coming out of the hearings and from the submissions made by a large number of organizations that appeared before your committee.

Even more enthusiastic was the response of Walter Tarnopolsky, president of the Canadian Civil Liberties Association, when he said:

> They've responded to just about everything that we in the Civil Liberties Association asked for. It's very difficult to see how one can criticize it.

Lawrence Decore, the outgoing chairman of the Canadian Consultative Council on Multiculturalism, expressed genuine pleasure at the acceptance of the provision recognizing significance for western Canada, where half the population is neither of English nor French origin.

Jim Derkson, national co-ordinator of the Coalition of Provincial Organization for the Handicapped, congratulated the government after the acceptance of the inclusion of "physical and mental disability" in the equality rights clause, clause 15.

The leaders of the National Indian Brotherhood, the Native Council of Canada, and the Inuit Committee on National Issues were convinced that the amendments of January 12 had not secured their aboriginal rights and that they would not withdraw their efforts to prevent the patriation of the British North America Act. A dramatic reversal in this attitude occurred following the negotiations which culminated on January 30, 1981, in which a new Part II, clause 33, was added to the Constitution Act, 1981 which recognized and affirmed both aboriginal and treaty rights for the aboriginal groups.

The members of the three political parties on the committee all agreed to a package of amendments which met many of the concerns of the Indians, the Metis, and the Inuit of Canada. The amendments were passed unanimously. The Indian, Metis and Inuit leaders declared that they would not only support patriation of the Canadian Constitution, but that they would now actively work, both in Canada and in the United Kingdom, for the accomplishment of this fact. It was termed an "historic moment" marking "a new beginning for Indian people in Canada."

Honourable senators, I believe this resolution provides a new beginning for all the people in Canada, and for Canada itself. Its passage will open the door to an era of even greater freedom and rights for our people, and more complete independence and sovereignty for our country.

For these reasons, the resolution is worthy of Canada's future, it is worthy of its people, and it is worthy of our support.

Hon. John M. Godfrey: The honourable senator stated that in 1931 Prime Minister Bennett decided to leave the process of amendment in the hands of the British government. Is it not true that the provinces also decided, as a result of an agreement between Prime Minister Bennett, for the federal government, and the provinces, that this should be left in the hands of the British Parliament?

● (2140)

Senator Graham: Originally I had that as part of my text, but I could not establish whether the provinces had pressured Prime Minister Bennett to do that, so I excluded it. I could not find the proper reference. I was told that, as you had obviously been, honourable senator, but since I could not establish it as a fact I decided to delete it from my text.

On motion of Senator Thériault, debate adjourned.

The Senate adjourned during pleasure.

At 9.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act respecting the President of the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints.

The Honourable Jeanne Sauvé, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty Certain sums of money for the Government of Canada for the financial year ending the 31st March, 1981.

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1982.

To which bills, I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 1, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVILEGE

STATEMENT BY SENATOR HASTINGS

Hon. Earl A. Hastings: Honourable senators, I rise on a question of privilege. I regretfully do so as my question of privilege pertains to certain allegations and innuendoes in remarks made last evening in the other place by the honourable member for Edmonton-Strathcona. I submit that they are accusations and innuendoes that reflect on my personal integrity and my integrity as a member of this chamber and as a member of the Parliament of Canada.

The honourable member, in an alleged question of privilege, dragged into the record an exchange of correspondence that we had over the period of the past three weeks.

It commenced with a letter to me on March 12 from the honourable member in which he wrote:

> It has been suggested that shortly after any contract for federal government work is awarded within our province you call the successful party and ask for a donation to the federal Liberal party.
>
> Would you be prepared to reply to this allegation in order that I can perhaps correct the person who informed me of the matter?

I responded by letter to Mr. Kilgour on March 17 in which I thanked him for his letter, and advised him that if he would let me have the name and the address of the person making the allegation I would be more than happy to respond. I said:

> You will appreciate that one should not be obliged to answer vague charges made by a person or persons unknown.

I do not think it was an unreasonable request to make with respect to a basic element of justice, which I would have thought would have been understood by one allegedly skilled in jurisprudence and a former crown prosecutor, as the honourable member is.

He replied to me on March 26, as follows:

> In reply to yours of March 17, you doubtless know that my informant is one of those unhappy souls who, while thoroughly disgusted by your party's conduct in dealing with the public trust you daily abuse, is not prepared for now to jeopardize his prospects for future federal government work.
>
> Knowing that Mr. Trudeau appears to use the Criminal Code as his only guide in matters ethical, permit me to suggest that you look at the sections in it dealing with secret commissions and the like.

That is a direct innuendo of criminal conduct on my part.

Honourable senators, I am very conscious of the public trust and responsibility that is vested in me, and I am cognizant of the privilege and the immunity that is given to me as a member of this chamber. I do not think I need any advice from the honourable member for Edmonton-Strathcona in respect to these matters by way of innuendo.

To clarify the record, I am in no way involved in, and I therefore have no knowledge whatever of, the financial or administrative affairs of the Liberal Party of Canada in Alberta. As an ordinary member and supporter, my only financial involvement is that of a modest contributor, which is on public record with the Chief Electoral Officer. In the past six or seven years I have at no time sought contributions for the Liberal Party in any manner whatever. In 1974 and 1975 my principal activity in connection with financing of the party related to the organization of fund-raising dinners. I have never, never engaged in the conduct related by the honourable member for Edmonton-Strathcona.

The allegations contained in his letters of March 12 and 26, and his slurring remarks last night in the other place, are totally false and devoid of substance. As a member of the Parliament of Canada, I am conscious of the duties and responsibilities relating to the public office I hold. I can only hope that, as a member of the same Parliament, the honourable member for Edmonton-Strathcona is aware of his duties and responsibilities.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Report of the Committee on Mandatory Supervision entitled "Mandatory Supervision: A Discussion Paper", dated March 1981, issued by the Solicitor General of Canada.
>
> Progress Report to Parliament entitled "Accountable Management", dated March 1981, issued by the Treasury Board of Canada.
>
> Report of the Privacy Commissioner on the use of the Social Insurance Number, pursuant to section 61(2) on the *Canadian Human Rights Act*, Chapter 33, Statutes of Canada, 1976-77.
>
> Report of the Road and Motor Vehicle Traffic Safety Branch of the Department of Transport for the fiscal year

ended March 31, 1980, pursuant to section 20 of the *Motor Vehicle Safety Act*, Chapter 26, R.S.C., 1970 (1st Supplement).

Report of the Canadian Livestock Feed Board for the crop year ended July 31, 1980, including its accounts and financial statements certified by the Auditor General for the fiscal year ended March 31, 1980, pursuant to section 22 of the *Livestock Feed Assistance Act*, Chapter L-9, R.S.C., 1970.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

Hon. Earl A. Hastings, Chairman of the Special Committee of the Senate on the Northern Pipeline, presented the following report:

April 1st, 1981

The Special Committee of the Senate on the Northern Pipeline to which was referred Bill C-60, intituled: "An Act to amend the National Energy Board Act" has, in obedience to the order of reference of Tuesday, March 17, 1981, examined the said Bill and now reports the same with the following amendments:

1. *Page 4, Clause 2:* Strike out line 2 and substitute the following:

   "methods and timing"

2. *Page 6, Clause 5:* Strike out lines 23 to 26 and substitute the following:

   "(b) review every five years of the amount of any compensation payable in respect of which annual or other periodic payments have been selected;"

3. *Page 6, Clause 5:* Strike out line 34 and substitute the following:

   "suits and actions resulting from gross negli-"

4. *Page 11, Clause 5:*

   (a) Add, immediately after line 41, the following:

   "(b) where annual or periodic payments are being made pursuant to an agreement or an arbitration decision, changes in the market value referred to in paragraph (a) since the agreement or decision or since the last review and adjustment of those payments, as the case may be;" and

   (b) Change the letters designating the remaining paragraphs accordingly.

5. *Page 12, Clause 5:* Strike out line 30 and substitute the following:

   (a) "pensation or such part thereof as is specified by the person be made by one lump sum"

6. *Page 12, Clause 5:* Strike out lines 36 to 38 and substitute the following:

   "that the compensation or such part thereof as is specified by the person be made by annual or periodic payments of equal or different amounts over a period of time and that there be a periodic review of such compensation or part thereof."

Respectfully submitted,

Earl A. Hastings
Chairman

Senator Hastings moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—EFFECT OF JUDGMENT OF SUPREME COURT OF NEWFOUNDLAND—NOTICE OF MOTION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I give notice that tomorrow, Thursday, April 2, I shall move:

That in view of the decision rendered by the Supreme Court of Newfoundland on the legality of the constitutional resolution now being debated in Parliament and the fact that the Supreme Court of Canada has agreed to hear an appeal from the decision of the Court of Appeal of Manitoba on the same matter, and further that the Prime Minister has indicated that he would not ask the Parliament at Westminster to consider the resolution before the Supreme Court of Canada has ruled as to its legality, the Senate considers that the debate on the motion for an Address to Her Majesty the Queen respecting the Constitution of Canada and the motion in amendment thereto of the Honourable Senator Yuzyk, is inappropriate and should be adjourned until after the Supreme Court of Canada has rendered a final decision on the legality of the contents of the Address.

By way of explanation, I gave warning to Senator Frith of my intention to give this notice. It is subject, of course, to whatever answers we get during Question Period or whatever agreement we can reach as to the way in which we should eventually deal with this problem.

• (1410)

QUESTION PERIOD

[*English*]

THE CONSTITUTION

EFFECT OF JUDGMENT OF SUPREME COURT OF NEWFOUNDLAND

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I direct my question to the Leader of the Government. I asked him yesterday whether the government has taken a decision in consequence of the judgment rendered by the Supreme Court of Newfoundland. I also asked him

whether a decision has been made to appeal this judgment to the Supreme Court of Canada, and, if so, in what form? What are the intentions of the government with respect to the continuation of the debate on the resolution in Parliament?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the debate in the other place is continuing today. The government's position is that a decision of the Supreme Court of Newfoundland should in no way dissuade any member of Parliament from continuing to debate the resolution which is before the other place. I stated yesterday that the government believes it unwise to refer a hypothetical resolution to the Supreme Court of Canada. The government believes that the resolution in its final form should be referred to the Supreme Court, and that is the position of the government.

I must say, honourable senators, that the debate in the other place is costing the Canadian taxpayer $300,000 a day.

An Hon. Senator: And it's well worth it!

Senator Perrault: The members of the opposition in the other place are engaged in what can only be described as a parliamentary hijack. That is what it has become—a hijack of procedures and a hijack of the Canadian people.

Senator Balfour: A constitutional coup d'état.

Senator Perrault: Honourable senators, may I say that in this place we have had a good debate. We have heard excellent speeches from both sides of the chamber, and I hope that we can continue the debate in this place. However, it may be that the Senate will wish to debate the motion which has been proposed by the Leader of the Opposition. I am sure that a number of interesting points will be made at that time. But certainly at present the debate will continue in the other place and, hopefully, in this place as well.

Senator Flynn: The Leader of the Government has replied to the notice of motion that I have given, but not to the questions that I have put to him. I have asked him whether the government has decided to appeal the judgment of the Supreme Court of Newfoundland. He has not given any reply to that question. I have asked what form the intervention of the government would take in the Supreme Court of Canada on April 28 when that court considers the appeal from the judgment of the Supreme Court of Manitoba. Will these two judgments be considered at the same time? Is the government ready to submit to the Supreme Court of Canada all of the questions related to the constitutional package? That is really my question.

With regard to my notice of motion, I think that we can debate it in due course unless, of course, the Leader of the Government wants us to discuss that motion right away. I am prepared.

Senator Perrault: Honourable senators, the question will be taken as notice. No decision has been taken as yet with respect to a number of the questions asked by the Leader of the Opposition.

At the present time, the government is considering the statement which was made by Chief Justice Freedman of the Manitoba Court of Appeal. It is a short paragraph and it may be of some value to quote it.

> We therefore face a real likelihood that the amendments sought in the Proposed Resolution may be altered, deleted, or supplanted by other amendments before the Resolution is deemed ready for transmission to Her Majesty. In this situation there is a danger that if we answer Question 1, with the proposed amendments in their present form, we may later find that we have answered matters no longer before us and have not answered matters that emerged in their stead. The Court should not be exposed to the risk of such an adventure in futility.

Senator Flynn: That is why the judgment of the Manitoba court does not mean much in comparison to the judgment of the Supreme Court of Newfoundland.

Hon. Royce Frith (Deputy Leader of the Government): Everyone has his favourites in this race.

Senator Perrault: Honourable senators, somehow there is a double standard in operation here. Perhaps I am the only one who believes that there is a double standard. We have a situation where, quite righteously, the official opposition demands that the debate be halted because the Supreme Court of Newfoundland ruled against the federal government in favour of the provinces.

• (1415)

When the ruling went the other way in Manitoba, there was no inclination on the part of the opposition then to say, "We will end our obstruction. Let's move ahead. Let's take a vote on this matter." In other words, it has been a classic case—not by all of the opposition members in this place, but by the Conservative Party, generally—of telling Parliament and the country, "Heads we win; tails you lose."

Senator Flynn: Nonsense.

Senator Perrault: May I share some additional thinking with honourable senators? Since Parliament is now dealing with a very important amendment presented by the leader of the constitutional group for the Conservative Party in the other place, and since the New Democratic Party would like to present other amendments in the other place, we believe the Supreme Court would be placed in the same position as the Manitoba court, if Parliament does not complete its work. Surely, the courts should not be expected to make presumptions as to how Parliament might vote on matters before it. That is the question faced by the government, and certainly by all parliamentarians.

In the past, the Supreme Court has frequently objected to receiving references because of their hypothetical nature. I have received some information from the Department of Justice relating to its decision as to the best way to proceed. The following quotation from Mr. Justice Laskin in the Supreme Court of Canada in the *Manitoba Egg Marketing Reference* in

1971 may be appropriate. This is what the Chief Justice said at that time:

> The utility of the Reference as a vehicle for determining whether actual or proposed legislation is competent under the allocations of power made by the British North America Act is seriously affected in the present case because there is no factual underpinning for the issues that are raised by the Order of Reference.

Clearly, it would be preferable for the Supreme Court to deal with a concrete factual and final resolution. So the government is proceeding with ample precedents as it continues the debate in Parliament and urges that the debate be continued until the resolution is dealt with in its final form.

I feel sure that most honourable senators share the reasoning of the government on this essential point. With respect to the specifics of the other questions asked by the Leader of the Opposition, I will obtain that information as quickly as possible.

Senator Flynn: I would certainly expect the honourable Leader of the Government to share the viewpoint of the government. For him to do otherwise would be rather surprising.

Let me recall what happened in the case of Bill C-60. The precedent deals with a decision of the Supreme Court of Canada in reference to a proposed bill.

If the present government were to go before the Supreme Court and, under the federal legislation, were to ask the court to deal with the proposal as it is before the Parliament of Canada, the Supreme Court, if it adopted the same position as it did with respect to Bill C-60, would rule on all aspects of the legality of the matter. That would be most helpful to the members of both houses of Parliament.

I am simply asking why the government would not take that course at this time. It seems to me that the Leader of the Government is saying that the government will not do that, and I am asking him why the government won't consider doing that in order to obtain a final decision of the Supreme Court on that very important problem. This would be helpful not only for the members of Parliament—and, of course, it is a most unusual problem for us—but it would be helpful to the Canadian people at large.

Senator Perrault: Honourable senators, I am sure there is an honest difference of opinion on this point. To reply to the Honourable Leader of the Opposition it may be useful to quote from the words of the Right Honourable the Prime Minister yesterday in the other place. He was asked a question on that very point, and said:

> I remind the hon. member that Bill C-60 was referred to the Supreme Court, not to know whether the federal government was acting against some constitution or convention; the case was were we acting within the authority of section 91(1) of the British North America Act.

That was a very much narrower kind of reference.

[Senator Perrault.]

Senator Flynn: That is my point. I don't want the Supreme Court to be restricted. I want the government to free it and to put the whole question before the Supreme Court of Canada. I would like to see the government come clean on the matter and place the entire question before the Supreme Court of Canada.

● (1420)

I have a supplementary question. I understand that representations have been made by the Chief Justice of Canada to counsel representing the Attorney General with respect to the debate on this resolution continuing when the Supreme Court has agreed to review the matter on the basis of the appeal from the decision of the Supreme Court of Manitoba. As a result of the decision of the Supreme Court of Canada to review the matter, it automatically becomes *sub judice*. Has Parliament given any consideration to the fact that they may be in contempt of court if they continue to discuss this matter?

Senator Perrault: Honourable senators, I have heard of no such report. Also, if this information came from the Conservative Party research bureau, then perhaps the source should be questioned.

Senator Flynn: I read it somewhere.

Senator Frith: Honourable senators, I rise on a point of order. It is one which has been hinted at already by the Leader of the Opposition. The discussion is coming very close to covering some of the aspects of the notice of motion given by the Leader of the Opposition. Many of the issues which have at least been hinted at or raised in the exchange between the Leader of the Opposition and the Leader of the Government I hope will be brought forth during the debate on the motion. I refer to such questions, for example, as the analagous effect of the Senate reference, the fact that it was concerned with section 91(1), and whether it makes a difference; the question of whether or not Parliament is in contempt of the Supreme Court of Canada; the ruling by the Speaker in the other place on the *sub judice* point; the relationship between Parliament and the judiciary on the doctrine of separation of powers; and so on.

The Leader of the Opposition has raised many interesting questions in his notice of motion. Perhaps it would be best if we took the opportunity to research and reflect on the matter, and then to engage these points in the debate on Senator Flynn's motion.

Senator Flynn: I agree with the point raised by Senator Frith. If the Leader of the Government agrees that we will not discuss this matter until we have resolved the question on the motion which I will move tomorrow, then I would be happy to leave it at that.

Senator Frith: I do not want to leave honourable senators with the impression that, for example, a question respecting whether the government had made a decision on this matter would be inappropriate.

Senator Flynn: No, no.

Senator Frith: Such questions would be quite appropriate during Question Period. However, in light of Senator Flynn's motion, perhaps it would be best to deal with the academic and ensuing practical questions during the debate on his motion.

Senator Flynn: I was merely suggesting that we suspend the debate until, let us say, Tuesday, when we could make a decision on the motion which I have just indicated I will move tomorrow.

Hon. John M. Godfrey: Honourable senators, on the same point of order and with regard to the question of *sub judice*, I looked into the matter very carefully before I gave my speech on the Constitution resolution to determine whether it was proper for me to discuss the judgment of the Supreme Court of Manitoba. I came to the conclusion that it was completely proper, and there are also the precedent and the report of the committee to the Speaker of the House of Commons. At that point, I was satisfied that I was completely in order.

Senator Flynn: Honourable senators, I would point out to Senator Godfrey that when he spoke in the debate on the Constitution resolution the matter was not before the Supreme Court of Canada. According to Mr. Maxwell Cohen, who appeared before the special joint committee, Parliament is not prevented from debating any question which is before a provincial court of appeal simply because it could easily prevent Parliament from acting. However, it is quite a different situation when the matter is before the Supreme Court of Canada.

Senator Frith: Honourable senators, that point was ruled on yesterday by the Speaker of the other place.

Senator Flynn: I do not know anything about a ruling by the Speaker of the other place.

Senator Frith: While that ruling in no way binds the Senate, it is a reference that is available to us during our debate.

• (1425)

Also, I do not want to indicate that we might not have a point of order to raise on whether or not the motion of the Leader of the Opposition is in order. He and I have discussed that and all of those things will be, if I may use the phrase, "in play" when we come to his motion.

Hon. G. I. Smith: Honourable senators, I should like to direct a supplementary question to the Leader of the Government on this point we have been discussing. It relates, particularly, to his expression of the fear—which is a hypothetical one—of the government that it would be unwelcome to the Supreme Court of Canada if it submitted a question, which it may eventually have to consider, that was not full and complete in all aspects.

My question is: In coming to that fear, real or hypothetical, did the government consider the provisions of section 55 of the Supreme Court Act, part of which reads as follows:

> (1) Important questions of law or fact concerning . . .
>
> (d) the powers of the Parliament of Canada, or of the legislatures of the provinces, or of the respective governments thereof, whether or not the particular power in question has been or is proposed to be exercised—

I emphasize those last words.

> —whether or not the particular power in question has been or is proposed to be exercised—

I cannot think of anything more hypothetical than a question which it has not even been proposed to exercise.

Section 55(1) further states:

> —may be referred by the Governor in Council to the Supreme Court for hearing and consideration; and any question concerning any of the matters aforesaid, so referred by the Governor in Council, shall be conclusively deemed to be an important question.
>
> (2) Where a reference is made to the Court under subsection (1) it is the duty of the Court to hear and consider it, and to answer each question so referred—

My question is: Has the government considered the effect of this section upon its view of whether or not hypothetical questions may be referred to the court?

Senator Perrault: Honourable senators, the government has considered many options. I have quoted from Mr. Justice Bora Laskin, and I presume the distinguished Chief Justice also knows something about section 55 and a great deal about the operation of the court, the type of references which should be considered by that court, and the form in which those references are most welcomed by the court.

I have great respect for the Chief Justice, as do other honourable senators. I suggest that I have quoted from a very reputable source.

Honourable senators, I think we have to consider—and I know this will be debated more fully in the debate on Senator Flynn's motion—the rather interesting precedent which would be created were it necessary for Parliament to halt debate on all matters which were before the courts, whether provincial courts or the Supreme Court of Canada. This would create all sorts of interesting, and, perhaps, even dangerous precedents. As a former Minister of Justice, I am sure Senator Flynn is aware of some of the dangers in a process of that kind.

Senator Flynn: I am more aware than the present Minister of Justice.

Senator Smith: I thank the honourable gentleman for his irrelevant dissertation, but I am unable to thank him for giving me an answer to my question, because he did not give one. The question is very simple: Was this section considered by the government in coming to its conclusion as to the desirability of submitting a hypothetical question?

Senator Perrault: I can only say, honourable senators, that the government has acted throughout according to the highest parliamentary and legal standards, and it will continue to do so.

Senator Smith: Obviously, the honourable gentleman is afraid or reluctant to answer the question. I am sure the legal opinion of my honourable friend, the Minister of State for Economic Development, would be of great value to us when we

debate the motion tomorrow. However, I repeat, it is perfectly clear that the Leader of the Government has not answered my simple question.

Senator Perrault: Honourable senators, the government is aware of the provisions contained in the Supreme Court Act. I am certain that the Chief Justice is aware of those provisions, as are members of that court.

• (1430)

Senator Smith: I am not talking about the Chief Justice.

Senator Frith: He quoted Chief Justice Laskin.

Senator Perrault: I quoted Chief Justice Laskin and Chief Justice Freedman of the Manitoba Court of Appeal. The Chief Justice of Canada and the Chief Justice of the Manitoba Court of Appeal have stated that they want a resolution in exact form, and that they do not want to deal with a hypothetical resolution, an imperfect resolution.

Senator Flynn: I disagree with that.

Senator Perrault: Surely, there is also the danger, if we refer a hypothetical resolution to the court and it is changed later by Parliament, that the opposition will demand that the complete resolution be brought before the courts again. This could be employed as yet another delaying tactic—tactics which really bring little credit to Parliament.

Senator Smith: It has brought as much credit to Parliament as the honourable gentleman's refusal to answer a simple question brings to him.

Senator Flynn: Honourable senators, I should like to ask the Leader of the Government the following question: In view of the fact that he quotes Chief Justice Laskin in a decision which was rendered about 10 years ago—

Hon. Andrew Thompson: It was rendered in 1971.

Senator Flynn: So, 10 years ago. I should like to ask him whether he can reconcile that opinion with the one expressed in the Senate reference, which was hypothetical also. That dealt with Bill C-60 which was before Parliament. That was a unanimous decision of the Supreme Court. No member of that court signed the judgment. It was a judgment of the court itself. How can he reconcile the contention or opinion he has given me of Chief Justice Laskin with the opinion of the court? That is more important, and was rendered in the Senate reference.

Senator Perrault: Honourable senators, we seem to be well involved in debating the honourable senator's motion which has been placed on the order paper. We shall answer that matter tomorrow in the course of the debate. The government believes that it is acting properly in this instance—

Senator Tremblay: No.

Senator Perrault: —and a number of decisions have yet to be made with respect to the Supreme Court referral. So, I ask the official opposition to wait as the universe unfolds.

Senator Flynn: Honourable senators, I rise on a point of order arising out of the statement the Leader of the Government made a moment ago to the effect that the opposition would say that the Supreme Court decision in the Manitoba case would not cover the whole ground.

I can inform the Leader of the Government that the Prime Minister just a few moments ago in the other place said that he would like the Supreme Court of Canada to adjudicate on all cases brought before the provincial courts—in other words, on all the questions. The Leader of the Government knows very well that I said last night that I thought it was the duty of the government—despite the grumbling of Senator Guay at the other end of the chamber—to put the whole question before the Supreme Court of Canada, and that the government should not hesitate one moment to do that to clear the air and to help members of Parliament to make a proper decision in the circumstances.

Some Hon. Senators: Hear, hear.

Hon. Joseph-Philippe Guay: Honourable senators, I rise on a question of privilege. I just said, and I will repeat, that the Leader of the Opposition is not quoting the Prime Minister correctly. I have been watching the proceedings on television, and I know that is not what he said.

Senator Flynn: Quote him, then.

Senator Guay: That is not what he said.

Senator Flynn: If you know what he said, tell us.

Senator Guay: You can do as I did, and listen yourself.

Senator Flynn: That is what I did. If I am not correct, then you correct me.

Senator Guay: I said that you can do as I did, and see it yourself, instead of misquoting him.

Senator Flynn: In what way did I misquote him? I rise on a question of privilege. You said that I misquoted him. Prove your point.

Senator Guay: Honourable senators, my point is just as good as the Leader of the Opposition's. He is always making statements and laughing at his own jokes.

Senator Flynn: I would rather laugh at my jokes than at yours, for sure.

Senator Perrault: Honourable senators, perhaps we need more light and less heat at this particular moment.

Senator Marshall: Bring the television set in here.

Senator Perrault: Honourable senators, I do not believe it would be fair for anyone in this chamber to comment on a statement which has been made this afternoon by the Right Honourable the Prime Minister. Obviously, we will have the complete text tomorrow, and it may be possible then to answer any relevant questions. As well, I hope to bring a statement to the Senate tomorrow afternoon with respect to some of the points raised by Senator Flynn. Surely that is a reasonable proposal.

Senator Smith: Honourable senators, I should like to ask a supplementary question related to this general subject, but

relating particularly to the decision of the Supreme Court of Newfoundland to the effect that the proposed action in the resolution is unconstitutional. Would the honourable gentleman agree that that is the law in Newfoundland at this time?

Senator Olson: We do not give legal opinions here.

Senator Flynn: Certainly not. Only the Minister of Justice, and he always gives the wrong opinion—that is, the present Minister of Justice.

Senator Perrault: Honourable senators, I will take that question as notice.

Senator Frith: The question is not in order.

Senator Perrault: The question is not in order. It is asking for an opinion.

Senator Frith: A legal opinion.

The Hon. the Speaker: Honourable senators, I do not want to intervene at this stage, but I have before me two or three questions of privilege. I think the debate should take place tomorrow when we will have the text of the Prime Minister's remarks.

Senator Smith: I am not on a question of privilege. I am not arguing with Your Honour at all. I am only saying that I accept your ruling on the issue dealing with the statement of the Prime Minister. My question had nothing to do with the statement made by the Prime Minister. I was merely asking the Leader of the Government if he agreed that the decision of the Supreme Court of Newfoundland was now the law in Newfoundland.

Senator Frith: Honourable senators, if I may make an observation, it seems to me that there are two problems with the question.

Senator Grosart: The question was directed to the Leader of the Government.

Senator Frith: I have asked the Leader of the Government for his permission to speak to the question.

Senator Grosart: You should ask His Honour the Speaker.

Senatoe Frith: I would be glad to do that, and I will even ask Senator Grosart.

Would you satisfy Senator Grosart, Your Honour, that I am entitled to refer to the question, or make an observation on the question, raised by Senator Smith?

The Hon. the Speaker: Honourable senators, I hope that you are going to keep the Question Period within the limits provided for in our rules.

Senator Perrault: Honourable senators, in essence, my reply stands. The question is out of order. It asks for a legal opinion, and I am not prepared to give that opinion. The question is not in order.

Senator Smith: I think it is not only in order, but a very basic question as to the validity of the decision this government has made and one which we are entitled to know. Further, I would ask the honourable gentleman, if it is the law of Newfoundland, how he can ask, particularly senators from Newfoundland, to vote in a contrary way.

Senator Frith: Honourable senators, it is a very nice legal point as to whether or not that decision is the law of Newfoundland. I say that because I can provide plenty of precedents, particularly for Senator Smith, because the same point was raised in the British Columbia Reference re Ownership of Offshore Mineral Rights that we were talking about a few weeks ago. They were asking whether there was any difference in legal effect between a judgment on a *lis* between parties and an opinion on a reference.

So, I am not going to take sides now whether it is one or the other. I am saying that the question raised is a very important and rather esoteric legal question as to whether an opinion on a reference has the same validity as a judgment. I know Senator Smith knows that.

That is the reason I think it is unfair during Question Period to ask for a legal opinion. The question not only asks for a legal opinion, but it asks for a legal opinion on a very subtle legal question. The question is not in order.

Senator Smith: There is nothing very esoteric about it, because if it is the law in Newfoundland then, by pressing on with this resolution, the government is asking senators to vote against something which is the law in a province. I believe that would put the senators from Newfoundland in a particularly difficult position, and put all of us in the position of saying we do not care what the law is in the province; we are going ahead anyway.

• (1440)

Senator Perrault: Honourable senators, I am sure the Honourable Senator Smith may wish to participate in the forthcoming debate on this point. At that time he may be able to make a valuable contribution.

But may I quote from *Beauchesne's Parliamentary Rules and Forms* with regard to oral questions:

(1) Such questions should:

(a) be asked only in respect of matters of sufficient urgency and importance as to require an immediate answer;

Does it pass that test?

Senator Smith: It sure does.

Senator Perrault: It goes on:

(b) not inquire whether statements made in a newspaper are correct;—

Or on television or the radio.

Senator Flynn: Forget that.

Senator Perrault: The Honourable Leader of the Opposition has just done that.

(c) not require an answer involving a legal opinion;

The Honourable Senator Smith has just asked this:

(d) not be asked in respect of a matter that is sub judice;

That is, a matter that is before the courts. Perhaps honourable senators have also done that.

Senator Smith: Be careful what you read.

Senator Perrault: It continues:

(e) not be of a nature requiring a lengthy and detailed answer;

(f) not raise a matter of policy—

Senator Flynn: That is for you, too.

Senator Perrault: I think it is worthwhile to remind ourselves of some of the rules:

(f) not raise a matter of policy too large to be dealt with as an answer to a question.

Senator Flynn: That last point is for Senator Argue.

FARM CREDIT CORPORATION

INTEREST RATE

Hon. Orville H. Phillips: Honourable senators, I should like to direct a question to the Minister of State for the Canadian Wheat Board more in his capacity as an agricultural expert. What is the new rate of interest being charged by the Farm Credit Corporation?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I cannot give a definitive answer, but I believe it has risen in excess of 14 per cent, but I have to check whether it is 14¼ or 14½ per cent.

Senator Phillips: I believe the honourable senator is correct in his reply. Could he tell this chamber what representations he made to the corporation in regard to the rather exorbitant rate increase?

Senator Argue: On the Farm Credit Corporation rate, I made no representations. I believe there is a rule as to how it relates to Government of Canada treasury bills or other financial instruments, but I made no representations on that point.

INTERNATIONAL TRADE

CEREALS—DECLINE IN EXPORTS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board. The trade surplus for the month of February has dropped, according to Statistics Canada, to $536 million, from $793 million in January and $723 million in February of last year. The drop in exports was led by cereals which were down $120 million from January. Could the minister indicate if this substantial decline in cereal exports suggests, perhaps, a worsening of the transportation problems?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, certainly there was no decline in exports of Canadian Wheat Board grain, and, I do not believe, in any other grains. I quoted those figures the other day, and the total figures are up for the year. I would have to take that question as notice in order to get a detailed reply, but certainly for this crop year, exports of Wheat Board grains are in excess of last year. The Wheat Board does not believe that it will be able, in this crop year, to reach the targets that were obtained last year, solely because there is not the volume of grain available for export that there was a year ago.

AIR CANADA

BOARD OF DIRECTORS—APPOINTMENTS

Hon. Charles McElman: Honourable senators, I have a question to direct to the Leader of the Government in the Senate. I have an information bulletin issued by the Minister of Transport under date of March 26, 1981, dealing with Air Canada board of directors appointments. It details that there are two new appointments to the board and four re-appointments. With those, the make-up of the board is now: one for the province of British Columbia; one for the province of Alberta; one for the province of Saskatchewan; one for the province of Manitoba; four for the province of Ontario; and four for the province of Quebec. Thus far, that makes four for each of the regions. There is none for the province of New Brunswick; one for the province of Nova Scotia; none for the province of Prince Edward Island; and one for the province of Newfoundland—which makes two for the Atlantic region.

Referring to the Air Canada Act, 1977, section 7.(1) reads as follows:

> The Corporation shall be under the management of a Board of Directors comprised of the Chairman and the President appointed pursuant to subsection (6) and not more than thirteen other directors.

With these new appointments, the total, aside from the chairman and the president and chief executive officer, is 12, whereas 13 are provided for.

My question to the leader is: Would he make representations to the government to bring the number up to the maximum provided for, by the inclusion of one more director from the Atlantic provinces?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, certainly Senator McElman's concerns will be communicated to the appropriate minister.

Hon. Jacques Flynn (Leader of the Opposition): D'accord!

GRAIN

EMBARGO ON SALES TO U.S.S.R.—LOSS TO FARMERS

Hon. Lowell Murray: Honourable senators, my question is for the Minister of State for the Canadian Wheat Board. As the Department of Agriculture has now completed a study, which, I understand, is in the hands of the government, seeking to find the actual loss to farmers that could be attributable to the grains embargo against the U.S.S.R., would the minister state what the amount of that loss is as determined by the department?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am not in a position to give that information to the honourable senator. That is a confidential document, I believe, at the present time. I do not believe it has been produced anywhere, and I am certainly not going to endeavour to produce a document in the Senate on behalf of the Department of Agriculture. The whole question of compensation on the grain embargo is under active consideration, and that document and other representations are before ministers for their consideration.

Senator Murray: I am not asking that the cabinet document, as such, be released, although I understand that, in the spirit of freedom of information or, as it is called now, access to information, we are supposed to have access to background material of this kind. I would ask the minister to take that into consideration and to make the necessary inquiries in the Privy Council Office or of the proper authorities. I am not asking that the document be tabled today, but I am asking him whether the Department of Agriculture has found that there is a loss to prairie farmers attributable to the grains embargo against the U.S.S.R.

Senator Argue: A number of studies have been made. One was made by the Department of Agriculture, and it was before the cabinet for consideration. I believe it is fair to say that all of the studies I have seen, and have had any access to, indicate that there is a loss that has been calculated, but I am not going to endeavour to say what that precise figure may be.

I am very pleased that Senator Murray has an interest in this question and that he keeps on asking about it. Really, all I can say, apart from the reply to the specific question, is that I do not intend to divulge any figures that may be in that document. The whole question is under active consideration.

Senator Murray: Let me not subtract at all from the minister's pleasure, and let me try to add to it by asking another question, if I may. The minister referred to other studies in addition to the study made by the Department of Agriculture. What other studies is he referring to?

Senator Argue: A couple of university professors, who, I believe, were commissioned by the Province of Saskatchewan, made a study and they came up with certain figures or recommendations. I believe the Library of Parliament, with its facilities, has made a study for a member of the House of Commons. There are other people who have figures. I am not sure how great their study has been or in what depth, but there are many recommendations being made.

Senator Flynn: Not very convincing.

Senator Murray: Are all those studies now before the cabinet, or is the cabinet considering only the study made by the Department of Agriculture? Is the report of the Department of Agriculture included in the general statement made by the minister that all the reports he has seen do acknowledge that there has been a loss to prairie farmers attributable to the grains embargo against the U.S.S.R.?

• (1450)

Senator Argue: The studies are based on assumptions. They are made by the people who are making the studies; and based on their suppositions and propositions, all of the studies have indicated a loss because of the embargo.

Senator Murray: Then, as my final question, may we take it that, as the government now acknowledges that there has been a loss to prairie farmers, there will be financial compensation paid to them in respect of the grains embargo?

Senator Argue: I am not able to add anything more to what I said a moment ago, or a few weeks ago, or a few months ago. The whole question is under active consideration. I continue to be an optimist—

Senator Flynn: In what sense?

Senator Argue: I feel that from the standpoint of the prairie producers the decision will be in their interest.

THE ESTIMATES

INCREASE IN GOVERNMENT EXPENDITURES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to respond to a question raised on March 2 by Senator Flynn concerning the government's estimates.

I am informed by my colleague, the President of the Treasury Board, that the cost of amortization and servicing of the public debt, as outlined in the 1981-82 main estimates is $12,350 million. Revenue Canada projects the number of filers of T1 tax forms for this same period to be in the order of 15,925,000. Based on this assumption, the cost for each filer of a T1 form would be about $800.

I would point out, however, that approximately 90 per cent of the debt is financed with Canadian funds. In fact, the interest paid on the debt is a source of income to Canadians.

THE CONSTITUTION

EFFECT OF PROPOSED CANADIAN CHARTER OF RIGHTS AND FREEDOMS ON EXISTING LEGISLATION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on March 12 Senator Tremblay asked whether the Minister of Justice or the department had prepared a study concerning the effect of the Charter of Rights and Freedoms on federal laws; if so, could the study be tabled in the Senate; and if such a study had not yet been made, did the Department of Justice intend to make such a study shortly?

A study concerning the effect of the Charter of Rights and Freedoms has not yet been prepared, but work is now being undertaken by the Department of Justice, in co-operation with other departments and agencies of the government, to examine laws, regulations and practices with a view to identifying those which may be inconsistent with provisions of the charter.

Given the volume of legislation and regulations that exist, this task will take a considerable time, and it will likely be several months before the review and assessment are completed.

Since the purpose of this study is to identify legislative and regulatory measures that may require modifications, rather than tabling the study, the more likely course will be for the government to introduce amending legislation where necessary, or to adopt appropriate modifications to regulations and administrative practices.

REGIONAL ECONOMIC EXPANSION

ATLANTIC PROVINCES—PRODUCTION OF IRISH MOSS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on March 18 Senator Macquarrie asked a question concerning Irish moss.

Senator Flynn: No!

Senator Perrault: I must repeat what I told the honourable senator on March 17, St. Patrick's Day, that the confidentiality clauses of the Statistics Act preclude the release of any information concerning the value of tonnage of Irish moss produced in the Atlantic provinces. The Statistics Act would, therefore, have to be amended in order to furnish the information that the honourable senator seeks.

[*Later:*]

Hon. G. I. Smith: Honourable senators, may I ask the Leader of the Government a supplementary question on his delayed answer in reply to Senator Macquarrie's question concerning Irish moss? I am not quite clear from the reply—that is probably my fault and no one else's—whether the question referred to the total production of Irish moss in the Atlantic provinces or whether it referred to individual amounts of production by individual producers.

Senator Perrault: Honourable senators, as I recall, the question asked for statistics involving individual producers. I do not have the honourable senator's original question before me. The answer, however, was that the confidentiality clauses of the Statistics Act preclude the release of any information concerning the value of tonnage of Irish moss produced in the Atlantic provinces. But the other information has also been sought. A number of questions, successively, have been directed to the office of the Minister of Supply and Services to obtain the information, and I regret that for the reasons stated I am unable to provide further information.

Senator Smith: I thank the Leader of the Government for his reply. Since he is seeking further information on the question, would he be prepared to seek sufficient information to let us know what provisions of the Statistics Act prevent the production of the information requested, to which he referred today?

[Senator Perrault.]

THE CONSTITUTION

PETITION FROM SOLIDARITÉ QUÉBEC

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on March 19 Senator Flynn asked a question concerning correspondence allegedly received by the Prime Minister from Solidarité Québec.

Honourable senators, the Right Honourable the Prime Minister did indeed receive a copy of the petition referred to by Senator Flynn. The Prime Minister has no intention of tabling the document in light of the fact that no one in the House of Commons has asked him to do so.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, as a supplementary question in connection with that reply, may I ask the Leader of the Government if he would obtain from the Prime Minister a copy of that petition and table it in this house? Or, possibly, His Honour the Speaker, who had indicated that he had received a copy, could make it available to the Senate.

APPROPRIATION ACTS

GOVERNMENT POLICY RE BUDGETARY DEFICIT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer in connection with the debate on Appropriation Bills C-62 and C-63. Senator Grosart asked whether, in general terms, it was the policy of the government to decrease the budgetary deficit in the years ahead, as a percentage of GNP, to the 1982-83 target figure of 2.9 per cent. I undertook at that time to try to obtain an answer, or get some information from the government as to its policy on that point.

In obtaining the answer, I have assumed that the specific relationship between the budgetary deficit and the GNP that was mentioned by Senator Grosart was obtained from the Minister of Finance's budget speech of October 28, 1980. The budgetary deficits for future years, contained on page 43 of that document, are projections and, as such, the data and the specific percentage relationships to the gross national product will be subject to some variation.

The general intentions expressed in this same document by the Minister of Finance on the relative size of the deficit are perhaps quite relevant, and I quote:

> One of my main tasks as Minister of Finance will be to reduce the very large deficits in the government's accounts to more manageable proportions. This is important not only to restore our flexibility to meet future needs and to slow growth of our interest payments. It is also essential if the rate of inflation is to be brought down. Otherwise we will run the risk of a new outbreak of inflationary pressure. The immediate outlook is for rather slow growth and I, therefore, judge that only a modest reduction in the deficit is needed next year. But larger declines in the deficit will be required as growth speeds up.

So to summarize, I believe that the very specific forecast figure of the deficit, representing only 2.9 per cent of GNP in 1983-84, is not a policy target, but the government's intention to reduce the overall size of the deficit in future years certainly is.

● (1500)

Hon. Allister Grosart: I have a supplementary question relating to the delayed answer that was given. I presume that, under our rules, I must direct it to the Leader of the Government. Though the answer may come from someone else, my understanding of rule 20 is that any question asked during Question Period must be directed either to the Leader of the Government or a cabinet minister. I do not know whether we intend to keep that rule; it is immaterial to me. The delayed answer was given by the Deputy Leader of the Government with, I presume, the assumption of leave, since leave was not requested.

My understanding of the answer is that it is the government's *intention* to decrease the deficit, presumably in absolute terms, but certainly as a percentage of GNP, or GDP, to use the phrase contained in the answer. It seemed to me that, at the same time, the Deputy Leader of the Government said that this was not to be taken as *government policy*. I would like to know the difference between a statement of government intention and a statement of government policy. This is important, because originally the government's intention to keep the increase in government spending in any one year below the increase in GNP was stated as policy. It was apparently policy until this year when, for reasons which I will not go into now, the government decided that it was no longer policy. However, it would be interesting to know the length of time it takes for government intention to become government policy.

In other words, what I am asking is: Will the government decrease the deficit next year? Will it keep the increase in government spending below the increase in the GNP? Those are specific questions and they have to be policy questions. The government has to decide to do it or not to do it; therefore, it is policy.

Senator Frith: Honourable senators, I would like to deal with the first part of the question, since the delayed answer was given by me. I ought to have given Senator Grosart a copy of the answer, since it was necessary for him to take notes to try to see the point I was making. I did not intend to say that the relationship between government spending and GNP is a matter of policy while something else is not a matter of policy. The point I thought I was making, and that which I tried to make, was that the intention to reduce the deficit is a matter of policy as distinct from matters directly linked. I agree with Senator Grosart; if it is a statement of intention, it is a statement of policy.

Senator Grosart: Thank you.

Senator Frith: However, with regard to the second part of Senator Grosart's question, for reasons that he anticipated, I hand that over to the Minister of State for Economic Development.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada, and on the motion in amendment thereto of Senator Yuzyk.

Hon. L. Norbert Thériault: Honourable senators, it is with mixed feelings that I endeavour to bring some of my thoughts on the constitutional resolution to the attention of this house. It is probably fitting, honourable senators, that I do so on April 1—April Fool's Day.

In trying to decide on the approach that I would take to make my contribution—as minor as it may be—to this very important debate, I have, over the past few weeks and months, read and reread statements made by so-called constitutional experts: law professors, legal advisers and legislators. I have come to the conclusion that my contribution would be more genuine if I expressed it from the point of view of one who was a member of the New Brunswick Legislature for 20 years; of one who served as a member of the government under the able leadership of my former boss, the then Premier, now Senator Robichaud; and of one who has had the privilege, on two or three occasions, to attend federal-provincial conferences, the last of which was the one held in 1978. At that time I was the interim leader of the Liberal Party of New Brunswick and attended the conference at the invitation of Premier Hatfield.

Possibly because I am not a lawyer, I have strongly felt all along that the Constitution question that is being debated now is a political and not a legal one. I recall quite clearly the appearance of the Premier of New Brunswick before the Committee on the Constitution. Mr. Hatfield said to the members of the committee, "You are the experts. You have to make the decision. You can seek advice, but what happens ultimately to this resolution depends on the decision made by the elected members of the House of Commons and the appointed members of the Senate."

[*Translation*]

I have much difficulty in understanding the position of the French-speaking members of this house who, according to me, give their political party precedence over the advancement which is proposed in the present resolution for French-speaking minorities outside Quebec.

[*English*]

As a member of a minority group in the province of New Brunswick, I have watched with some interest the progress made by the Francophone minority of that province over the last 25 or 30 years. It is with some satisfaction that I have seen measures taken by the government of which I was a member in the sixties and the seventies, and it is with pleasure that I have seen the progress that has continued to take place in New Brunswick under the leadership of Premier Hatfield. Honourable senators, I am sorry that there are not more Progressive Conservatives like Richard Hatfield in this country at the present time.

Some Hon. Senators: Hear, hear.

Senator Frith: Especially on certain points.

Senator Thériault: I would also like to say, honourable senators, that from my point of view the present position taken by the Conservative Party in the other place and in this place takes away its right to bear the name "Progressive."

● (1510)

According to what the Prime Minister said yesterday as a result of the decision taken by the Supreme Court of Newfoundland in this matter, the government is prepared to compromise, saying to the opposition, "Let's pass this resolution so that it can go to the Supreme Court of Canada." But in listening to the Leader of the Opposition again today I have to agree with the Leader of the Government in the Senate when he says that the members in both houses representing the Conservative Party seem to have a double standard, because a few weeks back, when the Manitoba court rendered its decision on constitutional matters, a decision which was favourable to the federal government, I, for one, certainly did not hear the Leader of the Opposition here asking the Leader of the Government if that was, in fact, the law in Manitoba. But today he is proposing a motion that will prevent Parliament from dealing with this question that has been before Parliament for the last six months.

Honourable senators, like so many others, I have for a number of years watched how the powers of the provinces have evolved; and, coming from the Atlantic region, I have often asked myself where it would all end. Indeed, I had hoped that after the proposed resolution had been accepted there would be a long period of discussion which would settle, on the one hand, the powers of the provincial governments and, on the other, the powers of the federal government.

I seriously believe that part of the constitutional difficulties we are in at the moment stem from the fact that over the last 20 to 25 years all of the provinces have been becoming stronger and stronger. Not that that is bad; there is nothing wrong with that in itself. Indeed, it is good for the country to have strong provincial governments, but when provincial governments are strong, that does raise questions concerning their jurisdiction, in the sense that one might ask one's self where the power lies and where the jurisdiction of a particular government commences and where it ends.

There is no doubt in my mind that all the provincial premiers are jealous of their rights in the field of education, for instance. Just three or four weeks ago, following a meeting in Fredericton between the provincial ministers of education and the Secretary of State, there was a headline in the papers the next day saying that all the provincial ministers of education were highly concerned at the possibility of a cutback in federal funds for post-secondary education. But, you know, when you look at the situation of education in Canada today, you have to wonder at the way people think, because there is Alberta, for instance, with its Heritage Fund amounting to, according to yesterday's press, about $8 billion as of the end of last December; and here is the federal government, in its financial situation, showing a deficit of about $14 billion, and yet the truth of the matter is that the federal government is paying almost 60 per cent of all of the costs of post-secondary education in the province of Alberta.

Are they really worried about being cut off? In fact, my concern is that they might ask the federal government to get out of that field. As one coming from a so-called "have not" province, I am indeed concerned that before long the provinces of British Columbia, Alberta and Saskatchewan may well say to the federal government, "Get out of post-secondary education, financially. Get out of financing health services. Those fields come under provincial jurisdiction."

That might be all right for the people of Alberta and the other western provinces, but what would happen to those services in New Brunswick, Newfoundland, Prince Edward Island and Nova Scotia? What would happen to them in the province of Quebec and perhaps even in the province of Ontario, if the federal government were to withdraw? Is that what this country is all about? Could it be that five years from now we might find ourselves with a standard of services in one part of the country that another part of the country could not afford? And, if so, is that what Canada is all about?

I recall vividly with what deep interest I followed the referendum question last spring. As an interested spectator, I felt proud of the statements being made at that time by the Premier of Ontario and by the Premier of Alberta, and by all of the other premiers of the provinces of Canada apart from Quebec. They were asking Quebec to stay in the country. They said to Quebec: "This is a good country. We want you. Stay in." And yet, at the last federal-provincial conference it was obvious that any sense of unity that had been created by the referendum was now over, because all of a sudden the whole picture had changed. Like many other Canadians watching that conference, I saw a spectacle that hurt my feelings as a Canadian. I saw certain premiers almost holding hands with René Lévesque—and, as everyone knows, his main ambition as premier of that province is nothing more than to break up this country. So I ask myself if provincial power is really that important. Is it so important for the provinces to secure all of the power they require that they are prepared to break up the country in order to get it?

I listened with great interest to Senator Manning's speech. I listened with interest to many of the other speeches that have been made in this debate in this place. I have read some of the speeches that were made in the other place. You know, I get concerned as a Canadian, and I get concerned as a French-speaking Canadian. Indeed, if my contribution to this debate today is mostly in English, that is because I am the product of a minority and, when I was growing up, I was not given the opportunity to have in my language the kind of teachers or the kind of schools I should have had—things I should have had by right because my ancestors came to this country 375 years ago, and came to stay.

● (1520)

I can recall that when I started out as a member of the New Brunswick Legislature, there was no simultaneous interpreta-

tion in the chamber, although Acadians at that time made up 35 per cent of the population of that province. If a member wanted to say something and be understood by his colleagues, he or she had to use the English language. As I have said, we have made progress, but I wish there were more political leaders, particularly English-speaking political leaders, in Canada at this point in time who had the same philosophy as Richard Hatfield. I repeat part of the statement he made before the special joint committee, as he pointed his finger at his Progressive Conservative confrères: "I challenge you to have the rights of the French-speaking minority entrenched so that their rights will be protected from one end of the country to the other." He said that if the government fails to include these rights, it will not have to worry about a Constitution or a country within the next 25 or 50 years.

I would like to relate to honourable senators an experience I had just last summer. While flying home from Montreal to Moncton I was seated with a man and a woman. Naturally, as is my habit, I spoke to them in English, and the man answered me in English with a heavy French accent. I would like to relate to my colleagues the message these people left with me. From our discussion I learned that they were brother and sister, ordinary French-speaking Quebecers from the north of Montreal. The man held the position of personnel manager for one of the largest food distributing companies in Quebec. He told me that he was responsible for some 1,700 people in northern Montreal and northern Quebec. His sister told me that she worked for another brother north of Montreal who owned his own insurance business.

After we switched the discussion to French, they told me that they were worried because their father, who had just retired at the age of 65 and who was supposed to be on vacation with their mother visiting, for the first time, the Atlantic provinces, had had a heart attack in Antigonish, Nova Scotia. They told me they were flying down to be with their parents because neither their father nor their mother could speak English, and they were worried that their parents would be unable to communicate. I told them not to worry, that there were a few Acadians in Nova Scotia, which they were pleasantly surprised to learn.

The topic of the discussion eventually changed to the referendum in Quebec. They both told me that they felt that they were not at home in this country outside their province. I am not saying that if we pass this resolution French-speaking Canadians across this country will feel at home the next day. I would like to paraphrase what Richard Hatfield said to the special joint committee when he appeared as Premier of New Brunswick. He told the committee that if New Brunswick had not passed its Official Languages Act, the government there would not have been able to make the progress it has made. I am talking about the entrenchment of linguistic rights within the Charter of Rights. Premier Hatfield went on to say that he wanted these linguistic rights entrenched in the Constitution because, regardless of the goodwill of politicians, when they are elected they are often-times submitted to the will of the majority.

Let me give an example. Although there is the Official Languages Act, although 35 per cent of the population of New Brunswick are Francophone, and in spite of all the progress made there in the past years, today in the city of Saint John approximately 12,000 Francophones, not all of whom speak French, had to gang up to fight for one classroom where their children could be educated in French. I am sure that honourable senators cannot picture a town or city in Quebec which contains 12,000 Anglophones not having an English-speaking school.

In my humble opinion, a charter of rights should be entrenched in the Constitution of this country, and that charter should include linguistic rights.

Senator Frith: Hear, hear.

Senator Thériault: I have heard honourable senators and members of the other place say that Russia has the best charter of rights of any country in the world included in their constitution. I am not for one moment suggesting that the entrenchment of rights will automatically provide those rights the next day. I am suggesting that such entrenchment will give people the confidence to demand those rights. I have also heard people who are against the entrenchment of rights say that in the United States, in spite of the fact that that country's Constitution includes an entrenchment of rights, there are many problems with, for example, the treatment of the black population and other minorities. I put the question to honourable senators in reverse. Ask yourselves how they would have been treated if those rights had not been entrenched in their Constitution. That is what we must ask ourselves.

I fail to understand, honourable senators, why the provincial governments are so concerned over the entrenchment of rights in the Constitution. Why is the Premier of New Brunswick so anxious to have those rights included in the Constitution? It is because he has lived in that province and because he knows, as I know and as any person from New Brunswick knows, that even in 1981 it is possible in the province of New Brunswick, at any given time, to elect a government that, under public pressure, may even be called upon to go so far as to withdraw or to withhold some of the rights which are now taken for granted by the Francophones of the province.

I ask my colleagues: What is there in this resolution that takes away from the provinces and gives to the federal government? Can honourable senators single out one item in the resolution that takes away a provincial power and makes it a federal power? In my humble opinion, the resolution says that it will take away from politicians the right to trample on human and other rights.

● (1530)

If I may, honourable senators, I would quote from an article which I came across the other day written by one Joan Wallace of Vancouver, B.C., who is described as follows:

> —founding member and first president of the Vancouver Status of Women, member for four years of the Canadian Advisory Council on the Status of Women, and general manager of the B.C. division of the Retail Merchants

Association of Canada. She is one of a panel that serves on human rights tribunals for the Canadian Human Rights Commission.

The article quotes Joan Wallace as saying:

> As a member of one of Canada's disadvantaged minorities I am getting sick of the provincial premiers' hysterical opposition to the entrenchment of a charter of rights in a patriated Canadian constitution.

The article quotes her further as saying:

> The extremely spotty record of provincial governments in protecting their own citizens against discrimination on the basis of race, color, religion, sex, marital status, and physical handicap makes it imperative that Canadians be given the protection of a strong charter of rights that is binding on all levels of government and that takes precedence over all other laws passed by those governments.

Honourable senators, I could not agree more.

What is the situation now as far as this resolution is concerned? Honourable senators, let me quote from *The Telegraph-Journal* of Saint John, New Brunswick, of Monday, March 30, 1981. The article states:

> Where are the government proposals now? After an exhaustive three-month study by a special joint Commons-Senate committee, they have been under a final round of debate in the two houses of Parliament for six consecutive weeks.
>
> What is the problem? The Commons has been bogged down since the first day of that debate—Feb. 17—on a Tory amendment to remove the provision for referendums. The Conservatives have refused repeated overtures to limit the discussion or allow other amendments to be moved.

The article goes on to state:

> And, to complicate the situation, the Tories tied up the Commons for three days last week on procedural wrangling, preventing debate on the motion and at least temporarily forestalling any attempt to close off debate on it.

Honourable senators, who opposes this resolution in the Parliament of Canada? All of the Tory members, to the best of my information, that is, 101, minus one, oppose the resolution; 145 Liberal members, minus 1, support the resolution; and 32 NDP members, minus 4, support the resolution. Have you ever stopped to think what percentage of the Canadian populations' representatives are opposing this resolution, are bogging down Parliament and, as a matter of fact, are threatening the breakdown of our system? They represent less than 35 per cent of the population of Canada.

What is that 35 per cent composed of? Generally speaking, they are good, Canadian citizens—but secure Canadian citizens. They are secure in their language rights, in their economic rights and in their working rights. Have we reached the stage in Parliament where a minority of people can prevent our legally elected government, supported by 28 members of another party, also legally elected, proceeding with the running of the affairs of this country? They say, "Oh, yes, we will permit you to deal with the other urgent business of the country such as the economy, inflation, unemployment, energy and all the rest, but on our conditions and when we tell you to do so."

I ask myself and my colleagues: What is so unreasonable in the proposition that was put by the Prime Minister yesterday? It is true that two provincial courts have rendered opposite decisions. It is true, I suppose, without being a lawyer, that the government could refer the question as it stands now to the Supreme Court of Canada, but does it make sense after the majority of the members legally elected to run this country have spent six months debating this resolution?

What does this resolution do? It brings home the Constitution and nobody seems to oppose that. It proposes an amending formula that will be discussed among the 10 premiers and the federal government in the next two years. It provides that, if an agreement cannot be reached, the people will decide which, if any, amending formula they will choose. It also entrenches a Charter of Rights and Freedoms for the protection of minority groups such as the handicapped, the native peoples and women.

I find myself at a loss. I had the good fortune of being a replacement member of the Special Joint Committee on the Constitution for seven or eight of its meetings. At times I heard members of the Conservative Party suggesting amendments, and some of them were accepted. They now, supposedly, have an amendment before the house. In the meantime, the whole country knows that there is only one elected Conservative member in the other place who will stand up and vote for the end result of that resolution; and, to my knowledge, not one Conservative senator in this place will do so. So who are they kidding? What do they want? I cannot understand people wanting to improve or amend something they oppose. It just does not make sense. Finally, the truth came out last week when the Conservative house leader said, "We will stall. We will prevent Parliament from working."

What is wrong with passing this resolution and then sending it to the Supreme Court? If the Supreme Court says that it is beyond the jurisdiction of the Parliament of Canada, so be it; that will be the end of it. I ask all those who are now insisting that the resolution go to the Supreme Court of Canada: What of your position if the Supreme Court of Canada decides that it is within the jurisdiction of Parliament to deal with this resolution?

• (1540)

Hon. Lowell Murray: Do you wish an answer now?

Senator Thériault: I would love one.

Senator Murray: Our opposition to this resolution was not based only on the fact that we thought it might be illegal—

Senator Frith: Let him speak.

Senator Murray: Our opposition was based not only on the fact that we thought it might be illegal, but because we believe

firmly that it is a negation of federalism, that it is wrong for the country, and that it will have bad effects on the country.

Senator Frith: So you are still opposed to it?

Senator Murray: Yes. We said that our argument was not confined to the illegality of it.

Senator Thériault: I will deal with that question. I could not expect anything else from you.

So, you are now saying that if the Supreme Court decides that it is legal you will not support it. You are saying that because it is not your view of federalism. I want to know whether your view of federalism is the Joe Clark view of a community of communities?

Senator Murray: I will get to that.

Senator Thériault: Is it your view that in this country we should not share the wealth? Is it your view that in this country the minority and native peoples should not have guaranteed rights?

Senator Murray: Honourable senators, the events of the other place have overtaken my colleague. The members of the various parties are meeting to discuss whether or not to send the matter to the Supreme Court, and under what conditions, before further discussion takes place in the other place. He can continue, but I would only urge him to quit while he is ahead.

Senator Smith: You mean, while he is not too far behind.

Senator Frith: He is well ahead. Don't quit while you are ahead.

Senator Thériault: Honourable senators, I believe that any Canadian, in the true spirit of Canadianism, is always ahead; not only ahead now but ahead of his time if he is a true Liberal.

Some Hon. Senators: Hear, hear.

Senator Thériault: Some of you may recall an organization by the name of Dada. If I recall correctly, it started in Zurich in 1917. That organization was composed of people who were opposed to everything: they were opposed to government; they were opposed to business; they were opposed to art; and they were opposed to science. They were opposed to everything that was going on in the world. I thought that organization had died with the fellow who started it, who, I believe, was called Jacques Rigaud. He died in 1939, but I think they have resurrected him.

Some Hon. Senators: Hear, hear.

Senator Thériault: Why cannot the Conservative Party be on the right side of the issue at any time in this country?

Senator Steuart: They are like lemmings.

Senator Thériault: As I read my political history, when this country came into being in 1867, the Conservative Party, under Sir John A. Macdonald, was very avant-garde and made a great contribution to this country. I do not know if I recall the quote correctly, but Sir John A. Macdonald said at one time, in one of his better speeches, that he could see the day when Canada would be to the provinces what the mother country, Britain, then was to Canada. It is too bad that some of these reactionary Tories would not read the speeches of Sir John A. Macdonald before making some of the speeches they are making on this resolution.

I have hope for this country. I have hope because there are members of the Liberal Party, members of the NDP, and members of the Conservative Party—namely, Premiers Davis and Hatfield—who believe in this country. I do not say "Aye, Aye" to all Liberal leaders. I can honestly tell you that I was very disappointed during the last provincial election in Ontario that the Liberal leader did not stand up for section 133 of the B.N.A. Act as it applies to New Brunswick so that it could apply to Ontario.

I dare say this to you, honourable senators. If any of the leaders of the three parties running in Ontario had taken that stand, I am convinced that the people of Ontario would have supported them. That is the sad part of it. We have to depend on politicians, and we are afraid, as politicians, to offend people. I know what I am talking about because I was one for 20 years.

Senator Murray: You are now a statesman?

Senator Thériault: No. As a matter of fact, I am not concerned with the constitutional problems in New Brunswick, because we have a leader of the Conservative Party who sees 20 years ahead of you. I am concerned that I might be tempted to go back to the provincial legislature.

Senator Phillips: And campaign for Hatfield?

Some Hon. Senators: Oh, oh.

Senator Thériault: No. However, I will tell you something. If I had to make a choice, I would sooner campaign for Hatfield than for any Tory I know sitting in the other place or, for that matter, sitting in this place.

Is it not strange that these people never learn? Their one representative from the province of Quebec has been sent home to organize, under a different name, the Conservative Party of Quebec.

An Hon. Senator: What do they call it?

Senator Thériault: I think it is the Union Nationale for the next two or three weeks. We will see how well it will do.

I say to the French-speaking senators here, and particularly to the young Conservative senators: Look ahead. Put your country ahead of your party for once. Be on the right side of the issue when history is written.

There are at least four or five Liberal senators in this place who, because of strong conviction, have decided that they cannot support the resolution.

Senator Deschatelets: The gang of four.

Senator Thériault: That's normal in a gang of 72. By the same average, it would be normal that one senator from the centrepiece here would have enough conviction to support the resolution. I am really looking at Senator Murray, because I

have had occasion to see him at work. I saw him at work in New Brunswick, and I thought he was progressive, but he has changed since living there.

I say to you, my colleagues in the Conservative party, for God's sake go speak to your friends in the other place tonight. Take them out to dinner; buy them a bottle of wine; do something; but try to talk some sense into them. They are, in fact, in the process of destroying the system.

Senator Grosart: That is not so.

Senator Thériault: They are; and I am concerned, as are other Canadians. Otherwise, your party will be destroyed for the next 25 years.

• (1550)

On motion of Senator Lawson, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 2, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PRIVILEGE

STATEMENT BY SENATOR LAWSON

Hon. Edward M. Lawson: Honourable senators, I rise on a question of privilege. My concern is two-fold. First, it has been drawn to my attention by an honourable senator that a personal attack was made on me by Senator Godfrey on March 17. His remarks suggest that I was out of order when I rose to interrupt another honourable senator, who had the floor, to speak on the Judges Act. Senator Godfrey's remarks have been picked up by the press, which is the second reason why I wish to raise the matter. The press article reads in part:

> Liberal Senator John Godfrey of Ontario took a swipe at Lawson in the Senate recently for hopping up out of turn to speak on a bill increasing salaries for judges.

The suggestion is that I have no respect for, or understanding of, the rules of this chamber.

My first concern is with regard to personal attacks on individual senators. My second concern is that the allegation is false. I had been monitoring the Judges Bill for many weeks—as a matter of fact, for some years, as Senator Flynn and others know; and when I was advised it was coming before the chamber that afternoon, I contacted His Honour the Speaker to inquire if I could speak that afternoon. He gave me a message indicating when it would be in order for me to speak.

• (1405)

As a matter of courtesy, I spoke with the government whip so that the Deputy Leader of the Government would not be taken by surprise. I also obtained from the government whip, Senator Petten, his assurance that the Leader of the Opposition would be advised of my desire to speak for two or three minutes. I think my conduct in dealing with it was in order, as far as following the normal rules of courtesy is concerned. Perhaps I owe an apology to Senator Frith, because at one point he paused when he was making his presentation and I thought he had finished. I knew the urgency of having the debate concluded speedily, so I rose to speak. When he drew to my attention that he had not finished, I sat down.

I regret having to make these comments in Senator Godfrey's absence, but since he did not do me the courtesy of making his attack on me in my presence, I do not feel quite so badly about it.

I then attempted to speak, taking my guidance from His Honour who was giving me the nod as to when I might be in order to speak, and that is when Senator Godfrey moved very hastily and attempted to deny me my right to speak by moving the adjournment of the debate. At the urging of Senator Frith, he withdrew, and I was allowed to speak.

Hon. David Walker: Honourable senators, I rise on a point of order. I think the honourable senator should wait until Senator Godfrey is in the chamber.

Senator Lawson: I would be quite prepared to do so, if I would not be out of order in making these remarks at some other time.

My further concern is the remarks contained in *Hansard* which were reported in *The Citizen* of yesterday's date. The reference is:

> Senator Lawson happened to be making that day one of his infrequent, lightning-like descents on the Senate—here today and usually gone before tomorrow.

Senator Godfrey also said:

> Senator Lawson only graced this chamber with his presence on nine different occasions last year and, as we all know, he is not a member of any committees.

Well, the two issues, of attendance in this chamber and being a member of all or none of the committees, quite frankly, are none of Senator Godfrey's business. It so happens that I do not owe any explanation to this chamber as to why I was leaving the following day, but, as a matter of information, the reason I left the following day was to speak on a panel in Vancouver where the key speaker was talking, among other things, about abolishing the Senate. I took the opposite view. In addition, I had to deal with a very serious labour dispute that was affecting the economy of the country, and I thought that quite important.

• (1410)

But the real concern that I have is that Senator Godfrey, while he may attempt to have this chamber believe he has a superior knowledge of the rules, obviously is not aware of the rules of courtesy and the long-standing rule in this chamber, and every other similar chamber, that an honourable senator does not make personal attacks on other honourable senators.

Some Hon. Senators: Hear, hear.

Senator Lawson: I think Senator Godfrey owes me a personal apology. More important than that, I think Senator Godfrey owes this chamber an apology for violating the long-standing rule against making personal attacks on other honourable senators, which is an important rule and should be observed. That is why I have risen on this question of privilege.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: Senator Godfrey will probably read what you have said, Senator Lawson, and he may respond to it.

Senator Flynn: At the next sitting!

DOCUMENTS TABLED

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) tabled:

Report of the Canadian Wheat Board for the crop year ended July 31, 1980, including its financial statements certified by the Auditors, pursuant to section 7(2) of the *Canadian Wheat Board Act*, Chapter C-12, R.S.C., 1970.

NORTHERN PIPELINE

THIRD REPORT OF COMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. Earl A. Hastings: Honourable senators, I have the honour to table the third report of the Special Committee of the Senate on the Northern Pipeline, entitled, "Enhanced Oil Recovery in Canada," and ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day to form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix p. 2229.*)

Senator Hastings: Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

● (1415)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Tuesday next, April 7, 1981, at 8 o'clock in the evening.

I will explain or make some observations on the schedule for next week, if leave is granted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the suggestion we are making is that we sit next week in what has become the usual way during the debate on the Constitution—that is, so long as that item remains on our order paper. We plan to sit on Tuesday evening, Wednesday afternoon and Thursday afternoon. In the event of developments in the other place, and in view of the understanding that we are going to reserve a certain number of days, up to five days following the disposition of that resolution in the other place, we should prepare ourselves to sit on Friday of next week.

I suppose it is fair to assume that another event that might take place is that some agreement might be reached in the other place as to the disposition of the motion, the amendment, any other amendments, the proposal by the Prime Minister with reference to the Supreme Court of Canada, and the counterproposals put forth by the Leader of the Opposition and by the Leader of the New Democratic Party. If some agreement is reached, we will probably ask the Senate to conform to whatever arrangement is made in the other place for the disposition, or delay in disposition, of the motion pending reference to the Supreme Court of Canada. That, of course, could result in our having to sit on Friday in order to bring that about. I think that that is less likely than the first reason for sitting on Friday.

So, in summary, honourable senators, we shall sit on Tuesday evening, Wednesday afternoon, Thursday afternoon and, if necessary, on Friday. We shall try to give you ample warning of that eventuality, but I do ask honourable senators to at least be prepared to sit next Friday, if necessary.

Motion agreed to.

AGRICULTURE

CANADIAN WHEAT BOARD—COMMITTEE AUTHORIZED TO EXAMINE ANNUAL REPORT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will recall, or will have noticed, that the Honourable Senator Argue, the Minister of State for the Canadian Wheat Board, tabled earlier this day the Annual Report of the Canadian Wheat Board for the crop year 1979-80.

Therefore, I move, with leave of the Senate and notwithstanding rule 45(1)(e), that the Standing Senate Committee on Agriculture be authorized to examine and report upon the Annual Report of the Canadian Wheat Board for the crop year 1979-80, tabled in the Senate on April 2, 1981.

Hon. Allister Grosart: Could we have an explanation?

Senator Frith: Honourable senators, the motion, it seems to me, explains why leave is being asked. Insofar as leave being asked today as opposed to next Tuesday is concerned, I cannot give any substantial reason. There will not be any crop failures in the meantime, but since the document was tabled in the Senate today, and since it is normal to refer such reports to the Standing Senate Committee on Agriculture, it seemed to me that we should dispose of it when it is on our minds.

Senator Grosart: That is a good reason.

Motion agreed to.

• (1420)

QUESTION PERIOD

[*English*]

THE CONSTITUTION

EFFECT OF JUDGMENT OF SUPREME COURT OF NEWFOUNDLAND

Hon. Raymond J. Perrault (Leader of the Opposition): Honourable senators, yesterday a number of questions were asked on the subject of the Constitution, and I undertook to inquire of the appropriate sources in the government and to obtain certain information requested by the Leader of the Opposition. I suggest that it may be useful for this statement to be made at the outset of the Question Period.

Hon. Senators: Agreed.

Senator Perrault: Indeed, it may remove the need to ask some of the questions that might have been anticipated.

Senator Asselin: Is it a statement?

Senator Perrault: Yes.

Senator Asselin: Do you have a copy of it?

Senator Perrault: It is a reply to a question; it is not an official government statement.

Yesterday the Leader of the Opposition raised several points during the Question Period relating to our consideration of the constitutional resolution before us, and reference of that resolution to the Supreme Court of Canada.

Senator Flynn, the Leader of the Opposition, asked whether the government has taken a decision in consequence of the judgment of the Supreme Court of Newfoundland, whether a decision has been made to appeal this judgment to the Supreme Court of Canada, and, if so, in what form. He also asked about the intentions of the government with respect to the continuation of the debate on the resolution in Parliament.

Honourable senators, the position the government has taken—after hearing the decision rendered by the court in Newfoundland and after learning at the end of last week that the Supreme Court of Canada had decided to hear the constitutional case before the end of this month—has been to express the hope that these two cases will be brought before the Supreme Court of Canada, as well as the judgment of the Quebec Court of Appeal, if it is rendered in time. In other words, the government would like to have the Supreme Court of Canada adjudicate all the cases which were brought before the courts by the provinces.

Hon. Jacques Flynn (Leader of the Opposition): May I ask at this point if Senator Guay is listening?

Senator Guay: A good point.

Senator Frith: Explain.

Senator Perrault: I have found that Senator Guay always listens intently.

Senator Flynn: He doesn't understand it the same way as I do.

Senator Perrault: How that will be done has not been decided at this stage.

With respect to the continuation of the debate on the resolution in Parliament, the government views it as desirable that the resolution should be in its final form for the court to be able to give a proper opinion. This is indeed what Chief Justice Freedman of the Manitoba Court of Appeal said in his judgment, and I quote:

> We therefore face a real likelihood that the amendments sought on the proposed resolution may be altered, deleted, or supplanted by other amendments before the resolution is deemed ready for transmission to Her Majesty. In this situation there is a danger that if we answer question . . . 1 we may later find that we have answered matters no longer before us and have not answered matters that emerged in their stead. The court should not be exposed to the risk of such an adventure in futility.

The Supreme Court of Canada, in the past has also frequently objected to receiving matters referred to it because of their hypothetical nature.

As I stated yesterday, Mr. Justice Bora Laskin stated in 1971 that:

> The utility of the reference as a vehicule for determining whether actual or proposed legislation is competent under the allocations of power made by the British North America Act is seriously affected in the present case because there is no factual underpinning for the issues that are raised by the order of reference.

As the Prime Minister said in the other place yesterday, the government's

> —proposal has the advantage of going to the courts with something certain and final. If it is legal, that settles the matter; if not, it also settles the matter.

• (1425)

The Honourable Senator Flynn brought up the point that Parliament may be in contempt of court if it continues to discuss the matter. May I quote from the March 31 ruling of the Honourable the Speaker of the other place on that matter, in which Madam Speaker said:

> With regard to the sub judice aspect, at the outset it should be made quite clear that any practice or convention of the House to discontinue or not initiate discussion on a matter for the reason that it was then before the courts would have to be a voluntary or self-imposed practice or convention because the Bill of Rights of 1688, which is part of the law of the Parliament of Canada, provides that:
>
> > —freedom of speech and debate and proceedings in Parliament may not be questioned . . . in any court or place out of Parliament.

Sub judice is such a practice or convention. It is one that the House has imposed on itself to avoid discussing matters which are then under judicial consideration or before the courts.

Sir Robert Peel probably best summed up the essence of the convention when he said in 1844:

> —that the right of Parliament as the highest court in this land to discuss what it will cannot be limited, but that good taste and sense of fair play should in some circumstances limit the exercise of that right.

The purpose of the practice is to avoid any discussion in the House which might have a prejudicial effect on an accused or on the parties to a civil action, since it might influence a jury or witness when they read of it in the newspapers or see it on television. It is rightly doubtful that judges are liable to be influenced by anything spoken in the House.

In respect of criminal matters it is clear both here and in the United Kingdom that once a person has been charged in the courts in a criminal matter, it is the correct practice not to permit the matter to be raised in the House.

In respect of civil litigation matters the United Kingdom House in 1963 laid down a rule that once the case is set down for trial, the issues should not be raised in the House.

The position of the Canadian House in this respect appears to provide more latitude. In 1976 the Speaker said, and I quote:

> —in any event no restriction ought to exist on the right of any member to put questions respecting any matter before the courts, particularly those relating to a civil matter, unless and until that matter is at least at trial.

In 1971 the United Kingdom House resolved to allow references to be made to matters awaiting or under jurisdiction in all civil courts, subject to the discretion of the Chair and provided that there is no real and substantial danger of prejudice to the proceedings. This seems to provide even more and wider latitude.

In this context, in the same year, 1971, the Speaker of the Canadian House felt that the traditional position that a member while speaking must not refer to any matters upon which a judicial decision is pending, as set out in Beauchesne:

> —should be interpreted as narrowly as possible. I doubt very much if the Chair should be called upon to intervene whenever a Member refers to a matter which is before the Courts.

Furthermore, whatever self-imposed practice exists both in the United Kingdom and Canadian chambers in respect of matters that are before the courts, it is settled both here and in the United Kingdom that the practice would not be applied in the case of a bill, that is, while the House is involved in the legislative process—and I insist on that word. In other words, the House will not for any reason stop discussing outside events while embarked on the legislative process. Otherwise, it would mean that the courts could bring parliamentary proceedings to a halt, whereas one of the corporate rights of the House is to manage its internal affairs without their interference.

The proceedings in Parliament relating to the proposed Address to the Queen contained in the proposal presently before the House is not only a parliamentary procedure in Canada but is also part of the legislative process in respect of constitutional amendment. The address contains the proposed bill and the process being undergone comes within the exception referred to by Erskine May, in that the practice of sub judice is not applied to the legislative process.

With respect to issues beyond those relating to Criminal Code offences or traditional Civil litigation, the present rule in the U.K. House is that subject to the discretion of the Chair, reference may be made in the House to matters awaiting or under adjudication in all civil courts in so far as such matters concern issues of national importance, such as the national economy, public order or the essentials of life. Of course, if the matter is before the courts by virtue of a resolution of the House of Commons, the sub judice convention would no doubt be invoked, but only then. It is trite to say that the subject matter of the minister's resolution is an issue of national importance.

● (1430)

It is hoped that this statement has responded to some of the concerns of the Leader of the Opposition and other honourable senators.

Senator Flynn: Honourable senators, I think the Leader of the Government has provided us with some ammunition which can be used one way or the other on the motion that I indicated yesterday I will move—perhaps I will not, but that is all right. I ask the question, really, in an effort to find out from the Leader of the Government the exact intention of the government in referring this resolution to the Supreme Court.

From what the Leader of the Government has said, I gather that the government is prepared to refer to the Supreme Court, under section 55 of the Supreme Court Act, the so-called constitutional package as it would be passed by the House of Commons and the Senate, but that the government is not prepared at this time to submit the package as it is presently before the house, possibly with some suggested amendments by the opposition parties. I was wondering what difference the Leader of the Government sees between the two positions.

Senator Perrault: Honourable senators, I would like to clarify the situation. No decision has been made with respect to a reference of the package as a whole under the Supreme Court Act. The words I employed related to the Quebec Court of Appeal, the Supreme Court of Manitoba and the Supreme Court of Newfoundland. However, let me say, honourable

senators, that I understand that discussions and negotiations involving the house leaders and the parties in Parliament are under way this afternoon. Perhaps a course of action will be adopted ultimately which may meet the needs of all of the parties. I think that some honourable senators are also aware of that fact.

Senator Flynn: That is fine. Though I do not want to press the Leader of the Government, I would like to be told exactly what the government's intentions are. I am sorry that Senator Guay has left the chamber, but I think that the Leader of the Government has just confirmed what I understood the Prime Minister to say yesterday, which is that he would rather have the Supreme Court deal with all of the cases which were before the provincial courts of appeal. Is that correct?

Senator Perrault: That is the present position of the government.

Senator Flynn: Thank you.

Hon. Arthur Tremblay: May I ask a supplementary question in that regard? If it is only the resolution which has been submitted to the appeal court, if I am correct, it is the resolution in its first draft. I am referring to the draft resolution which was referred to the joint committee last fall for consideration, and not the draft which resulted from the committee's consideration, including the 67 amendments introduced by the members of the committee.

● (1435)

Taking into account that the Manitoba Court of Appeal rendered its decision before the committee had concluded its consideration of this resolution, it seems clear that a decision was based on the October draft of the resolution, in which case, the amendments introduced by the committee, and those suggested by the House of Commons and the Senate, which form a significant part of the resolution as it is now, will not be under consideration by the Supreme Court.

My interpretation is that the Newfoundland Supreme Court and the Quebec Court of Appeal will both be making a decision on the same subject matter, that is, the first draft of the resolution, not on the draft which is now before us.

Will there be a way, other than by a reference from the Governor in Council, to have the amendments of the committee put to the Supreme Court because, surely, the idea is that all of the package, including the amendments of the committee and other possible amendments, should be put to the court.

Senator Perrault: I repeat what I said earlier: negotiations are under way involving the parties represented in Parliament. The position that I have outlined is the position presently held by the government.

The government is aware of some of the concerns which have been expressed by the opposition. The government is concerned with obtaining the view of the Supreme Court, and methods are being considered to achieve the goal which has been delineated by the honourable senator and the Leader of the Opposition.

Hon. Allister Grosart: Supplementary to the question which has been raised, did I correctly understand the deputy leader, in his earlier comment, to say that certain arrangements would be pending "reference to the Supreme Court"? I believe that was the phrase the deputy leader used. Was he indicating to us that the government had decided to refer the "package", as it is called, to the Supreme Court, or was he using the phrase in a very loose sense to suggest that the reference might also include an appeal? He did use, I believe, the phrase, "reference to the Supreme Court." Was he indicating that the government has decided that there will be a reference to the Supreme Court?

Senator Frith: I was not using the word "reference" in the narrow sense.

Hon. Lowell Murray: May I ask the Leader or the Deputy Leader of the Government if the government has considered what its position would be if, once Parliament had passed the resolution, it were found, in some aspects, to be *ultra vires* or faulty by the Supreme Court of Canada and the government wished to correct those aspects? Would it not have to start all over again?

Senator Perrault: Honourable senators, at least the first sentence of the question posed by the honourable senator is clearly hypothetical. However, the Prime Minister stated yesterday, or the day before, that, of course, the government would certainly examine its position should such an eventuality occur, and other courses of action would then be considered. This is clearly a hypothetical question.

[*Translation*]

Hon. Martial Asselin: Honourable senators, on a supplementary. Before referring to the Supreme Court for a declaratory judgment the whole matter now before both Houses, would it not be more proper, and perhaps more courageous on the part of the government, to consult the provinces beforehand and find out whether agreement could not be reached at least on an amending formula? I feel that if the federal government were to do that, it would prove to the Supreme Court at least the legitimacy of its action.

[*English*]

Senator Perrault: Honourable senators, many efforts have been made over a number of years to develop an amending formula that has the support of all the Canadian provinces. I am sure you are all aware of the recent meetings, involving, I believe, six provinces, which were held to agree on a wording for an amending formula. Obviously, agreement was not achieved because, certainly, a press conference would have been held and the information provided to an awaiting Canada. But Canada has been waiting for many years for an amending formula. Just three weeks ago I spoke to one of the provincial premiers who advised me that two provinces were still unable to agree on the type of amending formula that would be satisfactory to the other provinces.

The record clearly shows that the federal government has made strenuous efforts to develop an amending formula in co-operation with the provinces. Honourable senators will

recall the conference held in Victoria in 1971. At one point during the course of the conference all the provinces agreed to an amending formula.

Senator Asselin: That was a long time ago.

Senator Perrault: That formula, which came to be called the Victoria formula, is under strenuous attack by the western provinces today, whereas in 1971 it was held up as the protector of western rights and was enthusiastically supported by the Honourable W. A. C. Bennett, the then premier of British Columbia, the Premier of Alberta, the Premier of Saskatchewan and the Premier of Manitoba.

Senator Asselin: Times have changed.

Senator Perrault: The search for an amending formula seems to be more elusive than the search for the Holy Grail.

Senator Frith: Under this proposal, there are still two more years.

Senator Asselin: Don't talk about two years; we want a decision now.

Senator Perrault: The deputy leader has reminded me that this proposal provides for a veto for all the provinces for a full two years after the Constitution is brought home. The provinces and the federal government will have two years to negotiate and agree to an amending formula. There is also the provision for a referendum to allow the people to decide, should that become necessary. Surely, there could not be a more forthcoming attitude by any national government than that demonstrated by this government.

Senator Asselin: I am talking about now.

Senator Frith: Then vote for the proposal, and you can have it right now.

ENERGY

QUEBEC AND MARITIMES PIPELINE—MAINLAND TO VANCOUVER ISLAND PIPELINE—GOVERNMENT ASSISTANCE

Hon. Richard A. Donahoe: Honourable senators, I direct my question to the Minister of State for Economic Development. In the submission of the Nova Scotia government to the National Energy Board, during the hearing of the application of the Trans Quebec & Maritimes Pipe Lines, there was included a statement to the effect that the federal government had indicated that it would provide $101 million to help build a natural gas distribution system in Nova Scotia. While I am prone to accept statements made on the authority of the Government of Nova Scotia, would the minister say whether it is his understanding that this is a correct statement and, if so, would the minister be prepared to confirm that commitment?

Hon. H. A. Olson (Minister of State for Economic Development): I will look into the matter, honourable senators.

Senator Donahoe: I have a supplementary question. The government, through the National Energy Program, committed $500 million in support of both the eastern Canada system extension and the new line to Vancouver Island. While the minister is looking into the question of whether the government is, indeed, prepared to put up $101 million, which the Province of Nova Scotia says it has committed, will he also ascertain whether that amount of $101 million is part of the eastern Canada system extension and, if so, whether it is part of the commitment of $500 million or is an additional commitment?

Senator Olson: Honourable senators, I will look into that question as well.

Senator Donahoe: Honourable senators, I have a further supplementary question. Has the government received an indication, similar to the one given last week by Trans Quebec & Maritimes Pipe Lines, from either B.C. Hydro or Westcoast Transmission Company Limited as to how much money they will require from the federal government in order to proceed with the construction of the line to Vancouver Island once it is approved by the National Energy Board?

Senator Olson: I believe that at least two proposals based on studies have been made with regard to the construction of a gas pipe line from the mainland to Vancouver Island. If those proposals or studies are available, I will provide them to the honourable senator.

OIL AND GAS EXPLORATION LICENCES—PROVINCIAL REVENUES

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. It relates to a delayed answer provided by the minister to a question of mine. The delayed answer can be found on page 1641 of the proceedings of this house for February 11, 1981, and it reads, in part as follows:

> Honourable senators, I have another delayed answer I should like to give in response to a number of questions raised on December 16 by Senator Smith. His questions concerned oil and gas exploration licences.

Then the minister made a reference to British Columbia land sales which were held on January 21. The ending of the delayed answer reads:

> In Alberta no official estimate has been made by that province regarding revenue expectations from land sales for the year 1981.

Would the minister tell me whether it is correct to say that figures are now available for Alberta government revenues from sales of land for oil and gas drilling exploration for the first quarter of 1981? If so, is it correct to say that these revenues amounted to approximately $62 million, as compared to $280 million for the same period in 1980, which amounts to a decrease of about 78 per cent?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I understand that certain figures are now available. I shall take the honourable senator's question as notice, and in the meantime I shall try to determine whether those figures can be reconciled with what has been the position of Alberta. Of course, my honourable friend will

realize that in addition to the factors to which he has referred, many other factors are involved.

Senator Smith: I do not wish to press the honourable gentleman, but am I to understand that he is taking the question as notice?

Senator Olson: Yes.

PETRO-CANADA—PURCHASE OF PETROFINA CANADA INC.

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development. It deals with the bid by Petro-Canada for shares of Petrofina. It is now my understanding that it has been decided that the bid of $120 per share made by Petro-Canada will remain open for another two years, and that Petrofina will have until 1983 to decide how many shares it will sell to Petro-Canada. Would the minister give us some information on this rather unusual situation?

Perhaps the minister would also indicate whether a decision has been reached as to how Petro-Canada will pay for this purchase of what is now an indeterminate number of shares, whether the Canadian ownership charge will be invoked, and, if so, when? Also, would the minister indicate to what extent the Government of Canada, through its crown agency, Petro-Canada, intends to go in retiring the debt it has incurred. I understand that this price of $120 per share—which, in my opinion, is exorbitant—will be indexed upward to keep pace with inflation. As a result, when the shares are finally purchased, the price of each could be a great deal more than $120. Would the minister tell us over what period of time that debt will be retired and by what methods?

● (1450)

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the answer that I gave the honourable senator the other day is probably more valid now than it was then, and that was that until there is a completion of the deal, and the number of shares, the amount of money, and the time frame required for the making of payments are known, it would be premature to speculate. I can give my honourable friend an undertaking that, as soon as that information is available and an announcement can be made, I will convey it to this chamber as quickly as possible.

Senator Doody: Is the minister telling us that we may have to wait until 1983?

Senator Olson: No, I did not say that. I said that as soon as a decision has been made respecting the number of things that I described, I would obtain, and provide him with, that information.

Senator Doody: Would the minister undertake, then, to provide us with a copy of the document which justifies the payment of $120-plus for these shares?

Senator Olson: When that is available, yes.

TRANSPORT

GOVERNMENT POLICY RE INTERNATIONAL AND DOMESTIC AIR ROUTES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. In a speech made in Vancouver by the president of Air Canada, Mr. Claude Taylor, he indicated that, in his view, Canada should be represented on international air routes by a single carrier.

My question is: Could the Leader of the Government ascertain, and advise this chamber as to, the government's view of that statement and, indeed, what the government policy is with respect to international carriers, and as to whether there is still a competitive system in this country?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I will take the question as notice, but it should be observed that the Honourable Donald Mazankowski, speaking for the Conservative Party, advocated that Canada should have only one international carrier. He said, during the time of the Conservative government, that we should have a monopoly situation abroad. I have not read the reasons given by him. The rationale behind them may be excellent. I do think that Canada is well served today by its airlines and the international carriers that we have. Air Canada and Canadian Pacific stand second to none in the services they offer the travelling public.

Senator Nurgitz: It was with that in mind that I asked the question. In view of CP Air and Air Canada providing such excellent service, I wonder why one would want to eliminate CP Air and, frankly, eliminate the competitive system. After hearing the historical explanation by the Leader of the Government—and that may well have been the policy of the former government—I would like to know what the policy of this government is.

Senator Perrault: The question will be taken as notice. To express a personal view, however, if both operations are economically viable, there is nothing better than competition, whether it is domestic or abroad.

Senator Nurgitz: I have a supplementary question. Mr. Taylor cited, as evidence for his case, that more comprehensive coverage of routes could be offered under this single airline scheme. He noted that an airline would not necessarily have to drop an unprofitable route because it could be blended in with a profitable route to make it worthwhile carrying the two. Could the leader inform himself and advise the Senate of any details of applications over the last three or four years where Air Canada has requested that it divest itself of less profitable routes?

Senator Perrault: Honourable senators, an attempt will be made to obtain that information. However, both Air Canada and CP Air have excellent management. I believe there has been a noticeable improvement over the past few years, but certainly that information will be requested.

Senator Nurgitz: I have one final supplementary question. Mr. Taylor went on to indicate that, in his view, deregulation of air transport in Canada would be detrimental to the system, and particularly detrimental to Air Canada. My question to the Leader of the Government is: Would he determine for us if the Minister of Transport has any plans for deregulation, and, for example, to what degree government policy on potential deregulation would be dictated by Air Canada or its officers?

Senator Perrault: Honourable senators, the information sought in the supplementary question also will be taken as notice.

ENERGY

OIL AND GAS EXPLORATION—GOVERNMENT PRICING POLICY RE CANADA LANDS

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. In order that companies intending to explore on Canada lands can make sound investment decisions, would the minister indicate when the government expects to state its pricing policy with respect to Canada lands discoveries?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot give a definitive answer to that question, either as to amount or date, but I believe the government is cognizant of the fact that this should be known as soon as possible, which may facilitate some budgetary expenditure with that in mind.

NATIONAL ENERGY PROGRAM—CANADIANIZATION OF OIL INDUSTRY

Hon. Lowell Murray: Honourable senators, from my ever-growing file of delayed government decisions, I have a question for the Minister of State for the Canadian Wheat Board. It has now been some four months since the minister and his colleague, the Minister of Energy, Mines and Resources, announced that $100 million had been set aside to assist in the Canadianization of the oil industry through joint ventures of the federal government and co-operative movements, credit unions and caisses populaires. My question is: What is the status of this matter now, and when may we expect some decisions to be announced?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, this commitment was made and the commitment stands. There is a very active committee of representatives of the co-operative movement, including credit unions, certain wheat pool organizations, the federated co-operatives of western Canada and other co-operatives engaged in a study of this whole question. Many meetings have been held. The co-operative leaders have been engaged in continued discussions with their own organizations. Important progress is being made towards going forward with a co-operative investment in the energy field, and with the support of the Government of Canada to the extent of a commitment of $100 million, to which Senator Murray has referred.

[Senator Perrault.]

As to when specific action will be taken by way of investment, I think Senator Murray will realize that that is not something that I could venture a guess on. This is an important business venture that is being considered, and I can tell him that, in my judgment, important progress is being made, and this is a view shared by the co-operative leaders who themselves are taking the lead in this proposed venture.

Senator Murray should change the level on his file because it is not a "delayed decision."

FARM CREDIT CORPORATION

INTEREST RATE

Hon. Orville H. Phillips: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board in his capacity as an agricultural expert. Yesterday he indicated, in reply to a question of mine, that the Farm Credit Corporation had increased considerably the interest rate charged on loans to Canadian farmers. Today I received an announcement from the Farm Credit Corporation saying that the rate has been increased, and it says "the current interest rate may seem high from an historical perspective."

• (1500)

I should like to ask the Honourable Senator Argue if, having gone through the struggles involved in farming, as have many other Canadian farmers through ten years, he would today undertake the purchase of a farm, knowing that he would have to borrow the money at an interest rate of 14 per cent?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I appreciate the question and I appreciate the honourable senator referring to me as an expert. His question, however, obviously has nothing to do with the Department of Agriculture or any connection I might have with it, because it is a personal question.

If one were endeavouring to purchase a farm today, at least in western Canada, I do not think that the single greatest impediment to doing so would be the Farm Credit Corporation's interest rate of some 14 per cent. Incidentally, I was high in my guess yesterday. No, that would not be the chief impediment. Indeed, that is the best possible interest rate available to any prospective farm purchaser anywhere in Canada.

The great impediment to purchasing a western farm is the high price of land there, brought about, in the main, by the prosperous conditions in the west and because the grain market is very buoyant, the prices are good and the Wheat Board is doing a great job.

Senator Flynn: So is the minister in charge.

Senator Phillips: One thing I always enjoy about the Honourable Senator Argue is his modesty. I was glad to hear him say it is the Wheat Board that is doing a good job, rather than his ministry. I appreciate that very much.

The honourable senator referred to the 14 per cent interest rate as being the best available. I would point out that the

average interest rate for a home or any other real estate purchased in Ottawa, for example, is 15 per cent. So 14 per cent is really not much of a break for the farmer. One percentage point does not really help the individual out.

I am sure that with his staff the honourable senator has far more research capability than we have.

Senator Flynn: It doesn't show.

Senator Phillips: I would ask him to prepare a research paper indicating how much more per acre a farmer would have to receive in net profit in order to pay the extra interest on a $150,000 loan.

Senator Argue: I can tell my honourable friend that I do not have a research staff. I probably have a smaller but more competent staff—

Senator Flynn: That's the idea.

Senator Argue: —than most ministers—

Senator Olson: Except mine. I have the smallest.

Senator Asselin: Is that a complaint?

Senator Argue: It's a great staff.

Senator Flynn: Is that a reflection on your ministry?

Senator Argue: Well, I would not want to get into a comparison.

Senator Frith: You didn't let him finish his answer: ". . . than most ministers had in the last administration."

Senator Argue: I can tell the Honourable Senator Phillips that the Library of Parliament has large research facilities available to both him and me. At any rate, his question suggested that a saving of 1 per cent was not much of a saving, and then he asked how much the extra interest would cost on a $150,000 loan.

Senator Phillips: The increase.

Senator Argue: I guess if a saving of 1 per cent is 1 per cent, then on a $150,000 loan that should be a saving of $1,500 every year the loan is in effect. If you take that over the amortization of a Farm Credit Corporation loan of 29 years, that is a lot of money.

Senator Phillips: I agree that that is a considerable amount of money, but, on the other hand, isn't it unfortunate that the individual farmer is required to pay an extra two points on the Farm Credit Corporation loan? That is costing him twice as much as your theoretical saving.

Senator Steuart: Look at all we are getting for free.

Senator Olson: It's still 3½ per cent below prime.

THE ESTIMATES

PUBLIC SERVICE—GOVERNMENT POLICY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to respond to a question raised on March 17 by Senator Donahoe concerning the size of the public service. I am sorry he is not present, because he would be interested in the answer.

In 1975-76 our government set out to reduce the growth in person-year requirements in the public service. I would emphasize that we did not announce a policy of reducing the size of the public service but rather of reducing the growth.

Nevertheless, for the past two years there has been an actual reduction in the size of the public service. Thus, the 1 per cent increase outlined in the 1981-82 main estimates is the first in three years and was made necessary by increased service requirements. The identification of those requirements I spelled out to the honourable senator the other day.

ENERGY

OIL—ATLANTIC PROVINCES—SECURITY OF SUPPLY

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on March 17 by Senator Muir. His question concerned the security of oil supplies to the Atlantic provinces.

My information is that the damage caused by severe storms to Mexico's crude production and export capability has been repaired. Pemex has therefore advised Petro-Canada that it will receive full contract volumes of 50,000 barrels per day in March shipments and should continue to receive a similar amount in future months, as agreed.

I wish to assure honourable senators that potential interruptions such as that experienced by Mexico are not uncommon, and allowances are made by refiners in their supply planning. Furthermore, it is indicative of our refiners' capabilities that Canada did not experience difficulties in adjusting to the Mexican crude interruption.

With regard to Senator Muir's request for a forecast of the oil supply-demand situation, as we know, such forecasts are always difficult to make. Early in January, forecasters were predicting a supply squeeze in mid-to-late 1981, but, immediately upon their release, the new estimates were revised upwards in the face of shrinking world oil demand and improved exports from Iran and Iraq. World demand continues to decline because of a lagging world economy and higher prices.

At the present time there appears to be a surplus of 1.5 million to 2 million barrels per day of available producing capacity building up as the world demand falls and the Iran-Iraq exports increase. Anticipated cutbacks in OPEC production are therefore expected to drop toward a balance of supply and demand.

Indications are that demand will continue to drop in the major consuming areas and that the supply is more than adequate, as indicated by the depressed crude oil spot market. Inventories of crude oil also remain high, and Iran and Iraq continue to escalate production. On this basis, the unconfirmed report that Saudi Arabia has taken steps to reduce its oil production by up to 600,000 barrels per day, as of April 1, is not likely to have a severe impact on the world supply and

demand balance. The reduction of this "war relief" crude is expected to return Saudi output to the pre-war level of 9.5 million barrels per day. I can only add that Canada should not be affected by the cutback in Saudi production.

REGIONAL ECONOMIC EXPANSION

ATLANTIC PROVINCES—PRODUCTION OF IRISH MOSS

Hon. Heath Macquarrie: Honourable senators, in reference to a delayed answer given yesterday by Senator Perrault on the question of Irish moss, on which this is my first opportunity to comment, I would ask the honourable deputy leader if he would carry this message to the leader and perhaps to those most excellent research people referred to by Senator Argue.

I promised the house, and particularly Senator Frith, that if I received the information I would not talk about the subject any more in this Parliament. He was kind enough to say, "Say it isn't so." Now I am carrying through on his prayerful wish.

Yesterday, in an exchange between Senator Smith and Senator Perrault, Senator Smith, kindly acting on my behalf, I presume, asked if the question of the volume and the value of Irish moss in the Atlantic provinces referred to individual producers or to the total Atlantic provinces production. Senator Perrault, as set out at page 2208 of yesterday's *Hansard*, said that he believed that it had to do with individual producers.

I would ask Senator Frith to look carefully at the first question, which asked the total volume and value of Irish moss landings in each of the Atlantic provinces for the last ten fiscal years. That question was put down on May 16, 1980, and if the geniuses who provide these inane and vacuous, insulting and condescending answers to honourable senators, like Senator Perrault, will read or consult the bright men in Senator Argue's department, we might have that question answered.

I can read in the *Canada Year Book* all the values and volumes of every species of fish in Canada, from buffalofish to smallhead bass and bighead bass and medium-size bass, electric eels and red eels and black eels, but why can they not make the same information available as used to be available until 1978, when some genius, because he could not find the answer and thought it would be clever, I presume, decided to suggest that I was asking for confidential information?

That is not the problem at all. I don't grow moss. I don't own any moss. I personally don't have anything to do with moss. My old dad told me years ago that grass doesn't grow on a busy street and that moss does not grow on the sunny side. One look at me and you will know that I listened to my father, and I would like to tell Senator Frith, who is a very able man, to listen to me and sharpen up, if I may say so, these people so that we will have no more of these silly replies taking up the time of this hard-working chamber.

Some Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am not familiar with all of the statistics that Senator Macquarrie says were available on certain species, but I am bound to say that in Lanark County we refer to them as smallmouth and largemouth bass rather than smallhead and largehead bass. But that is an irrelevant or irreverent comment, in any event.

Senator Flynn: There is no problem with that.

Senator Frith: I understand that the difficulty in obtaining the figures and the information does not lie in an inability to find them. We are told that what is at stake is the principle of confidentiality. When Statistics Canada asks an industry to provide figures, the general principle is that an individual company's figures are kept confidential because they are concerned about giving a competitive advantage to others in the industry. We are told that this is the principle at stake.

• (1510)

I do, however, share with Senator Macquarrie an inability to understand the precise application of that principle to the specific question he is asking. I do recognize that his question asked for a provincial breakdown. So, I will bring his question and his remarks to the attention of those concerned so we can see whether his observations and mine meet the test of the principle that they seem to be trying to apply.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

REPORTS APPROVING COMMITTEE BUDGETS TABLED

Leave having been granted to revert to Reports of Committees:

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

Banking, Trade and Commerce

Foreign Affairs

Northern Pipeline (Special)

(*For texts of reports, see today's* Minutes of the Proceedings of the Senate.)

RULES OF THE SENATE

RULE 20—PROPOSED AMENDMENT

Hon. Allister Grosart: Honourable senators, I rise on two points of order. The first is with reference to rule 20 of the *Rules of the Senate*. I only raise the point of order to make a suggestion which I think would be helpful to those responsible for the management of the affairs of the Senate. Rule 20 states:

> (1) When the Speaker calls the question period, a senator may, without notice, address an oral question to
>
> (a) the Leader of the Government in the Senate, if it is a question relating to public affairs,
>
> (b) a senator who is a Minister of the Crown, if it is a question relating to his ministerial responsibility, or

(c) the chairman of a committee, if it is a question relating to the activities of that committee.

The Deputy Leader of the Government is not included in that rule. I think, because he has distinguished himself so well in responding to questions, it should be suggested to the Chairman of the Standing Committee on Standing Rules and Orders that this rule be changed to regularize the useful intervention of the Deputy Leader of the Government from time to time.

Senator Flynn: Yes, he has been very helpful to the Leader of the Government.

Senator Frith: What can I say?

Senator Murray: Nothing until we change the rule.

The Hon. the Speaker: In order to clarify the point in my mind, how do you reconcile rule 20 with rule 5(d)?

Senator Grosart: That is a very interesting question, Your Honour. This refers to a senator acting for the leader on a more or less permanent basis when he is not here for an extended period of time. This matter has been discussed before. The impression I have is that this additional qualification of the Leader of the Government would refer to such occasions when he is not in his seat, just as is the case when Your Honour leaves the Chair and another honourable senator takes your place as Acting Speaker.

I merely suggest that it would be useful to have this matter made quite clear. Rule 5(d) can, of course, be interpreted that way. In previous discussions, the tendency was not to interpret it that way.

RULE 19—ORDER OF BUSINESS

Hon. Allister Grosart: Honourable senators, my second point of order arises out of the order of business as it is laid down in rule 19. At the present time, we would, in due course, go to Order No. 4, which is, of course, the resumption of the debate on the amendment to what we can call the constitutional question. On the other hand, the motion of Senator Flynn would seem to have the effect, if it were adopted by the Senate, of making it unnecessary to proceed with the debate as indicated in Order No. 4. I therefore suggest to the leadership in the house that they might seek leave of the Senate, notwithstanding rule 19, to bring forward Motion No. 2 so that we could dispose of it one way or the other, and then proceed with the debate which is brought into question by the motion.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in speaking to the point of order raised by the Honourable Senator Grosart, I have two observations to make. First of all, the effect of in any way impeding debate on Order No. 4, as a result of Motion No. 2, would be to carry Motion No. 2.

Senator Flynn: No.

Senator Frith: I say that because the motion states:

> —that the debate on the motion for an Address to Her Majesty the Queen respecting the Constitution of Canada . . . be adjourned until after the Supreme Court of Canada has rendered a final decision on the legality of the contents of that Address.

Therefore, if we do not proceed with Order No. 4 because of Motion No. 2 we will have, in effect, agreed to Motion No. 2, or at least part of it. That is one observation.

Of course, the essence of Senator Grosart's point is that what we should do is, in fact, bring it forward so that we can debate it and dispose of it one way or the other. My difficulty is that I have a point of order to raise on whether or not that motion is in order. Of course, I could bring that forward at that time, too.

In the circumstances, I suggest, honourable senators, that we proceed with Order No. 4, notwithstanding the point raised by Senator Grosart, for the reason that, as far as I am aware, only Senator Lawson, in whose name the order stands, intends to speak on that motion today. We can then either hear the point of order and the motion, and have the point raised by Senator Grosart apply the next time the order is called. We could then hear my point of order, or we could stand the whole thing, including my point of order, until Tuesday.

It was our informal intent to deal with it next Tuesday, in any event. As far as I know, no one on this side is counting on speaking on Tuesday. I know that no one on the other side is counting on speaking on Tuesday. While that solution may not be absolutely and technically justified, it might be a way of meeting the principles involved to the satisfaction of all honourable senators.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in view of what has been said by the Deputy Leader of the Government as to what may be done or agreed upon in the other place, I think the suggestion is a valid one. I would only question his idea that by standing Order No. 4 today we would, in effect, be agreeing to my motion. I do not think that is valid. The idea is that we would simply stand it until the Senate makes a decision as to the propriety of continuing the debate.

If Senator Lawson wants to be here next week—and we always welcome his presence—I am quite sure he would not mind waiting, but I think we should let him speak today, with the understanding that the motion will be moved next week, at which time the deputy leader or any other honourable senator can raise a point of order as to its validity.

• (1520)

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Special Committee of the Senate on the Northern Pipeline on Bill C-60, to amend the National Energy Board Act, which was presented yesterday.

Hon. Earl A. Hastings: Honourable senators, I move the adoption of the report.

In addressing myself to the report of the committee on Bill C-60, to amend the National Energy Board Act, I would say it seems that this bill, or its predecessor, Bill S-12, has been with us for some time; but once again it demonstrates the very useful work that can be done by committees of this house, because it was under the chairmanship of Senator Olson that an inequity was found to exist with respect to the acquisitions of rights-of-way by pipeline companies. At that time the committee undertook to formulate the legislation, Bill S-12, which later died on the order paper. The committee continued its efforts, and, as a result, Bill C-60 comes to us as a government bill introduced in the other place by the Minister of Energy, Mines and Resources.

Essentially Bill C-60 provides for updating the procedures for the acquisitions of pipeline rights-of-way under federal legislation. It provides notice to a landowner in advance of the exact route of the right-of-way—advance notice to people who may be affected by the right-of-way, so that they can make representations. It provides for a hearing for anyone who wishes to object to the proposed right-of-way with respect to the acquisition of the actual right-of-way, or to agreement between the landowner and the company. It provides for the first time payment, at the option of the landowner, of a lump sum or annual or periodic payments. All of those are at the option of the landowner and they apply both to the acquisition costs and any damages that may be assessed by the pipeline company in the construction of the pipeline.

It provides for simple negotiation between the two parties if there is not agreement. Finally, it provides for arbitration by an arbitration committee, which replaces the costly and expensive legal procedures presently invoked by the Railway Act of 1917. So it places arbitration within reach of every landowner at reasonable cost.

In considering the bill, the committee held three meetings and heard from nine witnesses, including the Alberta Surface Rights Federation, the Canadian Federation of Agriculture, the Canadian Gas Association, the Canadian Petroleum Association, Foothills Pipe Line (Yukon) Ltd., Interprovincial Pipe-Line Limited, TransCanada PipeLines Ltd. and Trans Quebec and Maritimes Pipeline Inc.

All of the witnesses appearing before the committee were in general agreement with the provisions and the spirit of the act, but they did recommend certain modifications or amendments to clarify those areas which were not clear or which gave them some concern. In that respect, we have introduced six amendments to the bill, as set out in our report, which were designated primarily to reflect, as I have said, the intent and spirit of the bill.

The first amendment will permit acquisition when there is nothing in dispute between the landowner and the company. The acquisition may proceed without awaiting the approval of the National Energy Board.

The second amendment substitutes certain lines to include compensation payable in respect of annual or periodic payments.

The third amendment adds the word "gross" to read "gross negligence" on the part of the landowner in connection with the pipeline. As I understand it, this is normal legal terminology.

The fourth amendment provides that in the consideration of any award the arbitration committee may take into account any changes in market value which may have occurred since the time of the last award or the time of acquisition.

The fifth amendment provides that the compensation or such part thereof as is specified be made by one lump sum; and, finally, the sixth amendment provides for annual or periodic payments and a review of those payments.

Honourable senators, I should like to draw to the attention of the government the representations made by Trans Quebec and Maritimes Pipeline Inc. and Foothills Pipe Line (Yukon) Ltd. with respect to the date of the proclamation of this bill. They indicated very strongly that early proclamation could hinder their 1981 construction program, and they asked that the government take that into consideration when making a decision with respect to the proclamation of this bill. I pass that information on to the government in the hope that consideration will be given to their representations in that regard.

With those remarks, honourable senators, I move the adoption of the report.

Hon. George van Roggen: Honourable senators may I ask Senator Hastings a question?

Does the bill deal with the question of the right-of-way acquired by the company terminating at some point, on the termination of its use, or the expiry of the useful life of the pipeline which is built on the right-of-way, rather than the right-of-way being acquired in perpetuity; and/or additional compensation being given to the landowner if looping takes place, or if another quite separate pipeline is put down on the same right-of-way at a later date?

Senator Hastings: As to the first part of the question, what happens at the termination of the pipeline is not provided for in this bill. However, it is provided in the National Energy Board Act that on the termination of the useful life of a pipeline the National Energy Board authorizes the evacuation and removal of the pipeline or anything buried under the ground at that time, and the termination, I presume, of the easement that was granted.

With respect to the second part of the senator's question, the first easements that were signed provided for a pipeline or pipelines. The easements granted now provide for only one pipeline. So if they wished to loop, they would have to have another agreement for the second pipeline.

Senator van Roggen: Thank you.

Motion agreed to and report adopted.

• (1530)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Hastings moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada, and on the motion in amendment thereto of Senator Yuzyk.

Hon. Edward M. Lawson: Honourable senators, I want to say at the outset that I appreciate Senator Flynn's intervention to allow me to speak. By way of reciprocation, I should like to say that I shall be very brief in my comments. I was starting to get a complex, first of all on account of the sunshine coming in, and secondly because of all the points of order that appear to disallow my right to speak. I was just going to ask, "Where is Senator Godfrey when I need him?"

Here are just a few passing remarks by someone from British Columbia on the Constitution and the proposed amendments.

I think the first thing I should mention, very briefly, is this. We hear all kinds of talk about western separation, as if it were some kind of orderly group that is ready to pack up and leave. As a British Columbian, I can tell you unequivocally that that is not in the minds of the overwhelming majority of British Columbians. There is a small handful in the west of, I think, misguided persons who feel that way, and have sincere beliefs about it, but it is certainly not in the minds of the people I talk to and associate with on a regular basis. I do not think you can even talk about western separation, because there are some very strong views in British Columbia that are significantly different from the views of Alberta. In particular, with regard to the concerns that are expressed by Premier Lougheed in his opposition to the federal government's energy policy, I am satisfied, from listening to the people I have talked to, that there are just as many British Columbians who are unhappy about Peter Lougheed's arbitrary act of cutting off oil to the east as there are easterners who are upset about it; because whatever we are in British Columbia, we are bright enough to understand that it costs us just as much, as individual British Columbians, to pay the extra prices that people are being subjected to here in the east as it does in any other part of the country; so there are just as many British Columbians who are angry at Peter Lougheed as there are Canadians anywhere else in Canada. As a matter of fact, many of the people I associate with in trade unions are asking, "If Peter Lougheed can get away with simply shutting off the rest of the country and forcing us to spend millions and millions of dollars more, how come the trade unions haven't tried that?" This is a new idea, a novel idea, as to how to deal with problems and find solutions to them. They are looking at the situation very carefully, to see if he gets away with it, and then they feel that perhaps the unions should be more imaginative and try to get away with such actions themselves. We know that if they tried anything like that themselves, and they have certainly been involved in many disputes—

Senator Flynn: They have been doing pretty well.

Senator Lawson: Well, in the many disputes that they have been involved in, they have not been able to do that, and if they were to try something quite as drastic as that, then, without question, they would be before the courts or they would be legislated against; but it is something they are watching very carefully.

In British Columbia my friend, Premier Bennett, expresses his concerns about the Constitution, about the unfairness of it, and so on, and I do not quarrel with his right to try to use his bargaining leverage, which is something that I, and the people I associate with and know something about and represent, understand. But what troubles me most is Premier Bennett saying that one of the things he wants in particular is a House of the Provinces. "We must scrap the Senate and get it changed, "he says." We must have a House of the Provinces, because regional interests are not being properly represented in the Senate."

Senator Flynn: Occasionally they are.

Senator Lawson: I asked Premier Bennett, "When was the last time you called all the B.C. senators together, regardless of party, and said, 'This is the position of the Province of British Columbia. Can you support it in the Senate'?" Any of the B.C. senators will tell you that on no single occasion has Premier Bennett ever utilized the federal senators from his province to represent the geographical interests of British Columbia. What they do they do as individuals, on their own, based on their sincere belief that what they are doing is in the best interests of British Columbia.

I say to Premier Bennett, and to any other provincial premier who wants to talk about restructuring this body or changing it, "If you have not utilized the federal representatives in your area who are members of the Senate so that they can represent your provincial interests, you have forfeited your right to complain, and you have forfeited your right to tear down this place."

Hon. Senators: Hear, hear.

Senator Lawson: Out of the respect I have for Senator Flynn, I will not cover all the other provinces that I might ordinarily have covered. But I want to talk about the concerns that I hear being expressed more and more in talking to many ordinary working people across the country, both men and women. I ask them about their position with regard to the Constitution, patriation, the Charter of Rights, and so on, and it seems that before they respond to that they want to talk about, for example, house prices in Vancouver. They say,

"What about not being able to buy even a lot in a dormitory city like Burnaby, near Vancouver, for less than $100,000? What about ordinary working people not being able to rent an apartment for less than $1,000 or $1,200 a month?" They want to know what we are going to do about those things.

"Where are your priorities?", they say to me. Because of this inflated, run-away market we have in British Columbia, in housing, with houses increasing in value at 100 per cent, 200 per cent, 300 per cent, a thousand per cent in a relatively short period of time, it seems that there are two beneficiaries: the mortgage companies and the land wheelers and dealers. The only other beneficiaries, it now appears, are going to be some of the maritime provinces.

There was a special feature in the media just last week indicating that many people are saying, "We invested in these older homes years ago. Now we find we can't afford to live in British Columbia, so we are going to sell these homes, take our money, buy a house at 20 or 25 per cent of the B.C. cost in the maritimes, and use the surplus to live on." There is therefore going to be a migration from west to east, which is going to turn the country upside down as a result of what is taking place. They say, "Perhaps it will be in the best long-range interests of the country if we do that."

Then they ask me, "What about interest rates, with regard to mortgages, that are running at 14, 15, 16, and on up to 20 per cent?" They say, "How can we do this? How do we buy a home? How do we pay for it?" We try to explain the need for this war on inflation that is being generalled by some of the leaders in the government, but they find great difficulty in understanding it all.

Then they read in the newspapers that the lowest increase in profits by the major chartered banks was obtained by the poor old Bank of Nova Scotia, that only got a 24 per cent increase over last year—I guess we are going to have to send CARE packages to them—the highest increase being in the case of the Royal, at something like 79 per cent. Ordinary Canadians are finding great difficulty in understanding how, on the one hand, we have these huge inflated interest rates, and high costs, and, on the other hand, these exorbitant, almost usurious profits being taken down by the banks.

They want to know about those kinds of concerns. They ask, "What about energy prices? What about inflation? What about unemployment in many areas across the country?" They are saying that they understand, to some degree, the concern about the Constitution, and the need for a Charter of Rights to protect equal rights for men and women, women's rights, aboriginal rights and language rights; but after all the discussions and meetings I have had with various people from various walks of life right across the country, and particularly in the west, they say, "Let us get on with this, let us get it done with, and let us then get to more important economic matters affecting the people and the country as a whole."

I have to ask myself: Would we be better off with the Constitution patriated? Would we be better off with it here, with a Charter of Rights included in it? Would we be better off with an amending formula? When I examine all of that, and the views that have been expressed, I come to the conclusion that, yes, we would be better off.

In concluding my brief remarks, however, let me say that what we need, in my view, is to have this whole matter concluded as rapidly as possible, having regard to all the rights of those involved. We should have the proposed resolution and the amendments adopted and referred to the Supreme Court, to have the matter tested, so that we do not have to go through a duplication of the whole action again, and then refer it to Westminster in order to bring it to Canada. Then let us get on with the very important concerns that have been expressed by the many ordinary Canadians I have talked to, who say that there are many important matters that need to be addressed.

• (1540)

Senator Austin: Honourable senators, I should simply like to direct one remark to Senator Lawson. I have to express some skepticism about the likelihood of many British Columbians moving to the Atlantic provinces, for the reasons that Senator Lawson gave, or, indeed, for any other reason. It would be very confusing for British Columbians to do so because in the Atlantic provinces, as Senator Lawson obviously knows, the ocean is on the wrong side.

Senator McElman: But the people are on the right side!

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, April 7, 1981, at 8 p.m.

APPENDIX

(*See p. 2216*)

NORTHERN PIPELINE
THIRD REPORT OF SPECIAL SENATE COMMITTEE

ENHANCED OIL RECOVERY IN CANADA

The Special Committee of the Senate on the Northern Pipeline has the honour to present its Third Report as follows:

The Committee was authorized by the Senate, as recorded in the *Minutes of the Proceedings of the Senate* of July 10, 1980, "to examine and report upon the enhanced recovery technology of petroleum and natural gas and matters related thereto."

Your Committee, in accordance with the terms of reference, has examined enhanced methods of recovering oil and offers this report on its potential for augmenting Canadian oil supplies.

The Committee in fulfilling its mandate, held seven public hearings in Ottawa. See Appendix A for Witnesses. In addition, a Subcommittee travelled to Alberta to view projects and heavy oil production facilities at Lloydminster and meet with industry officials in Calgary.

The Committee, in its meetings with government, industry and association officials, endeavoured to extract a full and frank disclosure of the issues and problems affecting enhanced oil recovery. The Committee appreciated the forthright way in which the evidence and information was presented, which in turn facilitated the task of making recommendations aimed at optimizing the exploitation of indigenous oil reserves.

The Committee expresses its appreciation to those who appeared at our meetings both in Ottawa and Alberta and to those who otherwise provided information. Their co-operation was most helpful.

We are particularly indebted to Ms. Sonya Dakers, Library of Parliament, for her valuable contribution to our research, study and report. Able technical assistance was provided by Dr. John Dawson of the Canadian Energy Research Institute. To Aline Pritchard, Clerk of the Committee and Daniel Amireault, Administrative Assistant, we express our sincere thanks.

SUMMARY AND RECOMMENDATIONS

Four billion barrels (636 million cubic metres) of recoverable oil in known reservoirs in the Western Canada sedimentary basin could become available if there were adequate economic incentives.

Innovative recovery technologies allow the extraction of oil previously inaccessible by conventional recovery methods.

These non-conventional methods, termed enhanced oil recovery or tertiary recovery (EOR) offer the promise of increasing and extending production in reservoirs where conventional output has been dropping and will continue to decline sharply under primary and secondary recovery methods.

The potential for enhanced recovery cannot be ignored since this oil would add more than 50% to Canada's remaining established conventional reserves of six billion barrels (1 billion cubic metres).

Time is of the essence. It is essential that these methods be put in place within the next few years if maximum potential is to be achieved.

Enhanced or tertiary recovery:

- *extends conventional production and the useful life of existing facilities*
- *reduces Canada's petroleum shortfall until new supplies from the frontier and oil sands become available*
- *contributes technology to Canada, with direct and spin-off benefits*

The Committee recognizes that a stated objective of the National Energy Program (NEP) of October 1980 was to encourage security of supply and energy independence, and to this end $30.00/barrel was proposed as a reference price for tertiary oil.

We commend the initiative as a recognition of the part enhanced recovery can play in meeting NEP goals. On the basis of evidence presented to the Committee, we doubt, however, that the reference price when combined with other features in the NEP will encourage a substantial increase in EOR activity.

Enhanced oil recovery is a high-risk venture which requires a favourable business climate and adequate producer revenues to realize its potential. The present federal-provincial deadlock over resources creates uncertainty and impedes EOR development.

Evidence placed before the Committee has led members to conclude that the risks associated with enhanced recovery are comparable with those in oil sands development, particularly in the early years when costs are high and the success of recovery schemes is in question.

The weight of evidence strongly suggests that further action is warranted at this time to encourage EOR development. The Committee believes that a re-examination of the costs and economic factors will support this view. Your Committee therefore recommends:

- *The reference price for incremental oil produced from approved EOR projects be the same as the oil sands reference price having regard to quality differential.*

or

- *Incremental oil produced from approved EOR projects be exempt from the proposed Petroleum and Gas Revenue Tax until capital costs are recovered.*
- *The tertiary supplement, used to achieve the EOR reference price, be paid through a method which allows producers an earlier return on investment. This presumably would be the fixed proportion method.*

Injection materials represent a substantial portion of operating cost in enhanced oil recovery. Your Committee endorses the removal of the excise tax on natural gas and natural gas liquids injected into reservoirs in pressure maintenance and miscible flood schemes, and further recommends:

- *That natural gas and natural gas liquids used in approved enhanced recovery projects be exempt from the proposed Petroleum and Gas Revenue Tax.*

With respect to very heavy oil below 15° to 16° API where primary and secondary production is low:

- *Consideration should be given to applying the EOR reference price to the entire production.*

Your Committee also notes that marketing problems will continue until adequate upgrading facilities are established in Canada. In the interim, in order to assure continued EOR development, we suggest that adequate export markets be maintained. This would be encouraged by the issue of export permits on a quarterly basis.

In conclusion, the Committee believes that if the economic constraints are alleviated, we have the technological and human resources available in Canada to proceed expeditiously with enhanced oil recovery.

INTRODUCTION

On average, Canadian oil reservoirs containing light and medium oil yield perhaps one-third of the oil-in-place when produced using natural reservoir pressure (primary recovery) or by artificial injection of water or gas (secondary recovery). For heavy oil reservoirs the proportion of the oil recovered by these conventional methods is less than 10 per cent. Currently available technologies, however, now provide the means to recover a further 10 to 15 per cent of the oil remaining in many of the reservoirs. The recovery methods that are utilized to extract this oil are termed *enhanced oil recovery or tertiary recovery (EOR)*. See Appendix B on Definitions and Appendix C for EOR Processes.

EOR could extend the recovery from Canada's established reserves of conventional oil by an estimated 4 billion barrels (636 million cubic metres) and thus make a significant contribution to this country meeting its own requirements for oil. The extent to which this potential is exploited, however, will depend upon the economic climate over the next few years, the critical period for capitalizing on this resource.

THE POTENTIAL OF EOR IN CANADA

1. Projections

In Canada, of the original oil-in-place discovered to date, excluding frontier regions and oil sands, a total of 9 billion barrels (1.4 billion cubic metres) has been produced and another 6 billion (1.0 billion cubic metres) is considered recoverable by primary and secondary recovery methods. Depending on the reservoir, about one-third to two-thirds of the light and medium oil and 90 per cent of the heavy oil originally in the reservoirs will not be recoverable with these conventional methods. It is to this large residual that enhanced oil recovery methods are directed. At the present time, the development of EOR in this country is in its infancy. See Appendix D for History and Status of EOR.

Evidence before the National Energy Board (NEB), which is currently revising its projections of future Canadian energy demand and supply, suggests that the potential for EOR has increased since its 1978 review. This optimism has been attributed to improvements in recovery technology and the prospects of higher oil prices, which have increased the number of oil reservoirs suitable for enhanced recovery. In 1978 the NEB, based on its analysis and on submissions by industry, projected a recovery of 2.7 billion barrels (434 million cubic metres) with some 60 or 70 per cent coming from deposits containing heavy crudes. In the preliminary figures available to the Board in its present study, estimates fall into a range depending on how the reserves base is calculated by individual companies and on assumptions concerning the timing of bringing economic projects into production. This time frame will depend on the financial outlook of individual EOR projects and on the availability of equipment, materials and manpower. The rate of technological advancement will also have an impact. Seven years is about the average time required to bring on-stream a large-scale project.

The NEB preliminary projections give a range of estimated reserves additions for each major EOR technique. As many pools are suitable for the application of more than one technique and because the economics of various techniques can

change significantly with time, potential EOR reserves can readily shift from one EOR category to another. However, such changes should not affect the total EOR potential. Figures for total EOR potential are thus more meaningful than numbers on the potential of individual EOR techniques.

When enumerating total EOR potential it can be seen from Table 1 that the 1978 expected case for light crude oil of 1.0 billion barrels (156 million cubic metres) falls in the lower part of the range of the recent Board studies. The upper limit of 2.6 billion barrels (410 million cubic metres) is significantly higher than the 1978 high case of 1.6 billion barrels (259 million cubic metres), not shown here. The escalation for heavy oil is less dramatic. The 1978 expected case of 1.7 billion barrels (278 million cubic metres) falls only slightly above the middle of the new EOR potential of from 0.9 to 2.3 billion barrels (137 to 365 million cubic metres).

Other estimates presented to the Committee, some of which are also reflected in the NEB estimates, confirm the substantial potential that exists for enhanced oil recovery. They also confirm the sensitivity in the amount of oil that may actually be realized from enhanced oil recovery to the economic returns that oil producers may expect to realize. For example, IPAC, which speaks for independent Canadian producers, presented evidence from an analysis of 169 pools accounting for 60 per cent of Western Canada's conventional oil in place. It indicated a tripling of projected EOR production as the producers' total share of the wellhead price increased from $12 to $24, in 1980 dollars. An earlier study by J.P. Prince for the Canadian Energy Research Institute, in which all Alberta reservoirs were analyzed, obtained a similar response as the wellhead price, in 1978 dollars, increased from $15 to $25. At the high end of these ranges in each case, the estimate of the total amount that would be recovered through enhanced recovery methods in Canada was in the order of 4 billion barrels (636 million cubic metres).

The NEB preliminary estimates were made before details of the implementation of the incentives in the National Energy Program (NEP) for enhanced oil recovery had been clarified. The program proposed a tertiary reference price of $30.0/barrel in 1981. While certain companies believe that the new reference price is a move in the right direction, others assert that the Canadianization aspects and the Petroleum and Gas Revenue Tax (PGRT) of 8 per cent detract from the favourable price provisions. As a consequence, many companies have reduced their estimates of the amount of oil that will be recovered through enhanced recovery. IPAC has stated that only 29 per cent of the technological EOR potential will be reached under the existing regulatory regime.

Table 1

EOR POTENTIAL: CURRENT NEB STAFF STUDY

(millions of barrels)

	Range of Expected Potential (1978 Estimates are shown in brackets)		
	LIGHT	HEAVY	TOTAL
Chemical Flooding	0–76 (308)	0–13 (25)	0–88 (334)
Infill Drilling	25–50* (132)	**	25–50 (132)
Miscible Flooding	478–2001 (371)	0–164 (107)	478–2165 (478)
Thermal Techniques	0–19 (31)	365–1573 (1447)	365–1592 (1479)
Waterflooding	390–434 (138)	497–547 (170)	887–982 (308)
TOTAL	894–2580 (982)	862–2297 (1749)	1756–4877 (2731)

* Infill Drilling included in tertiary potential estimate where applicable.

** Included in waterflood estimate.

Source: National Energy Board, *Brief* Prepared for the Special Committee of the Senate on the Northern Pipeline respecting *Enhanced Oil Recovery in Canada*, December 1980, p. 3-14.

2. Constraints on EOR Development

(1) Technical Risks

While there is a large resource base to which EOR methods can be applied, enhanced recovery projects are difficult and costly, and the results do not become apparent until after most of the money has been invested. As a first step in examining potential EOR development, reservoirs are screened to determine which projects might be technically feasible and what EOR processes might be appropriate. Specific candidates are then evaluated as to the amount of oil that will be left after primary and secondary recovery, and the particular characteristics of the reservoir that will influence the amount of tertiary oil recovered. Because no two petroleum reservoirs are identical and the engineering data base is not complete until a pool is abandoned, there are many uncertainties in proceeding with reservoir development.

Technical risk arises from this complexity and uncertainty. Even though pool performance and recovery can now be estimated by computer modelling, the application of computer simulation and the process of scaling-up laboratory tests still

result in large errors because of inadequate knowledge of the reservoir. Consequently, successful implementation of EOR schemes is by no means assured.

Pool performance must be promising to warrant the very large investment in wells, equipment and injection fluids for an EOR program. A large-scale tertiary recovery project may well entail two years for pilot design, testing and analysis, and up to five years from start to fluid injection, with production beginning in the seventh year.

The heavy "front-end" investment must be made before incremental oil begins to flow. This long lead time before knowledge begins to accumulate concerning reservoir response holds additional risk related to loss of injection fluids, well damage or adverse chemical reactions associated with certain EOR methods.

Companies will not invest in such technically risky and uncertain ventures unless the economics of the situation promise an adequate return on investment. For heavy oil, the technical risks have a special impact because the economics of exploration and primary and secondary development have always been more marginal than for light oil. The special concerns in enhanced recovery of heavy oil include lack of thickness in most of the reservoirs, as well as the technical problems associated with handling viscous crude.

(2) Economic Constraints

As stated above, investment in EOR ventures depends on the investor believing that he will recover his investment in enhanced recovery within a reasonable number of years. The price of the oil is only one of the factors influencing the investment decision. It is the netback—defined as the flow of revenue to the producer after the deduction of all government taxes and royalties, both provincial and federal, as well as operating expenses—which governs the inclination of the investor to proceed. In Canada, the low netbacks to the industry have up to now precluded all but the most attractive enhanced recovery projects.

This is why royalty and tax regimes, in addition to prospective prices, can play such an important part in influencing decisions to undertake what the oil industry considers to be high-risk investments. In EOR, because a return on investment is realized only after several years, a stable royalty, tax and pricing regime is essential. If the rules of the game are changed, a project that was economical when begun could turn uneconomical before the incremental oil begins to flow. Thus changes in revenue sharing and in government regulations can affect the business climate to such an extent that companies are not willing to take the risks involved in proceeding with EOR.

Not only must the investor face very high front-end costs but also the considerable uncertainty as to annual operating and additional capital costs during the life of the project. When coupled with the risks involved in accurately matching the process to suit the reservoir and in estimating the amount of oil that will be recovered, financing may also prove to be a considerable obstacle to EOR development, especially for the small independent operator.

Even with viable economics in an EOR project, producers must also have assured markets. One of the major problems in developing heavy oil is availability of markets. For the next few years continued access to export markets is essential. For the longer term, a combination of upgrading facilities in Western Canada and changes in refining facilities in Eastern Canada are required to make effective use of heavy oil in Canada.

(3) Other Obstacles to Accelerated EOR Development

There is general agreement that in the near term, miscible flooding offers the greatest potential for EOR in Canada in light oil reservoirs, as shown in Table 1. Our relatively more plentiful supply of natural gas and natural gas liquids would lend itself to a natural emphasis on hydrocarbon miscible processes. Nevertheless, there remains the possibility of using CO_2 as an injection fluid. In the latter case, CO_2 supply could be a constraint in the near term. This is because Western Canada does not have as ready access to CO_2 as does the U.S., where some major natural sources occur in relatively close proximity to oil reservoirs that are amenable to CO_2 flooding. Even if Canada does follow suit in the use of CO_2 as an injection fluid, its availability is not expected to present a constraint once heavy oil upgrading plants, oil sands plants and new fertilizer plants come on-stream since one of their by-products happens to be CO_2. The pipelining of CO_2 from the source to the oil field represents, however, a major investment.

The need for continued research and development could be a determining factor in the rate of implementation of large-scale commercial projects. While there is a considerable amount of industry and government-sponsored R&D going on in Canada relating to EOR technology, there is little evidence of long-range basic research being conducted through universities and research agencies at a level commensurate with Canada's EOR opportunities. For the research to be relevant and timely, it must be carried out to take account of Canadian reservoir conditions. Thus while U.S. technology is transferable, it may not always be appropriate. Some of the methods applicable, for instance, to the thick reservoirs typical of parts of California may not be transferable without adaptation to the thin reservoirs of certain fields of Saskatchewan.

The most critical constraining influence, however, is likely to be skilled manpower, especially in view of concurrent energy projects. EOR projects require significantly more engineering expertise than conventional oil recovery methods. Reservoir engineers and technicians require special training and experience in tertiary methods. Research chemists and chemical

engineers with training in petroleum upgrading are also required. Full-scale initiation of enhanced recovery projects will increase the demand for people trained in these areas though the increase is difficult to quantify.

A significant amount of the required training is likely to be provided in-house by operators themselves. However, the level of activity envisaged by the Committee implies a need for a more substantial training effort. The lag in introducing formal training at the university level is likely to cause some delays in implementing projects. At the present time, only one university in Canada offers a degree in petroleum engineering. Universities and technical schools need to be alerted to this problem to prevent costly delays caused by skilled manpower shortages.

FINDINGS

1. The Business Climate

A foregoing section has outlined the potential offered by accelerated EOR development if the hindrances posed by technical and economic risks can be overcome. The Committee is convinced that certain conditions must exist before companies will turn increased attention to enhanced oil recovery.

A low price for oil works against EOR development and, although domestic crude oil prices have increased substantially in recent years, so have the costs of goods and services in the petroleum sector. The industry maintains that potential profitability remains poor when account is taken of the risks involved and the large investments required. The industry considers EOR development to be more of a risk in some ways than oil sands extraction or frontier development. Conditions in each reservoir vary so greatly that years of work may be required to design the right recovery technique. In such circumstances, the willingness to proceed depends in the final analysis on the anticipated netback. Producers have indicated that the average netback that existed before the National Energy Program would have to double for a significant fraction of the EOR potential to be realized.

Current tertiary production of light and heavy oils at about 14 thousand barrels/day (2 thousand cubic metres/day) contrasts with the estimate that such output could reach 283 thousand barrels/day (45 thousand cubic metres/day) in 1990 under optimum conditions. This represents a rapid implementation of EOR projects; however, the output by 1990 might only be one-quarter of this potential. The level of activity is clearly related to the extent to which the business climate fosters such activity. From the interest in enhanced recovery demonstrated by companies in their submissions to this Committee and to the National Energy Board, the Committee is led to conclude that the time is opportune for accelerated EOR activity.

Spurred on by the need for oil self-sufficiency, the attractiveness of exploiting a known resource, and the expectation of higher returns, companies are considering whether to push ahead with such schemes today. This new willingness is seen in the expert teams assembled to plan and develop projects such as Judy Creek and in the number of pilot projects ready to commence. Many of the reservoirs, however, are operated by multinationals who stand to lose under the NEP unless they can increase their Canadian content and thus benefit to the maximum from incentive payments. In the present uncertainty, momentum may be lost.

2. The Role of Incentives

Even though EOR promises to increase Canada's indigenous oil supplies, it is evident that enhanced recovery will only be attempted if the economic climate is favourable. It is the Committee's view that government policy sets the tone for development. Consequently, pricing policy must recognize the risks involved and must help to create the rewards necessary to encourage these risky ventures. There is no doubt the National Energy Program offers certain incentives—as outlined along with fiscal measures provided by the provinces in Appendix E—thereby recognizing the part EOR can play in Canada's energy goals.

Before the NEP, as has been noted, there was little sustained EOR development except for the most economically attractive projects; at that time, planning had started on a number of additional projects. Economic projections for these schemes were based on a variety of expectations as to how rapidly wellhead prices would rise from the then current $16.75 per barrel. The $30.00 tertiary oil reference price (with projected escalation at the rate of increase of the Consumer Price Index) by itself would have encouraged a significant boost in EOR activity. Analysis of prospective costs and netbacks presented to the Committee, however, indicate that when coupled with other measures in the NEP—such as the Petroleum and Gas Revenue Tax, changes in the depletion allowance, and the Canadianization program—it is questionable whether the $30.00 tertiary oil reference price will be sufficient to encourage a substantial increase in EOR in view of the risks in extracting oil by these relatively new methods. To match the risks that accompany enhanced oil recovery, the Committee believes that tertiary oil must be treated in the same manner as that from the oil sands and be accorded the same price. Another alternative would be to remove the PGRT on incremental oil from approved EOR projects until capital costs have been recovered. In addition, the producing provinces could further adjust their royalty rates and provide other incentives to stimulate tertiary recovery.

It is realized that a tertiary supplement is an appropriate vehicle to achieve the tertiary oil reference price. The Committee also considers that the method of application of the tertiary reference price is of utmost importance since it should allow producers an earlier return on investment for projects with

long lead times, high initial capital expenditures and technical risk. If the supplement is only paid as the incremental barrels are produced—which may be a number of years after the project is initiated—companies will not be able to benefit from the favourable price at the time they most need it. In contrast, the fixed proportion method assigns a factor to the oil produced from a tertiary project based on the ratio of the tertiary recoverable reserves to the total recoverable reserves. The factor is fixed under usual provincial practice for the life of the project but could be reviewed on the basis of production performance. This method thus provides an earlier return on investments. For heavy oil below 15° to 16° API, where there is little primary and secondary production, it would benefit the economics and administration of EOR projects for the entire production to qualify for the tertiary oil reference price.

One of the highest costs in many EOR projects is expenditure on hydrocarbon injection materials. It is the Committee's view that the PGRT should not be applicable to natural gas or natural gas liquids used as injection materials in EOR projects.

BENEFITS TO CANADA

Enhanced recovery offers a means of reducing Canada's dependence on insecure offshore supplies of increasingly expensive oil. If action is not taken soon, some of these incremental oil supplies may be lost forever as the costs of extraction escalate; enhanced recovery cannot be initiated too late in a reservoir's producing life. Furthermore, EOR may be less expensive at the present time than some of the energy alternatives being considered in Canada. It certainly can be brought into the market more quickly than a number of these alternatives.

Since the energy crisis of late 1973 and Canada's subsequent emphasis on self-sufficiency in energy resources, a lot of attention has been directed to new sources of oil and gas, not only from the oil sands but also from the Arctic and offshore. With escalating development and production costs, and difficulties in transportation, however, these sources are less accessible and probably more costly than relying on augmented conventional supplies.

The technical expertise arising from research activities and special training can be transferred in substantial measure from EOR development to, for example, oil sands development. The earlier this specialized knowledge is made available, the better Canada's energy future will be.

Primary and secondary recovery efficiencies are not good enough in the oil business today. Detailed reservoir studies often reveal the opportunity to boost recovery efficiency through enhanced production schemes. These improved recovery techniques can also be applied in developing production strategies for newly-discovered pools to increase the recovery rate at an earlier stage. Similarly, these techniques should improve future recoverability in frontier applications and certain types of EOR technology have relevance for oil sands development. As the understanding of these complex recovery processes increases and more detailed engineering information on reservoirs is collected, a range of applications not anticipated originally may become apparent.

In summary, enhanced oil recovery can augment Canada's energy supplies until such time as alternative supplies such as oil sands or frontier petroleum resources are available. Its accessibility and known quantity should not be ignored and it is essential that measures be taken to achieve its ultimate potential.

APPENDIX A

WITNESSES WHO APPEARED BEFORE COMMITTEE & SUBCOMMITTEE

Date, Organizations & Witnesses

November 4, 1980

Getty Oil Company
A. Trimble, Manager, Engineering (Natural Resources)
Canadian Reserve Oil & Gas Ltd.
J. R. Dundas, President

November 12, 1980

Petroleum Recovery Institute
Dr. F. G. McCaffery, Manager, Research

November 26, 1980

Canadian Energy Research Institute
Dr. J. A. Dawson, Executive Director
Dr. J. P. Prince, Staff Economist

December 2, 1980

Canadian Petroleum Association
T. E. Randall, Chairman, EOR Committee
J. D. Griffith, Vice Chairman, EOR Committee

December 10, 1980

Independent Petroleum Association of Canada
J. E. Horler, Manager, Crude Oil Affairs
M. S. Abougoush, Consulting Engineer

December 16, 1980

National Energy Board
J. R. Jenkins, Board Member
K. W. Vollman, Director, Energy Resources Branch
G. C. Hos, Assistant Director, Oil Supply
W. A. Hiles, Assistant Director, Geology & Reserves
A. M. H. Gutek, Chief, Supply Analysis & Statistics
M. C. Walker, Head, Financial Models

January 20, 1981

Department of Energy, Mines & Resources
- G. Tough, Director General, Energy Strategy
- Dr. J. P. Hea, Director General, Petroleum Resources
- M. Feldman, Policy Analyst, Petroleum Resources
- T. A. Hamp, Petroleum Resource Scientist, Petroleum Resources

January 27, 1981

Husky Oil Ltd. (Lloydminster)
- R. R. Bagby, Senior Vice President
- H. J. Berry, Vice President, Production
- B. McCutcheon, Manager, Corporate & Community Affairs
- K. Hill, Manager, Lloydminster Production
- T. Vonde, Manager, Thermal Operations
- W. Willis, Manager, Pipeline Division
- V. Juba, Manager, Lloydminster Refinery

January 28, 1981

Husky Oil Ltd. (Calgary)
- R. R. Bagby, Senior Vice President
- R. H. Roda, Group Vice President
- A. R. Price, Vice President, Refining, Marketing & Upgrading
- H. J. Berry, Vice President, Production
- M. Swan, Manager, Engineering
- R. H. Waraksa, Staff Engineer

Esso Resources Ltd. (Calgary)
- J. H. Hamlin, Director & Senior Vice President
- P. Stauft, Vice President
- G. L. Haight, Vice President & General Manager, Production
- J. D. McFarland, Manager, Reservoir Engineering
- P. F. Johnson, Manager, Judy Creek Project

Mobil Oil of Canada Ltd. (Calgary)
- A. E. Barroll, Vice President
- D. J. Bester, Engineering Manager
- S. K. Bhatia, Reservoir Engineer
- H. E. Klaver, Supervisor, Planning

January 29, 1981

Shell Canada Resources Ltd. (Calgary)
- R. A. MacDonell, Vice President & General Manager, Production
- K. J. Hindmarch, Manager, Production Division
- B. D. Weatherill, Senior Reservoir Engineer, EOR
- C. P. Lihou, Senior Production Engineer, EOR
- R. G. Gorrill, Vice President & General Manager, Synthetic Oils
- P. Kitzan, PRISP Engineering, Manager
- J. D. MacDonald, Joint Venture & Heavy Oils
- S. G. McDonald, Senior Economist

Aquitaine Company of Canada Ltd.
- B. F. Isautier, President, Exploration
- H. R. Martial, Vice President, Production
- R. Chenery, Manager, New Resources Development

Murphy Oil Company Ltd.
- L. E. Pasychny, Vice President, Supply & Transportation
- R. R. McLean, Production Manager

January 30, 1981

Gulf Canada Resources Inc.
- E. W. Frankovich, Manager, Production Development
- K. Lund, Manager, Enhanced Recovery
- H. T. Guyn, Manager, Heavy Oil Division
- T. Randall, Coordinator, Technology in EOR Group
- A. Bhasin, Director, Public Affairs
- D. Ziemelis, Coordinator of Project Development in EOR Group
- M. Rehman, Coordinator of Willmar Project in EOR Group
- W. Rennie, Economic Engineer

APPENDIX B

DEFINITIONS

Oil reservoirs are volumes of porous rock holding water, oil and gas under pressure. Drilling a well into an oil reservoir releases the pressure so that initially the oil comes to the surface by means of this natural pressure inherent in the oil reservoir. Sometimes pumps are used to supplement the natural reservoir pressure in lifting the oil to the surface. The average recovery factor, that is, the percentage of the original oil-in-place that is produced at this primary stage, is roughly 22 per cent.

Secondary recovery entails maintaining reservoir pressure by artificial means, such as the injection of water or gas into the reservoir. This acts to displace the oil towards the producing wells and can add about 50 per cent to recoverable oil reserves, bringing the average recovery factor up to some 33 per cent. This average recovery factor pertains to light and medium oil reservoirs. It is much lower in heavy oil reservoirs.

Tertiary recovery is directed at the two-thirds of the initial oil still in place, termed residual oil. This recovery method improves the overall displacement process, first of all, by contacting more of the reservoir and, secondly, by improving the efficiency of the displacement process by which the oil is captured out of the pores of the rock. Tertiary methods work by improving the sweep efficiency and by altering the properties of the oil itself, thereby increasing its recoverability.

The term "enhanced recovery" is used to differentiate the process from a conventional one whether this process is used at the primary, secondary or tertiary phase so that the definition accepted by the industry is "the additional recovery of oil from

a petroleum reservoir over that which can be economically recovered by conventional primary and secondary methods."

APPENDIX C

ENHANCED OIL RECOVERY (EOR) PROCESSES

(1) Thermal Processes

Steam injection is the most widely employed EOR process and is mainly applied in heavy oil recovery where it is used in California and Venezuela. Its use on a major scale is also planned in Canada's Cold Lake and Peace River oil sands deposits, and in approximately 10 per cent of the heavy oil reservoirs of the Lloydminster region. The conventional heavy oil reserves of Alberta and Saskatchewan have a limited potential for steam processes as most of the oil occurs in thin deposits. Heat loss to the over and underlying formations makes steam injection impractical in thin oil deposits.

Steam injection reduces the viscosity of the oil through heating and facilitates production either by the method of steam stimulation or by steam drive. In steam stimulation, the same well is used for both injection and production, on a cyclic basis. Steam is injected for a period of time followed by a "soaking period" after which the less viscous oil is produced. This process is called cyclic steam injection or "huff and puff". Where a pattern of wells is used in which steam is injected in one or more wells, displacing the heated oil to adjacent producing wells, the process is called steam drive or steam flooding.

Fireflooding or *in situ* combustion is a process whereby the oil in the reservoir is ignited and the fire is sustained by air injection. The unburnt portion of the oil becomes less viscous, is partially vapourized, and is driven towards a production well by a combination of steam, hot water and gas drive. In a modified method, air and water are injected alternately or concurrently, improving the efficiency of the operation. It is therefore the preferred method if the formation at the injection wells is sufficiently permeable to permit the combined injection of water and air.

The *in situ* combustion process has also been extensively field tested; however, it is technically complex and difficult both to predict and to control. Of the 26 active field tests operating in the U.S. in 1976, eight were termed successful, nine unsuccessful, and the remainder were under evaluation. Fireflooding is frequently assumed to be the only method applicable to Alberta and Saskatchewan conventional heavy oil reserves as it is the only known process that will recover heavy oil in these deposits. About 90 per cent of Lloydminster heavy oil is in deposits less than seven metres thick.

(2) Miscible Processes

Miscible processes are those in which an injected fluid dissolves in the oil it contacts, forming a single oil-like liquid that can flow through the reservoir more easily than the original crude oil. The miscible displacement process overcomes the capillary forces that otherwise retain oil in pores of the rock. A variety of fluids can be injected depending upon reservoir characteristics, the nature of the crude oil-in-place and the availability of fluids. Carbon dioxide and liquid petroleum gases (LPGs) such as ethane, propane and butane are the most widely used. In this process a "slug" of the injection fluid, which varies from 5 to 20 per cent of the reservoir pore volume, is often displaced through the reservoir by gas (natural gas or nitrogen) or water. The injected fluids are partially recoverable from the produced crude oil and may be reinjected to decrease the injection fluid requirements of the project.

A number of hydrocarbon miscible flood projects are operating in Alberta and a CO_2 miscible flood has been proposed by Imperial Oil for the Judy Creek A pool. It has been estimated that CO_2 miscible flooding will account for 40 per cent of future tertiary produced oil in the U.S.

Limiting factors are the availability and cost of injection fluids. In Alberta and Saskatchewan, however, a large supply of natural gas liquids is still available which, coupled with limited availability of pure and cheap CO_2, may encourage hydrocarbon miscible flooding in future projects. Larger volumes of CO_2 will be available from new synthetic oil plants and other sources in the late 1980s.

(3) Chemical Processes

Three main chemical flooding methods are currently under investigation: surfactant/polymer, polymer and alkaline flooding. These processes are the least proven of the three general classes of EOR methods. They rely on an ability to control the propagation of one or more chemical slugs through the reservoir without their becoming excessively diluted and ineffective. The high-cost chemical slug must therefore be precisely designed to be compatible with the particular reservoir oil-water-rock system and formulating the right chemical flood is a very complex process.

A number of major pilot tests of surfactant/polymer flooding are underway in the U.S. to assess their technical and economic feasibility. Seven of these tests are joint industry-government efforts, in which a total of $122 million is being spent. Surfactant/polymer flooding (also known as micro-emulsion and micellar flooding) is a process in which detergent-like materials are injected as a slug of fluid to lower the interfacial tension between the reservoir oil and water. The process emulsifies or otherwise dissolves the oil within the formation. It is a one-pass process where irregular movement of the polymer/water drive can greatly reduce recovery. Polymers have also been used simply to augment waterflooding, a method employed commercially on a limited basis in both the United States and Canada.

Only a few field tests have been reported on caustic or alkaline flooding. There are currently two large pilot tests of alkaline flooding for tertiary oil being conducted in California under joint sponsorship of the field operator and the U.S. Department of Energy. Caustic or alkaline flooding relies on the presence of certain constituents in the crude oil which react with injected caustic solutions to produce detergent-like materials and improve oil mobility. It has an advantage over surfactant floods in that the chemicals required are not expensive. It is a high risk process, however, which is only applicable where the crude oil has suitable chemical properties.

APPENDIX D

HISTORY AND STATUS OF EOR IN CANADA

EOR in Canada dates to a time when crude oil productive capacity far surpassed domestic and export demand. Oversupply led to a system of allocating producing volumes according to identified reserves, which encouraged supplementing reserves by means of secondary and tertiary recovery schemes.

Some of the early schemes were miscible flood schemes. One was commenced in 1963 by Imperial in the Golden Spike reef and another by Mobil and Amoco in the same year in the Pembina Cardium sandstones. The Pembina horizontal flood was prematurely abandoned in 1969 because of early breakthrough of the miscible slug into the producing wells. However, the success of Imperial Oil's LPG vertical miscible displacement, which continued at Golden Spike reef until 1978, encouraged the same method in the first Rainbow reef in 1968, and there are presently 13 commercial-scale Rainbow EOR projects operating.

A large LPG miscible flood was commenced in 1970 in the Wizard Lake D-3 reef and injection in this pool continues. Wizard Lake is a commercial-scale operation. An even larger miscible flood is being conducted in the Swan Hills South pool where injection started in 1973. The latter flood is of the horizontal type which proved less successful in Pembina. However, to prevent premature breakthrough of injected hydrocarbons, LPG injection is alternated with injection of water and this appears to be successful. It is one of the larger commercial-scale projects presently operating in Canada.

More recently, in 1977, a large-scale miscible flood using ethane was implemented in the Willesden Green Cardium A pool. Initial production performance indicates that this project has responded favourably to the injection of ethane. Subsequent injection of nitrogen will help recover most of the ethane.

The project of Esso Resources to implement a CO_2 flood in the Judy Creek field, which has been approved by the Alberta Energy Resources Conservation Board (AERCB), is presently being re-evaluated by its sponsor.

While the main economic targets for EOR have been light and medium oil pools suited to miscible flooding, some progress has been made with respect to heavy oil. Thermal techniques are the most successful in heavy oil pools. Mobil Oil has effectively improved heavy oil recovery through *in situ* combustion with air injection. The first project was started in the Battrum field in Saskatchewan in 1965 and injection is continuing. The air supplies oxygen for burning part of the oil in place. Since 1978, injecting water in conjuction with the combustion process has improved production performance. The experience gained in Mobil's commercial-scale fireflood projects at Battrum in Saskatchewan will no doubt benefit similar projects currently being considered for heavy oil pools in the Lloydminster area. The method is suitable for heavy crudes found in eastern Alberta and western Saskatchewan, and indeed *in situ* combustion pilots in the Lloydminster area have already yielded a range of results.

In addition to these commercial-scale schemes, there are a number of field pilots operating in Canada. Most of the emphasis has been on heavy oil pilot tests where steam processes have been tested under a variety of conditions. Mechanical problems have prevented sustained rates of high volume production for the relatively thin oil deposits in Canada. The success of steam injection techniques in California has led to technological advances in the design of steam generators. A downhole steam generator currently under development has the potential to open up deeper reservoirs for steam flooding by reducing heat losses.

This historical outline has concentrated on a description of commercial-scale EOR developments. There are also a number of experimental-scale projects in operation in Alberta and Saskatchewan evaluating various tertiary recovery processes. Table 1 indicates the numbers and types of EOR projects in Canada.

Table 1

TERTIARY CRUDE OIL PROJECTS IN CANADA

Commercial Scale		Experimental Scale	
Light and Medium Oil	Heavy Oil	Light Oil	Heavy Oil
Alberta— 17 Hydrocarbon Miscible	Sask.— 3 Thermal	Sask.— 1 Hydrocarbon Miscible	Alberta— 8 Thermal Sask.— 7 Thermal 1 Chemical

Source: National Energy Board, *Brief* Prepared for the Special Committee of the Senate on the Northern Pipeline respecting *Enhanced Oil Recovery in Canada,* December 1980, Appendix A.

APPENDIX E

FEDERAL AND PROVINCIAL FISCAL MEASURES AFFECTING EOR*

(1) Federal Measures

The National Energy Program was presented to Parliament on October 28, 1980. It specifies a wellhead oil price schedule which is dependent on the source of the oil as shown in Table 1. A special incentive price is provided for oil produced using approved tertiary enhanced recovery methods. A "tertiary supplement" which is additional to the conventional oil wellhead price will be paid by the Government of Canada to qualifying producers. For example, as of January 1, 1981 the supplement will be approximately $14.00/barrel, applied equally to all qualities of crude oil. For a company producing a representative 15° API gravity crude oil through approved tertiary methods, the total wellhead price (the tertiary reference price) as of January 1, 1981 is approximately $30.00/barrel. The tertiary reference price will be adjusted annually by the Consumer Price Index.

Implementation of this tertiary recovery incentive depends upon agreement with the oil-producing provinces. The Federal Government has stated that in order to ensure that the incentive has the intended stimulative effect it will be offered only in provinces that maintain, or preferably, enrich existing fiscal incentives for tertiary production.

Prior to the National Energy Program, the income tax system allowed taxpayers to claim a deduction, called the depletion allowance, equal to 33 1/3 per cent of oil and gas exploration and development expenditures. Expenditures on enhanced oil recovery equipment earned depletion at a rate of 50 per cent of those expenditures. The National Energy Program modified the depletion allowances and introduced the Petroleum Incentives Progam which is summarized in Table 2.

* Appendix E draws mainly on the *Brief* presented by the Department of Energy, Mines and Resources to the Special Senate Committee on January 20, 1981.

Table 1

NATIONAL ENERGY PROGRAM: WELLHEAD OIL PRICES

	Oil Sands Reference Price*	Tertiary Recovery Oil** (15° API gravity)	Conventional Oil (38° API gravity)
		($/bbl)	
Jan. 1980	—	—	14.75
Aug. 1980	—	—	16.75
Jan. 1981	38.00	30.00	17.75
July 1981			18.75
Jan. 1982	41.85	33.05	19.75
July 1982			20.75
Jan. 1983	45.80	36.15	21.75
July 1983			22.75
Jan. 1984	49.85	39.35	25.00
July 1984			27.25
Jan. 1985	54.10	42.70	29.50
July 1985			31.75
Jan. 1986	58.55	46.20	35.25
July 1986			38.75
Jan. 1987	63.20	49.90	42.25
July 1987			45.75
Jan. 1988	68.30	53.90	49.25
July 1988			52.75
Jan. 1989	73.75	58.20	56.25
July 1989			59.75
Jan. 1990	79.65	62.85	63.25
July 1990			66.75

* Subject to cap of international price.

** In later years, the price for tertiary recovery oil will depend upon the price for conventional oil. As the price for conventional oil approaches that for tertiary recovery, price differentials will develop to reflect quality differences, i.e., the cost of upgrading. The price of tertiary recovery oil will never be less than the price for conventional oil of a similar quality.

A modification to the Canadian ownership rules pertaining to the new incentive payments was announced on February 16, 1981.

A new Petroleum and Gas Revenue Tax is to be imposed with the rate set initially at 8 per cent of net operating revenues related to the production of oil and gas, including income from oil and gas royalty interests. Deductions for exploration and development expenditures, capital cost allowances, royalties, and interest will not be allowed. Operating costs, including the cost of materials injected into a reservoir for oil recovery enhancement will, however, be an allowable deduction. The tax will not be deductible for income tax purposes and will be applicable to net operating revenues earned in 1981 and thereafter.

A new Excise Tax on Gas and Natural Gas Liquids of 30¢/Mcf (thousand cubic feet) was instituted effective November 1, 1980 except for export sales, which become subject to the tax on February 1, 1981. It will increase by a further 15¢/Mcf on July 1, 1981 and by 15¢/Mcf on January 1, 1982 and January 1, 1983. Gas reinjected into a natural reservoir in Canada for purposes other than storage, would not be subject to the tax. Gas injected into a reservoir to displace a solvent bank in a miscible flood project, for example, would not be subject to the tax. Natural gas liquids (ethane, propane

and butane) will be taxed, when they are first removed from a gas processing or reprocessing facility, initially at a rate equivalent to 30¢/Mcf of natural gas. This tax rate will rise to the equivalent of 75¢/Mcf by January 1, 1983. An exemption from this tax for NGLs used in a miscible flood project was announced on January 22, 1981.

Table 2

DEPLETION ALLOWANCES AND INCENTIVE PAYMENTS FOR OIL AND GAS EXPLORATION AND DEVELOPMENT

	Conventional Areas		Canada Lands		Major Projects Receiving Incentive Prices		
	Exploration	Development	Exploration	Development	Development	Enhanced Recovery Machinery and Equipment	Bituminous Sands Equipment
	(percentage of qualifying expenditures)						
SYSTEM OF DEPLETION ALLOWANCES							
Individuals and corporations	33⅓	33⅓	33⅓	33⅓	33⅓	50	33⅓
SYSTEM OF INCENTIVE PAYMENTS AND DEPLETION							
Rate of depletion allowance for corporations							
1981	33⅓	0	33⅓	0	33⅓	33⅓	33⅓
1982	20	0	33⅓	0	33⅓	33⅓	33⅓
1983	10	0	33⅓	0	33⅓	33⅓	33⅓
1984 and after	0	0	33⅓	0	33⅓	33⅓	33⅓
for individuals	Depletion no longer earned by individuals as of 1981						
Rate of incentive payment for individuals and corporations at least 75% Canadian-owned*							
1981 and after	35	20	80	20	20	20	20
for corporations 50-75% Canadian-owned*							
1981	0	0	35	0	0	0	0
1982	10	10	45	10	10	10	10
1983	10	10	45	10	10	10	10
1984	15	10	50	10	10	10	10
for corporations under 50% Canadian-owned							
1981 and after	0	0	25	0	0	0	0

* To qualify for incentive payments, corporations with 50 per cent or more Canadian ownership must also be Canadian-controlled.

(2) Provincial Fiscal Systems

Alberta

Alberta crown production of oil is subject to two royalty schemes, for 'old' and 'new' production, with lower royalty rates applying to new production. New production is essentially that portion of production from a pool developed after the beginning of 1974. Additional production from an enhanced recovery scheme approved after January 1, 1974 qualifies as new oil.

Where an enhanced recovery scheme has been approved by the Alberta Energy Resources Conservation Board and if the Minister of Energy and Natural Resources is satisfied that the cost attributable to the implementation and operation of the enhanced recovery scheme exceeds the cost of a waterflood scheme in the same field or pool, further royalty relief may be granted. This relief takes two forms. A royalty rebate may be allowed for the cost of natural gas liquids injected for oil recovery enhancement in a field subject to a maximum in any month of 5 per cent of the royalty payable on petroleum produced from the field in that month. In addition, a deduction is allowed from gross oil revenue otherwise subject to royalty in respect of the cost of incremental capital, injected materials, other incremental costs of operating the enhanced recovery project and on overhead allowance equal to 10 per cent of the incremental costs to allow for overhead and interest expense during construction.

Saskatchewan

The Saskatchewan fiscal system consists of two parts: A Crown Oil Royalty payable on Crown lands, and an Oil Well Income Tax payable on both Crown and freehold production.

Saskatchewan also differentiates between old oil and new oil in determining the royalty payable to the Crown. 'Incremetal oil' is the incremental oil produced after the year 1973 from an oil pool with respect to a new or expanded waterflood project, thermal recovery project or other enhanced recovery project and is considered as new oil for purposes of royalty calculations. The royalty rate on incremental oil from enhanced oil recovery projects is 70 per cent of the royalty rate on old oil.

All oil well income is also subject to the oil well income tax with the exception of royalty revenues to mineral owners of producing tracts aggregating 1,280 acres or less. The oil well income tax rate is presently 59 per cent. The amount of royalty paid to the Crown is deducted from the oil well tax otherwise payable. Deductions for the purpose of determining the income subject to the tax are permitted under the system for several classes of expense. One of these classes is the 'new oil allowance' which is based on the proportion of the person's revenues from new oil production relative to revenue from all oil production, subject to a maximum of 30 per cent of total oil well income. This deduction provides an incentive for increased production of new oil.

Every barrel of oil a producer generates in Saskatchewan is credited with 80¢ in an approved expenditure grant account. For each dollar expended on qualified activities, one of which is the drilling of tertiary recovery wells, 75¢ is remitted to the investor from the Saskatchewan Heritage Fund.

EARL A. HASTINGS
Chairman

THE SENATE

Tuesday, April 7, 1981

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem,* in the Chair.

Prayers.

PRIVILEGE

STATEMENT BY SENATOR GODFREY

Hon. John M. Godfrey: Honourable senators, I rise on a question of privilege.

On Thursday, April 2, Senator Lawson stated in this chamber:

> I think Senator Godfrey owes me a personal apology. More important than that, I think Senator Godfrey owes this chamber an apology for violating the long-standing rule against making personal attacks on other honourable senators, which is an important rule and should be observed.

My reference to Senator Lawson having only graced this chamber with his presence on nine different occasions last year, and not being a member of any committee, was a simple statement of fact about the performance of his duties as a senator. That is no more a breach of the rules of the Senate than Senator Flynn's drawing to the attention of the chamber from time to time that some minister is, or has been, absent.

Senator Lawson says that attendance in this chamber is none of my business. Well, I think I had better advise Senator Lawson that it is very much the business of every member of this chamber, which he will find out when we resume the debate on the report and recommendations of the Standing Senate Committee on Legal and Constitutional Affairs on the reform of the Senate.

BORROWING AUTHORITY BILL, 1981-82

FIRST READING

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons with Bill C-59 to provide supplementary borrowing authority.

Bill read first time.

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Allister Grosart: Leave is not granted, as far as I am concerned, until a reason is given.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Standing Senate Committee on National Finance conducted a pre-study of this bill, and reported to the chamber in March. In light of the business on the order paper tonight, we are hoping it can be given second reading this evening. Honourable senators have had some notice of the existence of the bill; it is not exactly being sprung on the house this evening. That is the reason why we are asking leave.

The Hon. the Speaker *pro tem:* Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Seventh Report of the Metric Commission Canada for the fiscal year ended March 31, 1980, issued by the Minister of State (Small Businesses).
>
> Report of the Cape Breton Development Corporation, including its financial statements and auditor's report, for the fiscal year ended March 31, 1980, pursuant to section 33 of the *Cape Breton Development Corporation Act*, Chapter C-13, R.S.C., 1970.
>
> Report of the National Energy Board for the year ended December 31, 1980, pursuant to section 91 of the *National Energy Board Act*, Chapter N-6, R.S.C., 1970.
>
> Report on the Administration of the *Members of Parliament Retiring Allowances Act* for the fiscal year ended March 31, 1980, pursuant to section 35 of the said Act, Chapter 25, R.S.C., 1970 (1st Supplement).
>
> Order in Council P.C. 1980-2935, dated October 30, 1980, amending Part I and Part II of the Schedule to the *Hazardous Products Act*, pursuant to section 8(3) of the said Act, Chapter H-3, R.S.C., 1970.
>
> Report of the Canadian National Railways, together with the Auditors' Report on the Accounts and Financial Statements thereof, for the year ended December 31, 1980, pursuant to section 40 of the *Canadian National Railways Act*, Chapter C-10, R.S.C., 1970.
>
> Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to section 32 of the *National Harbours Board Act*, Chap-

ter N-8, and sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the Ministry of State for Urban Affairs for the fiscal year ended March 31, 1979, pursuant to section 22 of the *Government Organization Act, 1970*, Chapter 14, R.S.C., 1970 (2nd Supplement).

Report of the Canadian Human Rights Commission for the calendar year 1980, pursuant to section 47(1) of the *Canadian Human Rights Act*, Chapter 33, Statutes of Canada, 1976-77.

• (2010)

QUESTION PERIOD

[*English*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—NEGOTIATIONS RE PROCEDURE IN HOUSE OF COMMONS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would like to ask the Leader of the Government if my understanding is correct that in the other place they are negotiating an agreement as to the method of dealing with the Constitution debate.

If such is the case, would it be the view of the Leader of the Government that we should wait until those negotiations are completed before continuing with the debate on the motion for an Address.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is my understanding that peace may break out at any time.

Seriously, I understand that there have been useful conversations this afternoon. I have not as yet heard that any final agreement has been achieved, but I would agree with the Honourable the Leader of the Opposition that perhaps, under the circumstances, we should proceed to other business until we find out what has transpired in the all-party negotiations and discussions.

Senator Flynn: I would suggest that my motion also stand.

ECONOMIC DEVELOPMENT

WESTERN CANADA—IMPROVEMENT OF TRANSPORTATION SYSTEM

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development.

The Premier of Alberta has reaffirmed his offer of last July to the Prime Minister, namely, that Alberta is prepared to spend $2 billion on western transportation improvements, but only if an agreement on energy is reached.

The questions that arise out of that, in no particular order, are, first, as to whether the government has decided that it will assume responsibility for this spending, should it be unable to reach an agreement with Alberta. Secondly, would the funds, if the government did pick up all or a portion of that sum, come from the Western Development Fund? Thirdly, what other prospective Western Development Fund projects would be sacrificed if the government in fact did that?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, those are rather hypothetical questions, but I think my honourable friend cannot help knowing that the government intends to see that there is an adequate transportation system in western Canada, whether or not there is a western initiative fund or any other revenue that he has specifically identified for that purpose.

Senator Nurgitz: I do not think that was much of an answer.

Senator Olson: It was not much of a question either.

Senator Nurgitz: What I am after, specifically, is this. People in western Canada are anxious to have such things as improved transportation. There is an offer on the table of $2 billion from the Province of Alberta, which will not be acted on by that province unless and until an agreement is reached. Are we to assume that pending the reaching of an agreement no development projects will be taken up at all by the federal government?

Senator Olson: No, honourable senators, it is not fair to reach that conclusion, because it is not only contrary to the indications that have been put out but is also contrary to the facts. There is very significant development taking place right now. Construction is under way, with the objective of significantly increasing the capability of the railway line running west of Edmonton to Prince Rupert and to the lower mainland ports. There is also significant construction under way in many sectors on the southern railway line through the mountains. It is therefore not fair to say that these things are not under way right now.

There are some commitments that should be made soon with respect to the twinning of the Connaught Tunnel by what I think is going to be called the Beaver Tunnel. Commitments to begin construction should be made soon. In my opinion, it is erroneous for the honourable senator or anyone else to contend that there is no construction going on or no action being taken. As a matter of fact, the construction that is already under way on the northern route will lead, within a reasonable time, to an almost 100 per cent increase in the capability of that transportation system.

• (2015)

Senator Nurgitz: I have a supplementary question. Is it fair to say that none of those particular projects are ones that would have been earmarked by the Province of Alberta for inclusion in its $2 billion expenditure?

Senator Olson: I guess my honourable friend can identify them as being separate, but in those areas where the federal government has the responsibility to maintain, and to increase the capability of, the transportation system it is my view that the federal government should continue to assume that responsibility.

Senator Nurgitz: May I ask one final supplementary question? Has the government undertaken any form of study to determine what impact, if any, there would be in the western provinces if Alberta did not invest any of that proposed amount of $2 billion in the event of an energy agreement not being reached?

Senator Olson: Honourable senators, I would expect that the Province of Alberta will continue to undertake transportation requirements for both maintaining and increasing the capacity of those areas that are within provincial jurisdiction. We have no reason to expect that they are not going to do that.

CANADA-UNITED STATES RELATIONS

INTERNATIONAL JOINT COMMISSION—MEMBERSHIP

Hon. Heath Macquarrie: Honourable senators, I have a precise and concise question for the Leader of the Government in the Senate concerning a matter of great importance in the bilateral relationships between Canada and the United States. We learned today that the one existing member of the International Joint Commission went to a place in Canada for a meeting of that commission. Since there was only one out of six members available, and one is not a quorum, the meeting did not take place. Can the leader advise—and this follows a question I raised some days ago—as to whether the Government of Canada is giving any thought to the completion of its section of the International Joint Commission. Further, are there any discussions between the government and the Government of the United States as to that government's making its appointments so that the many difficult and challenging problems facing our two countries along that much-heralded border may be dealt with by this important body?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the matter of the composition of the International Joint Commission is the subject of a great deal of governmental attention these days. There may be an announcement shortly with respect to Canadian representation on that body.

[*Translation*]

QUEBEC

PARTICIPATION OF CABINET MINISTERS AND MEMBERS OF PARLIAMENT IN ELECTION CAMPAIGN

Hon. Martial Asselin: Honourable senators, I have a question for the Leader of the Government.

It has been announced that the Prime Minister of Canada as well as other personalities of the federal government would attend this evening the premiere of "Les Plouffe", by Roger Lemelin. Can the Leader of the Government tell us if this is how the Prime Minister of Canada has chosen to participate in the election campaign in Quebec?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Prime Minister is a long-time patron of the arts whether it be music, drama, painting or films. I am sure that the mission is—

Senator Flynn: What is her name?

Senator Perrault: —purely cultural, to advance the cause of the arts in this country.

[*Translation*]

Senator Asselin: I have a supplementary. Since several federal ministers and members of Parliament took part in the election campaign in Quebec last week, does the Leader of the Government know—or must I tell him—that this participation will promote the cause of the Parti Québécois instead of helping Mr. Ryan get elected because the people of Quebec are suspicious of the promises made by the federal government during the referendum campaign?

[*English*]

Senator Perrault: Honourable senators, the ministers from the province of Quebec who serve with this government travel very frequently to that province in the fulfillment of their responsibilities as ministers. I find it rather unworthy that the Honourable Senator Asselin would read into these visits anything which is not to the total benefit of the province and the country. Like the Prime Minister, many of them are very interested in demonstrating their strong support, as well, for the arts in Canada.

[*Translation*]

Senator Asselin: Honourable senators, I have another supplementary. Can the Leader of the Government tell us whether it has been decided that the federal government will get involved as a government in the election campaign in Quebec?

• (2020)

[*English*]

Senator Perrault: Honourable senators, I have seen no evidence which would support that contention.

Senator Flynn: Nobody has.

Senator Smith: Nobody wants to.

THE ECONOMY

STATUS OF ATLANTIC DEVELOPMENT COUNCIL

Hon. C. William Doody: Honourable senators, my question is directed to the Minister of State for Economic Development. On January 15 I asked the minister for some information regarding the Atlantic Development Council. At that time the minister took the question as notice. In his reply on January 21 he agreed that a meeting had not been held since September 1979, that there was no chairman, and that the number of board members had diminished to, I believe, five.

I understand that to date no meeting has been held. The staff is still sitting in the offices in St. John's without direction because a chairman has not yet been appointed and the vacancies on the board have not been filled. Can the minister tell us of the government's intentions with regard to that particular agency?

The function of this agency is to advise DREE on the programs and policies of that department as they relate to Atlantic Canada. It is difficult for the agency to fulfill this function when there is no chairman and no meetings have been held.

I certainly agree with the point raised by Senator McElman concerning the appointment of Atlantic Canadians to national boards, when the government is not even capable of finding a chairman and members of the board for the Atlantic Development Council.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, discounting the comments that are not relevant to the question—

Senator Perrault: There is nothing left.

Senator Olson: —there is not much left, but I will take the question as notice and make some inquiries.

THE SENATE

USE OF DESIGNATION "M.P." BY SENATORS

Hon. Lowell Murray: Honourable senators, I have a question for the Minister of State for Economic Development. I notice in communications from the minister's office which I received the other day—and, in fact, it has been drawn to my attention by several members of the other place—that the minister has taken to using the initials "M.P." after his name. I, of course, realize that senators are members of one of the houses of Parliament, and in that sense I suppose the initials "M.P.", standing for Member of Parliament, are not incorrect. However, it has always been my impression that, in our country, those initials are used exclusively by members of the House of Commons. The minister, who is such a stickler for the rules if not for parliamentary etiquette, I presume, has come armed with a long list of precedents for his action.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am really not so concerned about the matter that I would come armed with a long list of precedents. I do know that section 17 of the British North America Act says:

> There shall be One Parliament for Canada, consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

That section makes no distinction between a member of Parliament who is a member of the House of Commons and a member of Parliament who is a member of the Senate. I am trying to correct an anomaly which has existed in this country—

Senator Flynn: You mean, in Alberta.

Senator Olson: —for many years, and that is the distinction between the designation "senator" and the designation "M.P.". If the members of the other place wish to be distinct, perhaps they could call themselves members of the House of Commons, just as we call ourselves members of the Senate.

[Senator Doody.]

Senator Asselin: They call themselves Members of Parliament.

Senator Olson: There should be no distinction, in terms of designation, between senators and M.P.'s. For that reason, I intend to call myself a Member of Parliament, which I am. The initials "M.P." stand for Member of Parliament. Therefore, I have no confusion whatever on this matter. If my honourable friend or the complainants in the other place contend that according to tradition the use of the initials "M.P." is to be confined to members of Parliament of the House of Commons, they are wrong, in my view. I intend to begin a campaign to correct this anomaly, and I invite other members of Parliament of this chamber to follow my lead.

Senator Asselin: This is a matter for the Constitution.

Senator Murray: I gather, then, that your initiative is supported and will be imitated by a great number of senators.

Senator Olson: I hope so.

Senator Murray: Is the minister aware of any other instances in which senators have actually used the initials "M.P." in the past?

Senator Olson: Honourable senators, I am not aware of such instances. I can research the matter, but my honourable friend can also do that, if he wishes. To me, it is not important. What is important is the fact that senators have always been and will continue to be members of Parliament. The distinction has arisen because of the failure of members of the Senate to use the initials "M.P." My action is a way of correcting the situation.

• (2025)

Senator Murray: With great respect, the title "Senator" indicates that a person is a member of the Senate and, therefore, a member of one of the houses of Parliament. Can the minister say whether in the United Kingdom, for example, members of the House of Lords use the initials "M.P." after their names and if not, whether he knows why not?

Senator Olson: I cannot see any relationship between the practice there and the practice here.

Some Hon. Senators: Hear, hear.

Senator Olson: I know that there is a precise distinction that the members of the other house may use, and that is members of the House of Commons. We are members of the Senate, but we, the members of both houses, are all members of Parliament.

Some Hon. Senators: Hear, hear.

Senator Olson: That is the point I am trying to make.

Hon. Jacques Flynn (Leader of the Opposition): As a supplementary, would the minister tell us when he started using the initials "M.P."?

Senator Olson: I started using them after June 10, 1957.

Some Hon. Senators: Hear, hear.

Senator Flynn: No; I mean since the minister came to the Senate.

Senator Olson: Well, honourable senators, I cannot give you the precise date, but I can tell you that I did use those initials long before I was in the ministry.

Senator Flynn: Oh no.

Hon. Richard A. Donahoe: Honourable senators, as a supplementary, can the minister tell us whether the Prime Minister places the same value upon a person who is a member of this house and one who is a member of the House of Commons, so that he would believe that they should be designated in the same manner and appear to be equal?

Senator Olson: My honourable friend can address his question to the Prime Minister. What he is seeking is the Prime Minister's opinion on a matter that is not really related to government business. I suggest that he write him a letter.

Senator Donahoe: It would be a good opportunity, but it is very difficult to get the Prime Minister to stay still on the same question for very long.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—NEGOTIATIONS RE PROCEDURE IN HOUSE OF COMMONS

Hon. Peter Bosa: Honourable senators, I have a question for the Deputy Leader of the Government. Is he in a position to inform the members of this chamber as to whether, at the meeting that took place this afternoon in the other place among the house leaders, any progress was made towards relieving the procedural impasse regarding the Constitution?

An Hon. Senator: You are late.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I was in the gallery in the other place when the first meeting was called, and I was there when the bells rang. Mr. Pinard, Mr. Baker and Mr. Knowles all said that they were making real progress and that they were going to meet again this evening. The Leader of the Government has been in communication with them this evening, so he can tell us whether they are continuing to make progress.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a few minutes ago I had a telephone call from the Honourable Yvon Pinard, and we discussed the situation. I can report that there were friendly and constructive meetings held today. No final arrangements have been made, but the talks have been useful and constructive.

Senator Asselin: It is a retreat.

TRANSPORT

NEWFOUNDLAND—NORTH SYDNEY TO ARGENTIA FERRY SERVICE

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government. During the past few days in Newfoundland there has been quite a lot of concern expressed by various groups, such as the St. John's Tourist Commission, the Brotherhood of Railway Clerks and others, over the report that the east coast ferry service running from North Sydney to Argentia will be discontinued after this year. Were this to happen, it would indeed be a tragic occurrence. Can the minister put those fears to rest and say that it is not so?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question must be taken as notice, as I do not have the information immediately to hand.

FOREIGN AFFAIRS

THE SINAI—CANADA'S PARTICIPATION IN U.N. PEACEKEEPING FORCE

Hon. Jack Austin: Honourable senators, can the Leader of the Government advise the Senate whether the government knows if one of the purposes of the visit of Secretary of State Haig to the Middle East was to discuss the establishment of a peacekeeping force in the Middle East to be located in the Sinai? Has the Government of Canada in any way been approached by the United Nations, the United States, Israel or Egypt to contribute a presence to a possible peacekeeping force in the Sinai?

• (2030)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, we are aware that discussions are taking place between the parties to the Camp David Accords concerning the proposed multinational peacekeeping force for the Sinai.

As we understand it, no firm decisions on the organization and functions of the force have yet been taken. The force is still in the planning stage. It will only begin to function in April 1982, when Israel is scheduled to complete its evacuation of the Sinai.

I can report that Canada has not been involved in discussions concerning planning for the force. This is the responsibility of the United States, Israel and Egypt. As yet, Canada has not been requested to participate in the force. If and when we do receive such a request, it will be given careful consideration.

As for the other information requested by Senator Austin with respect to the visit by the U.S. Secretary of State, General Haig, to the Middle East, that will be taken as notice and, hopefully, there will be a reply available later this week.

POLAND—THREAT OF RUSSIAN INVASION

Hon. Martial Asselin: Is the Leader of the Government in a position to report to the Senate any up-to-date information concerning the situation in Poland? Would he also address himself to the question: What is the possibility of the Soviet army invading Poland?

Would he also tell this Chamber whether anything has transpired as a result of the meeting between officials of the

Soviet Union and officials of the satellite country, Czechoslovakia?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have some information about the situation in Poland which I would be pleased to relay to honourable senators. I do not have an official reaction from the Government of Canada with respect to statements attributed to Mr. Brezhnev at the meeting in Czechoslovakia.

However, I can say that we have noted the statements by Secretary Weinberger of the United States that the situation regarding Poland has worsened. Although Soviet media criticism of events in Poland has increased, in our view a military intervention by the Soviet Union is neither imminent nor inevitable.

The military exercises presently being conducted in the countries bordering on Poland have increased Soviet intervention capabilities, although all of the measures that would need to be taken for any major intervention have not been observed. The exercises would appear to be designed to serve the dual purpose of exerting psychological pressure and advancing military preparedness. Evidence does not suggest, however, that the number of troops involved exceeds the ceiling for prior notification under the Helsinki Final Act, nor has there been any solid indication that a political decision to intervene has been taken.

We do not think that western statements or actions which suggest the imminence or inevitability of a Soviet military intervention in Poland are particularly useful. They not only needlessly contribute to the escalation of tension levels, but are inimical to Poland's sovereignty and independence by suggesting that Polish events pose such a threat to the interests of the Soviet Union that that country is compelled to intervene.

We are not interested in offering to the Soviet Union rationales for an invasion, nor do we see the need to convene emergency sessions of NATO for the sake of appearances.

NATO continues to monitor developments closely and to advise capitals accordingly; East-West diplomatic channels remain open and are used to relay our position to the East European leadership—and in this connection I would mention Mr. Genscher's talks in Moscow, the recent discussions in Budapest involving the Secretary of State for External Affairs and the Prime Minister's meeting with the Soviet Ambassador here in Ottawa; and western states proceed with economic assistance for Poland. It is through these pragmatic actions that Canada and other western states can best contribute to a peaceful evolution of Polish events.

I have further information about the possible convening of a NATO meeting, if honourable senators would like a report on that situation.

We are concerned with the escalation of tension in Poland, as I have said, but we expect that the government and the labour unions will continue to find peaceful and pragmatic solutions to their differences.

We must reiterate that, in our view, the events in Poland are an internal matter for the Poles to settle freely themselves without external interference on coercion. The convening of emergency sessions of NATO or, for that matter, the Warsaw Pact at this stage, detracts from the essential domestic nature of Polish developments and the sovereign right of the Polish people to conduct their own affairs. Consequently, we do not think that such meetings are appropriate at this time.

[*Translation*]

Senator Asselin: Honourable senators, I have a supplementary question. It was reported yesterday that the Secretary of State for External Affairs had told newsmen that Canada was ready to use economic pressures against the USSR, that economic sanctions would be taken without delay in case of military action against Poland, and also that the USSR ambassador to Canada would be summoned by the Secretary of State for External Affairs who would advise him of such sanctions.

Could the minister find out what economic sanctions Canada might take should the Soviet Union invade Poland? If I raise this question, it is because at the time we were forming the government of this country, we had called for economic sanctions against the USSR following the Soviet invasion of Afghanistan, and those sanctions were merely cancelled by the Minister of State responsible for the Canadian Wheat Board shortly after he took office.

Therefore, if his government is really sincere, would the minister advise us tomorrow of the economic sanctions which are now being considered by them against the USSR, should that country invade Poland?

• (2035)

[*English*]

Senator Perrault: Honourable senators, obviously it would not be of value to comment at this time on a hypothetical situation. There is no indication that there will be a Russian invasion of Poland. For that reason, I do not believe that it would be useful for me to speculate as to the type of Canadian action which would follow an invasion, which everyone hopes will not occur.

The question will be taken as notice and referred to the Secretary of State for External Affairs.

In terms of economics, however, throughout the crisis we have been in constant touch with our allies to monitor the political and economic aspect of this question, and we have taken action to provide financial relief to Poland. In fact, the department has announced that the Canadian government has agreed to permit Poland to defer approximately $21 million of repayments between March 15 and June 30 on official credit. Canada will also continue to be a major source of grain for Poland under the provisions of a long-term agreement covering the period 1980 to 1982. We are participating in discussions between Poland and western creditors to consider what can be done about the problem of Poland's debt over the longer term.

In addition, we have worked with the Canadian Polish Congress in facilitating their efforts to send needed foodstuffs and medicine to Poland.

As honourable senators may be aware, the Canadian Polish Congress is sponsoring a campaign to send foodstuffs and medicines to Poland. The Department of External Affairs has welcomed this initiative on the part of the private sector, and officials have been in contact with the organizers to see how the department might facilitate this effort.

I can report to honourable senators that an officer in our embassy in Warsaw has been designated as the contact official for this operation and will intervene, where necessary, with the Polish authorities to expedite eventual shipments by the Canadian Polish Congress. The President of the Canadian Polish Congress has expressed his appreciation of the department's assistance.

[*Later:*]

Hon. Frederick W. Rowe: Honourable senators, I have a supplementary question on the Polish situation. I was trying to follow the statement just given by the Leader of the Government. My understanding is—and I wonder if the leader could give me some assurance on this—that the rather pessimistic statement made by Secretary Weinberger was made prior to the speech which Mr. Brezhnev gave in Prague last evening. Am I correct in that?

Senator Perrault: That is correct. As yet, we have not received an official text of the speech attributed to Mr. Brezhnev. Consequently, I do not have, as yet, any official Canadian reaction, which may or may not be forthcoming.

FINANCE

INCREASE IN MORTGAGE INTEREST RATES

Hon. Jack Marshall: Honourable senators, I have a question for the Minister of State for Economic Development. The question has to do with the announcement today that mortgage rates will increase by one-half of one per cent. Because this creates a problem for young people trying to buy homes, and because those who own homes are paying exorbitant interest rates, is the Minister of Finance going to do anything to make banks and other financial institutions justify the latest increase?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will take that question as notice. I will ask the Minister of Finance if he has a statement that he wishes to make at this time to deal with this problem. This has been drawn to his attention on a number of occasions and he has replied that he has no intention at this time, or at any time, for that matter, of intervening in that market.

FOREIGN AFFAIRS

POLAND—REQUEST FOR ASSISTANCE

Hon. Paul Yuzyk: Honourable senators, can the Leader of the Government in the Senate give us any information on whether the Polish government has approached the Canadian government for any form of assistance?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I did make reference to the fact that certain economic action had been taken by the Canadian government. We announced on March 23 that the government had agreed to permit Poland to defer $21 million of repayments due between March 15 and June 30 on official credits. I understand that the process involved negotiation with the Polish authorities and initiatives on their part to discuss their problem. We were pleased to accommodate them to the best of our ability.

ENERGY

QUEBEC AND MARITIMES PIPELINE—MAINLAND TO VANCOUVER ISLAND PIPELINE—GOVERNMENT ASSISTANCE

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to several questions raised on April 2 by Senator Donahoe concerning the Trans Quebec and Maritimes Pipeline. I am informed that, to date, the federal government has made no financial commitments to any of the provincial governments concerned with the development of the Trans Quebec and Maritimes Pipeline. Discussions, however, are continuing.

With regard to the construction of a pipeline to Vancouver Island, my information is that the discussions concerning this project are at the preliminary stage and that no further details are available.

OIL AND GAS EXPLORATION LICENCES—PROVINCIAL REVENUES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on April 2 by Senator Smith concerning oil and gas exploration licences.

I am informed that the figures available from the sales of Alberta land for oil and gas drilling were indeed down for the first quarter of 1981. This was not unexpected. Indeed, the industry had been predicting a decrease in land activity. There are a number of factors involved. One reason for the decrease in sales is that we are now in a post-peak period, and a slow-down in activity is quite normal. A second reason relates to the poor quality of land being offered for sale.

I should add, however, that it is a distortion of the facts to conclude that the decrease in activity is a result of the National Energy Program.

Senator Smith: Who says so?

Senator Olson: That is my view. Because it was your view that it did have something to do with the National Energy Program—

Senator Roblin: And everybody else in the country agrees with him.

Senator Olson: —I had to respond to that part of your question.

FOREIGN INVESTMENT REVIEW ACT

FOREIGN OWNED FIRMS—PERFORMANCE REVIEW

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I wish to respond to a question raised on March 31 by Senator Murray concerning changes to the Foreign Investment Review Act.

I have conferred with my colleague, the Minister of Industry, Trade and Commerce, and he has confirmed that the government is planning no policy changes respecting the Foreign Investment Review Act in addition to those outlined in the Speech from the Throne at the beginning of this session. Therefore, the answer I gave the honourable senator last week to this effect stands.

TRANSPORT

VIA RAIL—REPRESENTATION OF ATLANTIC PROVINCES ON BOARD OF DIRECTORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator McElman on March 11 regarding what the honourable senator alleged to be the apparent under-representation on the board of directors of VIA Rail.

The Minister of Transport has been pleased to advise me that there is a vacancy on the Board of Directors of VIA Rail. He hopes to be in a position to announce the appointment of an additional director representing Atlantic Canada in the very near future.

Senator Asselin: Will it be a Conservative?

Senator Perrault: The person appointed will be appointed on the basis of competence.

Senator Marshall: It won't be McElman.

Senator Asselin: Sorry, Charlie; you won't get a new job now.

Senator McElman: We will both miss that vacancy.

Senator Perrault: I can assure honourable senators that there will be no "railroading" of the appointment.

● (2040)

SCIENCE AND TECHNOLOGY

GOVERNMENT FUNDING OF RESEARCH COUNCILS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Macquarrie on March 11. He said he was concerned about a particular and important group in Canada which might well come into the category of being victimized by what he said was an inequity. He made the following statement:

> I understand that the government has advised the three important research councils of our country that two of them will receive an increase in their budget, but the other one, the Social Sciences and Humanities Research Council of Canada, will have its budget frozen.

[Senator Olson.]

I should like to assure Senator Macquarrie and another honourable senator that the information he received is not a "trial balloon" and that it was never the intention of the government to cut the budget of the Social Sciences and Humanities Research Council.

The research council is indeed regarded as "an important national gathering of our leading scholars in the humanities and the social sciences, upon which the educational development of the whole country depends to a considerable degree."

The government views the programs of the three research councils, namely, the Social Sciences and Humanities Research Council, the Medical Research Council and the Natural Sciences and Engineering Research Council, as important scholarly contributions. Equally, the government takes seriously the funding of these research councils. However, as these research councils deal with distinct and separate areas for research, it would be inappropriate to apply an across-the-board increase to them. Each one must be considered individually.

I can assure honourable senators that the Social Sciences and Humanities Research Council received $45,061,000 in 1981-82. That is an increase of $3,896,000 from the 1980-81 main estimates, and represents an inflation factor of 9.34 per cent to maintain current levels of funding. To the extent of providing future funding to the Social Sciences and Humanities Research Council, proposals are presently under consideration by the government, and I hope that we will be in a position in a couple of months to speak to the application of the funding proposals.

Honourable senators can rest assured that the issues of provincial participation in the funding of higher education and research and the status of the research councils, particularly the Social Sciences and Humanities Research Council, are separate, and that the status of this council shall not be diminished.

THE LATE HERBERT NORMAN

FORMER AMBASSADOR TO EGYPT—STATEMENT BY LEADER OF THE GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to make a statement regarding reports circulating in the country about the late Herbert Norman, former Canadian Ambassador to Egypt, who committed suicide in 1957. The question has been raised whether Mr. Norman was an agent of the KGB.

This recent allegation about Herbert Norman is as false as it is astonishing, after all that has been said about him publicly over the years. As the late Mr. Diefenbaker said in the House of Commons on April 4, 1957, as reported at page 3059 of *Hansard* of that date:

> I think all of us in this house cannot but feel a sense of deep sorrow that this man's good name was filched from him by indiscriminately branding him as an enemy, trying him by suspicion and, in the public mind to a great extent, convicting him by innuendo. I think every member of this

house will agree that the terrible results in the lives of those subjected to such indiscriminate attacks as were made on this man cannot but lead each of us to determine that we shall not ourselves engage in words which can only destroy the heart and soul of those attacked.

This man was a devoted public servant; he is a victim of witch-hunting proclivities—

It is astonishing that, years later, these false accusations should arise again. Mr. Norman was never, in any way, disloyal to Canada. There is nothing more to be said about this case but to express the hope that the present campaign of slander will cease.

Senator Balfour: On a point of order, who posed the question?

Senator Perrault: There have been reports in the country about this matter, and the statement was provided by the Secretary of State for External Affairs. I therefore put it on the record.

Senator Balfour: But was the question raised in this chamber?

Senator Perrault: No, honourable senators. I simply made a statement for information, as I do from time to time about matters of current interest.

[*Translation*]

DISTINGUISHED VISITORS IN GALLERY

HONOURABLE GIUSEPPE LA LOGGIA, ITALIAN MINISTER OF BUDGET, MRS. LA LOGGIA, AND HIS EXCELLENCY THE ITALIAN AMBASSADOR

Hon. Pietro Rizzuto: If I may, I would like to invite honourable senators to join me in greeting the Honourable Giuseppe La Loggia, Minister of Budget in the Italian Government and his wife, accompanied by His Excellency, the Italian Ambassador. We are happy to welcome them to Canada.

Some Hon. Senators: Hear, hear.

● (2050)

[*English*]

PRIVILEGE

SENATOR HASTINGS—RETRACTION OF REMARKS BY MR. DAVID KILGOUR, M.P.

Hon. Lowell Murray: Honourable senators, on April 1 our colleague, Senator Hastings, raised a question of personal privilege concerning some remarks that had been made with regard to him by a member of the other place. We on this side think that the record should show that the next day, April 2, the member of the House of Commons in question, Mr. Kilgour, retracted any unfortunate inferences that might have been drawn from his remarks with regard to Senator Hastings, and apologized to him, as reported at page 8899 of the Commons *Hansard* of that date.

Hon. Joseph-Philippe Guay: On the same point, the member of Parliament in question also sent us a copy of his comments which were made in the House of Commons. In my opinion, he ought to be thanked for doing so. I think that he is a man of courage and that he should be recognized as such.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—THIRD READING

Hon. H. A. Olson (Minister of State for Economic Development) moved the third reading of Bill C-60, to amend the National Energy Board Act.

Motion agreed to and bill, as amended, read third time and passed.

BORROWING AUTHORITY BILL, 1981-82

SECOND READING

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-59, to provide supplementary borrowing authority.

He said: Honourable senators, Bill C-59 was very recently included in the stack of bills before you. If honourable senators are interested in following the remarks I wish to make in support of this bill, they can best do so by following the bill itself. Though this bill does not require a great deal of reading, it does require a certain amount of explanation.

The bill consists of two clauses. The first clause simply refers to the short title of the proposed act. and states that it "may be cited as the *Borrowing Authority Act, 1981-82.* Clause 2 is the operative clause, which contains three basic principles. I intend to make my remarks in the context of those three principles. I would like to deal, first, with what the bill proposes; secondly, with why it is proposed; and thirdly, with the study made by our committee.

As I have said, honourable senators, clause 2 is the operative clause, the purpose of which is to seek borrowing authority to a limit of $14 billion for the 1981-82 fiscal year. Subclause 2(2) provides that all outstanding and unused borrowing authority provided by the new act, to the extent that it exceeds $3 billion, will expire on March 31, 1982. The bill also seeks explicit authorization for the government to borrow in foreign currencies as well as in Canadian dollars. Those are the three basic provisions of this bill.

I would like to take this opportunity to explain the reason the government is seeking $14 billion of new borrowing authority for the fiscal year 1981-82 at this time. All unused borrowing authority for fiscal 1980-81 provided by the Borrowing Authority Act, 1980-81 expired on March 31, 1981. Without new borrowing powers, the government will be unable to implement its debt program for 1981-82. As honourable senators are aware, the size of the borrowing authority is related to the size of the government's financial requirements. These were clearly outlined in the budget which the government introduced to Parliament last October, which indicated

that programmed budgetary and non-budgetary cash requirements for the 1981-82 fiscal year were expected to be about $11 billion. The basis for the request for $14 billion of new borrowing authority for the next fiscal year is, therefore, this cash requirement of $11 billion, along with a $3 billion margin for such contingencies as the possible need to borrow in foreign currencies.

If I may make a reference to the deficit, as honourable senators will recall, the budget of last October set out the government's intention of reducing the deficit through restraint in the rate of growth of expenditures. The budgetary deficit is expected to decline from $14.2 billion this fiscal year to $13.7 billion next year and to $11.8 billion by 1983-84. Throughout this period, helping to finance the deficit, non-budgetary sources of funds are expected to rise. Non-budgetary sources, of course, are essentially comprised of annuity insurance and pension funds.

As a result of these rising sources of funds from non-budgetary accounts, financial requirements decline more rapidly than the budgetary deficit, falling from $12.2 billion this year, meaning the immediate past year, to $11 billion next year, which in this sense is the present year, and $7.2 billion in 1983-84, which would be the next year. Expressed as a percentage of GNP, this decline is impressive because cash requirements, as a proportion of GNP, are expected to fall from 4.3 per cent in 1980-81, the immediate past year, to 3.5 per cent in 1981-82, the present year, and to 1.8 per cent in 1983-84, which will be the following year, and that is the lowest level since 1974-75.

On the question of contingencies, honourable senators will recall that I mentioned that the total of $14 billion consists of $11 billion deficit, for which the borrowing authority is requested, and $3 billion for contingencies. Therefore, the government is requesting this $3 billion margin for contingencies in line with the margin that has been provided in recent years. The financial requirements for 1981-82, referred to earlier, provide for domestic needs and exclude requirements for foreign exchange transactions. The transactions can be large and volatile and can have a substantial impact on the borrowing requirement. Either a major weakening or a major strengthening of the value of the dollar would have an impact on the borrowing requirement. A strengthening Canadian dollar gives rise to purchases of foreign exchange and a consequent need to raise Canadian dollars in the domestic market for this purpose. A weakening Canadian dollar, on the other hand, could give rise to the need to borrow foreign currencies to replenish official holdings of foreign exchange which are depleted through foreign exchange operations.

● (2100)

Honourable senators, those, essentially, are my remarks on subclause (1) of clause 2, namely, the way in which the $14 billion is built up: the $11 billion deficit, the $3 billion contingency.

Now a word about subclause (2) of clause 2, which is the proposal in the legislation that $3 billion of the borrowing authority provided for 1981-82, or whatever amount remains unused if it is less than $3 billion—and this is the key—be exempt from automatic cancellation at the end of the fiscal year 1981-82.

In recent years most borrowing authority has carried a clause which automatically cancels any unused authority at the end of each fiscal year, whether or not new authority has been obtained. In the past, when this occurred and new borrowing authority had not yet been passed by Parliament, the government was able to continue with its borrowing program on unused authority obtained in earlier years, which was not subject to automatic cancellation, thereby providing a useful degree of flexibility. In other words, there was often a certain amount of unused authority floating around from previous years that they were able to use for those reasons of flexibility. During the first four months of the current fiscal year, however, almost all of this non-lapsed, unused borrowing authority was used up, so to provide a similar degree of flexibility in the future the legislation in subclause (2) proposes that all unused borrowing authority provided under the new act, only to the extent that it exceeds $3 billion, will expire on March 31, 1982.

To give an example, supposing that only $10 billion of the $11 billion were actually used—that is, that it were only necessary to use the borrowing authority, which could happen for a number of totally objective reasons—then, that would leave, if subclause (1) is passed, $4 billion, and then, by reason of subclause (2), still only $3 billion would not be cancelled, and anything exceeding the $3 billion would be automatically cancelled.

Moving to subclause (3) of clause 2—and this is the clause referring to the ability of the government to borrow and repay loans in foreign currencies—that is essentially a technical provision. It is similar to a clause that was first included in a borrowing authority bill introduced by the former government in 1979. Over the years Canada has borrowed and repaid funds in a number of currencies. However, in 1978 Canada made a number of large foreign loans and established stand-by lines of credit with a number of foreign banks; and so the clause was added to confirm Canada's right to borrow in foreign currencies. The Financial Administration Act is currently under review, and a clause clarifying the government's ability to borrow and repay in foreign currencies would be included with any amendments to that act. Once such an amendment had been passed, there would no longer be a need to include this clause in borrowing authority bills. So if the Financial Administration Act comes to us in due course, perhaps we will remember that the purpose of this clause is to avoid the necessity of including, as we have in the act before us, a provision for clear statutory authority to borrow in foreign funds.

For the information of honourable senators, I will now set out the government's debt program in the last fiscal year, and the amount of borrowing authority that has been used. In 1980-81, in domestic markets, the government had borrowed a total of $11.2 billion—$7.9 billion through the issue of marketable bonds, and $5.5 billion through the issue of treasury

bills, while net Canada savings bonds reduce the amount borrowed by $2.2 billion. In foreign markets, on balance, the government is in a flat position.

Hon. Duff Roblin (Deputy Leader of the Opposition): Perhaps I may ask my friend a question in clarification. It was $11.2 billion net in Canada last year?

Senator Frith: Yes, that is why I added the point that it was net after the redemption. Does that answer the point raised?

Senator Roblin: Yes.

Senator Frith: I did not mention how they were reduced, but it was by redemption, yes.

In foreign markets, on balance, the government is in a flat position with respect to drawings on its stand-by lines of credit with Canadian and foreign banks. This amount comprises $0.3 billion—that is, $300 million—repayment on these lines earlier in the fiscal year, $1.1 billion drawn in December, and $0.8 billion repayment in January 1981. As of March 31, 1981 there was $0.3 billion outstanding on these drawings. No other foreign loans were made.

Since borrowing authority for fiscal 1980-81 was not obtained until July 17, 1980, borrowing up until that date was charged to $2.9 billion of non-lapsing borrowing authority obtained earlier, and carried forward from the previous years that we have already referred to. This non-lapsing authority was reduced to just under $100 million by July 17, when $12 billion in additional authority became available under the Borrowing Authority Act, 1980-1981. As at March 31 the amount still available under this act, and which expired on that date, was $3.6 billion. That was because of unexpired borrowings; and, of course, in this present bill there will be no unexpired borrowings over that $3 billion figure. They will be automatically cut off, but the $3 billion will remain and will not be automatically cut off.

Honourable senators, the bill that I have just described is in the exact form that it had when it was referred to the Standing Senate Committee on National Finance, and on March 19 last that committee tabled its report on this exact bill. Its report, which is found at page 2108 of *Debates of the Senate*, was as follows:

> The Standing Senate Committee on National Finance, to which was referred the subject matter of Bill C-59, "An Act to provide supplementary borrowing authority", has in obedience to the order of reference of Thursday, March 12, 1981, examined the said subject matter and reports that no suggested changes be made to the Bill at this time.
>
> Respectfully submitted,

Honourable senators, I will try to answer any additional questions, but I ask honourable senators to support second reading and passage of this bill on the basis of the provisions it contains. I hope that the explanations I have given will help honourable senators to decide to do so.

Hon. Allister Grosart: Honourable senators, may I ask the Deputy Leader of the Government if it is the intention, if second reading is given to the bill, to refer the bill to the Standing Senate Committee on National Finance?

Senator Frith: Honourable senators, it was hoped that the reference for pre-study to that committee would obviate that necessity. That is the reason I did not specifically propose that after second reading the bill go to committee.

Senator Grosart: May I ask the Deputy Leader of the Government if he thinks this is a proper procedure, in view of the well-established principle here that we do not deal with this kind of bill until it has been reported by the Standing Senate Committee on National Finance? I point out to him that the bill itself has not been before the National Finance Committee, but merely the substance or the contents of it.

• (2110)

Senator Frith: Honourable senators, as I have just read it from *Debates of the Senate,* the reference was of the subject matter and not the actual bill. In this case the subject matter of the bill consists of the three subclauses of clause 2.

I totally agree with the Honourable Senator Grosart that where the subject matter of a bill has been referred to committee, and then the bill finally comes before us and it consists of enough variety in clauses and principles and is more complicated and has more facets to it than the pure subject matter had, then it should be referred to committee in its more detailed form.

My respectful submission to honourable senators is that in this case, in effect, the bill is short and it deals with just those three principles—namely, the amount, which incudes the question of the deficit and the contingency, the added provisions for non-automatic cancellation, and the ability to borrow in foreign currencies. Those were really the three subject matters referred to the Standing Senate Committee on National Finance for pre-study and, therefore, their pre-study and report virtually amount to a report on the bill itself.

Senator Grosart: Would the Deputy Leader of the Government admit that there might be some disagreement with the last statement he made, in view of the fact that since March 19 the bill that we have before us has been under thorough scrutiny in the other place and much additional information has been brought to the attention of one house of Parliament that was not before the committee and is not before this house of Parliament?

Therefore, I would ask him, if we, on this side, insist that we should follow our normal procedure and make sure that our committee examines the bill, as it has been commented on and as ministers have given additional information which was not before the committee, will he reconsider the suggestion that this bill, if necessary, go before the Standing Senate Committee on National Finance?

Senator Frith: Honourable senators, I will certainly consider anything that is raised definitely to indicate why the information that may have been forthcoming on the other side should lead us to study the bill and the principles behind it and change any of the observations that I made in asking honourable senators to support the bill. I cannot say that I will

change my mind simply on the basis of an insistence, but I would certainly be prepared to listen to such observations, and we can make our decision then.

Senator Grosart: Would the Deputy Leader of the Government not consider it sufficient reason for a further examination of the bill by the Standing Senate Committee on National Finance that the government found it necessary to introduce closure to get the bill through the other place?

Senator Frith: No, I would not.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am not sure whether we are discussing a point of order here, but if we are, I would like to support the contention made by my friend, Senator Grosart. The idea of pre-study is a very useful one and has proved to be valuable, but I would be concerned if, in any way, we allowed the use of that short-cut procedure, which we have developed, to interfere with the regular usages of the house, and in any way to prevent the suggestion being adopted that a bill should be referred to committee regardless of whether its subject matter has been pre-studied. I do not think it is really necessary for anyone to suggest a reason why, except that that is the regular, established, accustomed procedure with respect to bills that go to committee, and the pre-study notion is something new that has been introduced, usefully, in the more recent past and that we will continue to use in the future. But the minute we accept, as a matter of routine or without any detailed consideration, the notion that this makes it unnecessary to send bills to committee in the formal sense, then I would become disturbed about it.

Without wishing to prolong the discussion, because I believe the point has been well covered, I think that the government ought to consider its position on this matter. I believe Senator Grosart will be speaking on this bill later in the debate, and perhaps when second reading is concluded we might have some word as to whether or not it should be referred to committee. I do not like the idea of introducing novel procedures, no matter how valuable they are, if there is a tendency thereby to short-cut or forget about our customary way of doing business. I merely make that observation in the hope that it will be a seed planted in fertile ground.

Senator Frith: Honourable senators, I support the position taken by Senator Roblin and impliedly by Senator Grosart. I do not wish to advance this in any way as a precedent for establishing an idea that if we pre-study a bill we will not then refer that bill to committee. I think that would be putting the rule and the exception totally in the wrong order. The rule should be that if a bill receives pre-study, that might help the committee in its eventual study, and the general rule would be to refer it to committee. In this case, I am suggesting that this should not be the rule, but that it is a good and meritorious case for an exception to that rule because of the fact that what we are concerned with here is the borrowing authority, and the principles of the borrowing authority were studied by the committee and there is really nothing more to the bill than those principles.

While I agree with what Senator Grosart and Senator Roblin have said, that generally our procedure should be to refer these bills to committee, even if they have received pre-study, in this case I suggest we make that exception, for the reasons I have mentioned.

Senator Roblin: I must express my disappointment in that statement, because the purpose of second reading is the discussion of principle. If we were to follow our rules with any degree of fidelity, we would be barred from discussing the bill paragraph by paragraph. Second reading is a discussion of the principle of a bill. If we want to go behind those principles and get into detail, that is when we have to use the committee procedure, either Committee of the Whole or a committee of the house.

Senator Grosart has advanced a reason, which certainly appeals to me, as to why it may be necessary—I do not say it is—to have a further discussion on this bill in committee in order that matters of detail may be discussed. I do not think we should pre-judge the issue here. Perhaps it is unnecessary, but I do not see any reason for abrogating our general principle on this occasion, or on any other, on the grounds that the bill is so simple that it does not require committee study, which is the way the views expressed by my honourable friend came across to me.

I repeat my position, and I hope he will not dig himself in so firmly that he will not feel disposed to yield to persuasion. Perhaps he will let the matter rest now, and we might, after hearing Senator Grosart speak, make a decision on the matter.

Senator Frith: I certainly would not dig myself in so deeply that I would not yield to persuasion. I think I made that comment in reference to what Senator Grosart said. I am waiting to hear what aspects of the bill require study.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 8, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN GALLERY

MR. AND MRS. PRIMO DI LUCA

Hon. Peter Bosa: Honourable senators, I would like to draw your attention to the presence, in the south gallery, of Mr. Primo Di Luca and his wife. Tonight Mr. Di Luca is being invested in the Order of Canada at Government House for the valuable contribution that he has made to the Italian community and, more particularly, for his great efforts in organizing assistance for the earthquake victims of northern Italy in 1976.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Department of Communications for the fiscal year ended March 31, 1979, pursuant to section 6 of the *Department of Communications Act,* Chapter C-24, R.S.C., 1970.

Report of the Department of Communications for the fiscal year ended March 31, 1980, pursuant to section 6 of the *Department of Communications Act,* Chapter C-24, R.S.C., 1970.

Report of the Public Service Commission of Canada for the year ended December 31, 1980 (Volumes I and II), pursuant to section 45 of the *Public Service Employment Act,* Chapter P-32, R.S.C., 1970.

BUSINESS OF THE SENATE

ADJOURNMENT—NOTICE OF MOTION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow I will move:

That when the Senate adjourns today it do stand adjourned until Tuesday, April 14, 1981, at 8 o'clock in the evening.

I would be glad to give an explanation as to why I will be moving that motion tomorrow. It may save us the time involved in discussing the question of leave.

Senator Flynn: Go ahead.

Senator Frith: Honourable senators are probably aware that there have been negotiations between the house leaders in the other place to establish a procedure for dealing with the motion concerning the Constitution. It is likely that within the hour there will be an announcement by the house leaders of the other place that an agreement has been reached on how they wish to deal with that motion.

I am sure honourable senators will also remember that attempts have been made in the Senate to come to an understanding on the number of days of debate we will require to deal with the motion. A basic principle of that understanding is that we will not dispose of the motion until sometime after it has been disposed of in the other place. If this agreement is reached—and it seems imminent—there will be no need for us to sit on Friday of this week, and I think that we should sit normal hours next week. It is possible that later today the Leader of the Government in the Senate and the Leader of the Opposition in the Senate will have something to add to what I have just said.

I appreciate that honourable senators accepted my request last week that they be in a state of readiness to sit on Friday of this week. I am pleased to say that at this point it does not seem necessary for us to sit this Friday. That is why tomorrow I shall propose normal sitting hours for next week.

Unless something changes regarding the events in the other place, I believe that will be our schedule, and honourable senators can make plans accordingly.

QUESTION PERIOD

[*English*]

ENERGY

CANADA OIL AND GAS LEGISLATION—PROPOSED STUDY OF SUBJECT MATTER BY SENATE COMMITTEE

Hon. Lowell Murray: Honourable senators, I have a question which I was going to direct to the Chairman of the Special Committee of the Senate on the Northern Pipeline but, in his absence, I shall address it to the Leader of the Government. It relates to Bill C-48, an act to regulate oil and gas interests in Canada Lands and to amend the Oil and Gas Production and Conservation Act.

The minister will be aware that the industry has already expressed a number of concerns about this bill on an economic basis; that the Canadian Arctic Resources Committee has expressed considerable concern from an environmental point of view; and, most importantly, that the northern peoples', the aboriginal peoples', representatives and the territorial governments are united in opposition to this bill and have expressed

very serious concerns about it, supported, most recently, by the Canadian Conference of Catholic Bishops.

Procedural problems seem to have arisen in the other place in that after these groups had made representations to the House of Commons Committee on National Resources and Public Works, that committee decided, at the request of the northern peoples, to travel to the north to take evidence. Several days later, the committee rescinded that decision and decided not to go north to take evidence.

The question I wanted to ask Senator Hastings, in his capacity as Chairman of the Special Committee of the Senate on the Northern Pipeline, and that I now put to the Leader of the Government, is whether, by the device of pre-study, for example, the Special Senate Committee on the Northern Pipeline, or even some other committee of the Senate, could take up this bill now and travel to the north to take evidence which, apparently, the House of Commons committee is unable to do.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Hastings is absent from the chamber this afternoon because of his responsibilities as chairman of that particular committee. He is absent on official business.

However, the idea which has been advanced by Senator Murray will certainly be made known to Senator Hastings. It is an idea that may well have merit.

Senator Murray: By way of supplementary, may I put this question to the Leader of the Government in the Senate? The minister will be aware that the Senate has already authorized the Special Senate Committee on the Northern Pipeline, under its terms of reference, to travel fairly extensively in the north. Would the government agree to widen the terms of reference of that committee so that it could take up the matters I referred to in my opening question?

Senator Perrault: Honourable senators, that suggestion will also be placed before Senator Hastings.

Senator Murray: It is a government matter.

Senator Perrault: The terms of reference which have been established for that committee would not encompass the concerns expressed by Senator Murray, but the idea will certainly be considered.

Hon. H. A. Olson (Minister of State for Economic Development): It is a very serious precedent.

Senator Murray: The Minister of State for Economic Development says it is a very serious precedent. If he wishes to elaborate on that statement, I shall be yielding to him in about 15 seconds.

My point to the Leader of the Government is that I would think the widening of the terms of reference of the Special Senate Committee on the Northern Pipeline would be a matter for a government initiative in this house.

However, I invite the Minister of State for Economic Development, who tried to get his two cents' worth in, to do so now.

[Senator Murray.]

Senator Olson: Honourable senators, whether it is worth two cents or any other amount, there is a very serious matter of precedent involved and it relates to what the committee in the other place is now studying and what the committee here will be studying if the matter is referred to that committee. However, it may not be referred to the Special Senate Committee on the Northern Pipeline, but to the Standing Senate Committee on Banking, Trade and Commerce. The subject matter is not confined to pipelines or the other areas over which the Northern Pipeline Committee has been given jurisdiction by this house. That question has yet to be decided.

The fact of the matter is that this would be asking a committee to deal with a bill in respect of which a matter of policy has already been decided by the House of Commons by giving it second reading, and then referring it to a committee for study.

• (1410)

It is quite normal for matters to be referred to a committee so that the kind of study and travel that my honourable friend has alluded to is done. It is not normal, nor the common practice of either house, to send committees out across the country to obtain evidence on matters that either one house or the other has already decided on in principle by giving second reading to bills.

Senator Murray: Let me simply say that I raised the possibility in my original question that some other committee of the Senate might well be seized of the subject matter of this bill. I am not insisting that it be one committee or another.

The Minister of State for Economic Development is something of a procedural expert.

Senator Flynn: Oh, oh.

Senator Argue: That is correct.

Senator Smith: Don't forget that he is an M.P.

Senator Murray: He is also an M.P., he says. I invite the minister, as someone who is at least interested in procedure, to find the procedure that will enable the northern peoples, the aboriginal peoples, the representatives from the territorial governments, to express their views to a committee of this Parliament. I ask that because they have taken the position, supported most recently by the Canadian Conference of Catholic Bishops, who have some experience individually in the north, that Bill C-48 would extinguish aboriginal rights, would extinguish aboriginal land claims, both on the surface and subsurface—there is no mention of these in the bill—at the same time that the government is purporting to entrench these rights in the Constitution.

This is a giant step backwards from self-government in the north and will also create serious environmental problems. I suggest to the minister that, rather than trying to ram the legislation through both houses of Parliament, he ought to be sensitive to a situation which has arisen wherein a committee of the other place has decided, for whatever reason, that it will not travel to the north to receive evidence. I suggest to him that the Senate find a way to accommodate the legitimate

concerns of those people who have said to us—and they have waited on a number of senators sitting on both sides of this house—that there is more protection given to the offshore fisheries in this legislation than there is to the human beings living north of the 60th parallel.

Senator Olson: Honourable senators, Senator Murray has given his opinions as facts, and that is nothing new. They are not facts, no matter whose opinions they are. They are opinions and, as such, are very distinct from facts. He has also added to that by putting his interpretation on someone else's opinion. In this respect, he indentified a number of people.

Of course, we have been aware of those interpretations or misinterpretations of opinion—take your choice—and we do not agree there is anything in that bill that would have the result he has indicated as being fact, which is really his opinion, and, I suggest, a rather misguided opinion at that.

FOREIGN AFFAIRS

LEBANON—SAFETY OF CANADIAN NATIONALS

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Honourable senators, a demonstration conducted on Parliament Hill today by the Lebanese community of Ottawa seems to indicate the trouble that is developing in that country. In that respect, I would ask the Leader of the Government whether there are any Canadians resident in that country, and, if so, what steps the government is taking to provide for their safety.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is my understanding that there are approximately 1,100 Canadians resident in Lebanon who are registered with our embassy in Beirut. About one-third of them are located in the capital area. The remainder, including nearly 100 in Zahle, live in smaller centres throughout the country. Roughly 90 per cent are also Lebanese citizens who have strong ties in Lebanon and, as a consequence, have been reluctant to leave. According to our latest reports, the airport in Beirut remains open.

I realize that that is not a total reply to the question raised by Senator Bosa, but that is the latest available information.

I have another report for honourable senators. In Zahle, the shelling of the centre of the city continues and the city is cut off from the rest of the country. It is reported that there is little potable water, and hospitals have been damaged by shelling. There are 100 Canadians in that centre which is cut off, because of these military operations. In Beirut a ceasefire has held since mid-day Monday, although some clashes have occurred overnight.

We are monitoring the situation closely through daily reports from our embassy in Beirut. The embassy continues to function without difficulty. It is situated in a part of west Beirut which is relatively quiet.

• (1415)

This outbreak of violence, for whatever reason or motivation, concerns us deeply. The deaths of innocent civilians and material destruction must not be allowed to continue. We hope that those involved will refrain from further hostilities and that stability will be restored. We call upon all parties to the fighting to respect the duly constituted authorities, to agree to a ceasefire, and to negotiate an end to their differences.

Although we have received no request, we would be prepared to consider sympathetically an appeal for assistance from an internationally recognized humanitarian organization.

CANADIAN WHEAT BOARD

RECOMMENDED GRAIN AND OIL SEED ACREAGES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I address a question to the Minister of State for the Canadian Wheat Board? It has to do with a statement he made in Saskatoon last month and repeated later in this chamber, on March 18, respecting the advice that was offered to farmers for planting in the current crop year. I believe in his statement in Saskatoon, and certainly in what he said here, the minister gave a very optimistic review of the situation—

Senator Asselin: As usual.

Senator Roblin: —and said:

> So the challenge to grain producers in western Canada is to produce all of the grain they can possibly produce this crop year.

Parenthetically, may I say that that was music to my ears?

If the minister is still of the same opinion, perhaps he could tell us the source of his information that prompted him to give this advice, and would he give that advice again today?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, yes, I would certainly give that advice. For some years the demand for grain, particularly for wheat, has been rising at a more rapid rate than the production of grain. Therefore, in recent years, there has been an indication that there is a growing demand for grain.

The Canadian Wheat Board, on whose advice I rely to a great extent, believes very sincerely that it can sell all the grain farmers can produce this year even under the most favourable circumstances. In recent weeks and months, the Canadian Wheat Board has had to turn down sales because of its inability to supply grain because all the available grain has already been committed. I think this is an excellent position to be in, and I am pleased to agree with the Canadian Wheat Board that that kind of overall demand exists, and that the challenge to the grain producers of western Canada today is to produce all the grain they can, with the assurance that there are likely to be ready markets for that grain.

Of course, it is possible that we could run into periods of temporary surplus brought about by a bumper crop in North America, the Soviet Union or in other countries. The general trend in the world, in the view of the Wheat Board—and I agree with it—is that the demand for grain is going up much more rapidly than is production.

Senator Roblin: Honourable senators, I note that the minister has stuck to his original position on this matter, and what gives me some cause for concern is the fact that the chairman of the Canada Grains Council, speaking in Winnipeg yesterday, I believe, gave a somewhat different appreciation of the situation. He pointed out that the expected plantings around the world, when combined with the weather forecasts insofar as they can be made at this time, gave reason to believe there might be a glut of wheat in spite of the fact that we have had trouble filling this market recently from Canadian supplies. The substance of his observation was that Canadian farmers should be very careful not to over-produce wheat because the world may soon have the largest supply since 1960.

• (1420)

The position is that we have two very contradictory pieces of advice here. I must confess that I am not in a position to form any judgment as to which is the more reliable, but it seems to me that it might be advisable to see if there is some way of reconciling those statements with a view to eliminating any confusion or ambiguity which might be left in the minds of producers in western Canada. It is extremely important that, if possible, we should have a considered view on this matter which takes into account both the minister's statement and the possibility of the wheat surpluses referred to.

We have seen recently a decline in the price of wheat on the world market, I suspect precisely because some people in the grains trade consider the advice of the Canada Grains Council to be nearer to the mark than the minister's. I do not want to get into that argument, because I am not qualified to decide it, but I think I am qualified to ask the minister if he can help resolve this problem in the interests of western producers.

Senator Argue: Honourable senators, I do not really see it as a problem, although Senator Roblin does. I would doubt very much that Mr. Bruce MacMillan, the president of the Pioneer Grain Company, was speaking on behalf of the Canada Grains Council and that that was the considered opinion of the Canada Grains Council. Rather, I would guess that he was making a speech in which he was giving his own opinion—which is an important opinion because he is an important person in the grains business; and, of course, if I found that he was speaking on behalf of the Canada Grains Council, and the council had made an in-depth study and had come up with recommendations that were opposed to the recommendations of the Wheat Board, I suppose that would have to be looked at rather carefully.

I speak for myself, as a person with some experience in the production of grain, when I say that the great problem in the west, generally speaking, over a period of years has been not to market the grain but to produce the grain; and every farmer you talk to tells you that is the problem.

The bins will be empty in July, and let us hope that the farmers can produce a big crop. I anticipate that the market will be there for all of the crop that our transportation facilities can handle. The transportation facilities might not be able to handle easily a large bumper crop, but it could handle a good sized crop.

[Senator Argue.]

So, if we should be so fortunate as to have a bumper crop, and to have a problem with a temporary surplus, that would be an advantageous position in which to find ourselves. I would hope that would happen. Then the MAP program, that we have heard so much about, would probably quickly become popular.

Senator Roblin: Honourable senators, taking for granted that everything the minister says is right—and I hope it is—we are still up against the question that we have an important person making a statement with respect to future activities on the part of the farming public which would not lead to this abundance of grain that the minister seeks.

I do not know whether or not Mr. MacMillan was speaking in a personal capacity. The press report advertises him as chairman of the Canada Grains Council and says that he is also president of the Pioneer Grain Co. Ltd., which no doubt most of us know. Perhaps the minister would clarify the situation for us, because I think it is important that, if we really believe we have this market, we should be prepared to fill it and meet the orders when they come; and any information that is spread abroad which would limit our capacity to do so is worthy of consideration here.

I also suggest to the minister that, while he is looking into this matter, he should also take a look at the transportation system, because we know that that has been the bottleneck in recent history. The minister expresses some confidence that it will be all right now, and I hope that it will be, but he had better get in touch with his colleague, because the Minister of Regional Economic Expansion, the Honourable Pierre De Bané, in the *Western Region: Strategic Regional Development Overview,* makes the point that, in the opinion of his department, the problem of the inefficient transportation system is limiting the sales of our grain abroad.

While I am frank to admit that there have been improvements in the recent past—and I am glad of them—I am concerned as to whether we have gone far enough to move that big crop my honourable friend is working for and which he and I are both hoping for.

Senator Argue: I am glad to hear Senator Roblin's concerns, and I am happy to respond to them. I think that one of the things Mr. MacMillan had in mind—and with regard to this point I am not in disagreement—was that farmers might happen to reduce unduly their acreage of rapeseed. I think that part of his statement was because of that particular view. Statistics Canada reports that on March 15, in a survey, producers indicated that they would reduce their rapeseed acreage by 22 per cent. My own recommendation was that rapeseed acreage should not be changed. Now, the prospect of reduction in rapeseed, of course, reflects market difficulties during the current year and a very substantial reduction in exports of rapeseed; but I do agree with Mr. MacMillan that this would likely be a much more drastic reduction in rapeseed acreage than would be justified.

• (1425)

As far as our transportation facilities are concerned, I think they are working very well. Both railway companies are doing

an outstanding job. Part of the reason they are able to do an outstanding job, of course, is the large number of hopper cars now in the system: 10,000 federal hopper cars, 2,000 Canadian Wheat Board hopper cars, 1,000 from Saskatchewan, and the blue hopper cars from Alberta. I have said that the federal hopper cars do not seem so noticeable because they are painted in rather drab colours; but when the Alberta hopper cars are out there they are very impressive because they are painted a picturesque blue. But I hear that Alberta, in spite of its differences with other provinces, is going to let some of them go beyond the boundaries of Alberta, out to the west coast, once in a while, as long as they are sure they will be brought back. In any case, the railways are doing an excellent job. The deliveries and the exports, to date, show that that kind of job is being done.

Senator Olson: It was a record-breaking year.

Senator Argue: Well, so far it is ahead of last year, but it may not equal last year because they may run out of grain, and you cannot move what you have not got. At any rate, the grain there is being moved at a very rapid rate. The Government of Canada is determined that we will have an efficient railway transportation system, and I believe that whatever action is necessary, in its various aspects, will be taken by the government and by the railway companies to make certain that this efficient transportation system is maintained and expanded, as required.

Senator Roblin: I can tell my honourable friend that in his reported statement Mr. MacMillan did advise that, in his opinion, an increase in barley acreage was warranted, and that the decrease in rapeseed, or Canola, I think is now the appropriate expression, should not be an extreme one. He did say that even with average weather conditions in major producing areas, we could be moving in the next few months to a wheat supply unparallelled in 20 years. That underlines the whole thrust of our discussion here, both with respect to planting advice and transportation; so, if the minister could reconcile this position that Mr. MacMillan has taken with his own statements, it might be of some use in guiding the farmers in the west.

Senator Argue: Well, I am glad to make those inquiries. I wonder, however, whether Mr. MacMillan was speaking on behalf of the Canada Grains Council or whether he was really putting forward his own particular opinion.

I am not concerned about overproduction in western Canada, as though it were a dread thing. A couple of days ago we had perhaps the greatest dust storm in western Canada in the last 40 years. If the climate turns against the farmers we will not have to worry, even under ordinary circumstances, about overproduction. I think, as far as western Canada is concerned, that at the present time the outlook is not all that bright; but the outlook for sales is excellent, and I stand by the advice I have already given, in spite of learned advice from others. However, I will be happy to make those inquiries.

Hon. Stanley Haidasz: Honourable senators, I have a question for the Minister of State for the Canadian Wheat Board.

I would like to ask the minister whether there is any government policy or Canadian Wheat Board policy as to a definite reserve of the various grains for emergency purposes.

Senator Argue: Well, that question is being considered, and there are various submissions being made as to whether or not we should try to earmark a particular quantity of grain for a reserve, and if we did, who would pay for it and on what basis this reserve would be maintained. I think that in the normal operations of the Canadian Wheat Board, and the grain marketing system—and I am not trying to avoid the question—there is some reserve. There is an endeavour made to have a reasonable carry-over. If there were an emergency demand for wheat, due to starvation in a particular country, we could not make astronomically large quantities of wheat available, but there is a continuing reserve, in the normal operation of the board, designed to meet foreseeable circumstances.

• (1430)

Senator Haidasz: I have a supplementary question. Has the government, or the minister, received any request from the United Nations High Commissioner for Refugees to feed some of the starving millions of refugees in Africa?

Senator Argue: There has been a submission to that effect which is being considered, but not particularly by my department.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Joseph-Philippe Guay: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. My question has to do with my concern, and the concern of most Manitobans, about the Garrison diversion. In view of the fact that Governor Olson of North Dakota met with the provincial government yesterday and today, and since I do not have any details of this particular meeting, I am asking the Leader of the Government in the Senate to provide us with any such details he may have. Also, in view of the discussion of a possible meeting with the Americans soon, does the Leader of the Government have any information to give us in this regard?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there have been a number of public reports in recent hours to the effect that North Dakota Governor Olson has promised that the United States government will not proceed with any part of the Garrison project without Canada's permission, and that any diversion of water into Canada will have to be contingent on some technological breakthrough which would prevent the transfer of pollutants and new fish species.

I can report to the Senate that we have discussed the matter with the Government of Manitoba and this report is substantially correct. I can verify that this has been the nature of the statement made by Governor Olson to provincial authorities.

On behalf of the national government, I can say that, while we are very encouraged by Governor Olson's comments, we look forward to having this position clarified and confirmed at the consultations to be held later this month. We expect that the meeting will take place on April 23 in Washington, D.C. This has yet to be confirmed by the State Department, but we think this will probably be the date.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I think that what the Governor of the State of North Dakota said was that he would make a recommendation to the federal authorities. Obviously, he has no power to bind them. I understood my honourable friend to say, in his explanation, that the governor was giving assurances that the United States government would not do so-and-so. What the governor is doing, in effect, is recommending. I must say that it is a mighty powerful recommendation, and I am very glad to hear it.

I might also pay a word of tribute to the talent of the Premier of Manitoba in the art and science of persuasion, because apparently he has been able to convince the rather recalcitrant government of North Dakota of the merits of the Manitoba position. While he is not, perhaps, an expert in international or diplomatic affairs, I think that Premier Lyon, on this occasion—

Hon. Royce Frith (Deputy Leader of the Government): Or on constitutional affairs!

Senator Roblin: On constitutional affairs, I think he is quite an expert. I think you will find that he will have something rather interesting to say to you before long, and I would not be surprised if you did not sit up and take notice.

However, in respect of the Garrison situation, I think the picture is much brighter. I am glad that my honourable colleague, the senator from St. Boniface, raised the matter.

Senator Guay: Honourable senators, again I direct my comments to the Leader of the Government. In view of the fact that Senator Roblin might not have received the answer given me about a week ago, it might be quite informative to him if he looked at the report that was given at that time. That report indicates that, long before Governor Olson of North Dakota said he was coming to Manitoba, Washington issued a report telling us what the intentions were and expressing their concern about the Garrison diversion with respect to Manitoba and Canada. Possibly, the Leader of the Government might add to what he has already said by making reference to the answer that he gave me a week ago.

Senator Perrault: I can confirm the fact that the Honourable Senator Guay has been most persistent and helpful, during the course of the Garrison issue, in pursuing this important matter. His helpful recommendations to the government have been studied very carefully.

In reply to the Honourable Senator Roblin, however, I will say that to give credit for this development to the Premier of Manitoba seems to me to stretch the bounds of political credibility beyond all measure. The national government, of course, has made the strongest possible representations on this matter over a period of months, assisted by representations from Senator Guay and others within caucus. We have listened with interest to the statements made by the Honourable Senator Roblin. I am sure that any governor of any state in the United States would not make a statement in a foreign country without being carefully briefed by his own national government before he went abroad, as would be the case with any other government representative speaking abroad.

Senator Roblin: That report says that he "recommends".

FOREIGN AFFAIRS

AFRICA—CANADIAN PARTICIPATION IN HUMANITARIAN ASSISTANCE PROGRAMS

Hon. Sidney L. Buckwold: Honourable senators, my question is directed to the Leader of the Government in the Senate, and it follows the perhaps more general question put earlier by Senator Haidasz. I am referring to the issue of the starving millions in Africa.

I think I can say that any compassionate Canadian—and I believe that adjective describes most Canadians—has a bleeding heart for what is going on in some of those unfortunate countries. I had the privilege of being in Somalia, along with a small Canadian delegation, last fall. I visited refugee camps and I saw those starving children. As I have already said, it is something that must make every Canadian feel that he has a moral responsibility. This very day, in Geneva, a world conference is being held on how to assist these unfortunate people, especially the children. The Honourable Mark MacGuigan is attending and representing Canada.

I would like to ask the minister whether Canada is prepared to do more to ease this situation. Will the minister be prepared to extend a helping hand to these unfortunate people?

Hon. Raymond J. Perrault (Leader of the Government): I would like to thank the Honourable Senator Buckwold for that question. Perhaps the Canadian people, including honourable senators on both sides of this chamber, are beginning to grasp the magnitude of this unfolding tragedy. Last night there was information on television which indicates that, indeed, millions of people may be starving to death in Africa. This issue goes beyond party. I think that Canadians of all political parties are very concerned about this dreadful situation.

The official dates of the conference are April 9 and 10, but the minister is in Geneva now. I can say that Canada supports the main conference objectives to mobilize additional resources for humanitarian assistance programs for refugees in Africa. I am very pleased to say that, at the conference, Canada will announce a substantial increase in its contribution to African humanitarian assistance programs related to refugees, primarily through food aid and grants to UNHCR and other international programs for refugees.

In the fiscal year 1980-81, Canada contributed $8.5 million in food aid to refugees and displaced persons in Ethiopia, Somalia and the Sudan. We have also made contributions of approximately $3 million to UNHCR and other relief agency

programs in Uganda, Sudan, Cameroon, Ethiopia and to the ICRC All-Africa Appeal.

THE SENATE

REFERENCES TO COMMITTEES

Hon. Ann Elizabeth Bell: Honourable senators, I rise at this time on a point of privilege. I am wondering if we could revert for a moment to Senator Murray's question with regard to the Special Committee of the Senate on the Northern Pipeline. I am a little concerned, because this afternoon we seem to be giving the impression that we in this honourable house do not in fact direct what our committees do, whether they be special committees or standing committees.

● (1440)

It seems to me that if we in this chamber have outlined the terms of reference of a certain committee to conduct a certain inquiry, then we certainly have a right to amend the terms of reference of that committee. Because we do not have a standing committee on national resources, we are labouring under a terrific handicap. Many of us have wanted such a committee for a long time. We do not have a special committee on energy, in spite of the best efforts of the Minister of State for Economic Development to establish one. Even while the minister was the Chairman of the Special Senate Committee on the Northern Pipeline, he was trying to develop a committee that would study our energy problems.

There is not even a subcommittee on natural resources of the Standing Senate Committee on Banking, Trade and Commerce. Such a subcommittee in developing its expertise would provide a service to the people of Canada in helping the Senate deal with the various pieces of legislation which it receives, such as Bill C-48, Bill C-57, the various amendments to the Excise Tax Act relating to energy, and so on.

Perhaps the most appropriate way to deal with these matters is to enlarge the terms of reference of the Special Senate Committee on the Northern Pipeline to deal with Bill C-48. Surely, we have the privilege to direct our committees in their terms of reference. That is simply my point of privilege.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the chairman of the committee is not in the Senate today, and he is not in the city. Surely, it is appropriate, before we widen the terms of reference of the committee, that we at least extend to him the basic courtesy of conferring with him. The proposal was not rejected.

Hon. Jacques Flynn (Leader of the Opposition): Not by you.

Senator Perrault: I stated that the concept outlined in the proposal would be discussed with the chairman of the committee. Surely, that is a reasonable proposal.

Senator Flynn: We were concerned with the comments made by the Minister of State for Economic Development who does not share the open-minded position of the Leader of the Government.

Hon. H. A. Olson (Minister of State for Economic Development): The Minister of State for Economic Development stated very clearly that there is a very significant difference between undertaking an investigatory study and dealing with a bill that has been referred after this chamber or the other place has debated it in principle on second reading.

Senator Murray: Tell that to the Indians in the north.

Senator Olson: The Leader of the Opposition knows very well the precedent and the tradition about which we are talking.

Senator Flynn: Not at all.

Senator Olson: You should know.

Senator Flynn: The Senate is entirely free to do what it wishes with any bill that comes from the other place.

Senator Olson: That is correct. And the Senate, in taking its responsibility, usually adheres to the traditional practices which have proven to be successful. It is not the practice of this chamber to have committees travel while they are considering a bill.

Senator Flynn: Why not?

Senator Olson: The honourable senator knows that this committee is considering legislation.

Senator Flynn: Where did you find that?

Senator Roblin: He makes up his own rules as he finds the laws.

The Hon. the Speaker: Honourable senators, while I am interested in listening to these remarks, I do not believe they constitute a question of privilege, nor are they related to the Question Period. I would ask honourable senators to make an effort to follow the order paper.

THE ECONOMY

FEDERAL DEFICIT

Hon. G. I. Smith: Following His Honour's advice, I would like to direct a question to the Minister of State for Economic Development. Is it true that the federal deficit widened in February 1981, as compared with February 1980, to $1.57 billion which, if multiplied by 12, would give an annual rate of $18.84 billion?

Hon. H. A. Olson (Minister of State for Economic Development): The honourable senator's figure for February may be true, but the rest of his projections are completely erroneous simply because deficit spending does not follow a uniform pattern for each month of the year. Therefore, one cannot multiply the deficit of any month by 12.

Hon. Raymond J. Perrault (Leader of the Government): That is Tory budgeting, Tory economics.

Senator Olson: It is reasoning such as this that usually leads to the wrong conclusions. In fact, it is possible, if one were to take the figures which make up the total deficit for the

better-than-expected-performance of the last quarter of last year and of the first quarter of this year, and multiply them by 12, to arrive at a figure which would be less than the projected deficit.

Senator Smith: I thank the honourable gentleman for his lecture on accuracy. It would have been much more impressive had he been accurate himself because I made no predictions or said nothing with regard to—

Senator Olson: You said something about multiplying by 12.

Senator Smith: I said that if the deficit figure for February were multiplied by 12, it would amount to $18.84 billion. That is a mathematical fact. If the honourable gentleman does not believe that it is so, then let him make his own calculations on his calculator or by pencil, whichever suits him best. Is the government satisfied with the widening of the deficit for this February as compared with last February, or is it relying somewhat on the rather vague projection which the minister made with respect to what happened in the last quarter of 1980?

Senator Perrault: The "Bad News Bears."

Senator Olson: Honourable senators, if one were to use that kind of distorted or contorted reasoning, one could take the deficit for January—which can be found in the same article to which the honourable gentleman is referring—of $1.04 billion, multiply it by 12, and arrive at the amount of $12.48 billion, which is under the projection. If the honourable senator wishes to use this type of argument, then he must face the same kind of argument using figures from other months. On the other hand, if the honourable senator would use my reasoned, sound argument of adding up the total of the previous 12 months, then he would arrive at an accurate figure.

Senator Smith: We have not reached the end of 1981 yet.

Senator Flynn: The totality.

Senator Smith: We will deal with the total deficit when we know what it is. I shall be delighted if the honourable gentleman can point to it at that time and say that the total for the 12-month period stayed within the projection. What I am talking about now is the deficit for 1981-82, and in that regard the only information we have on which to assess the fiscal year is what has been projected by the Minister of Finance, and perhaps others, and what has occurred most recently in the fiscal year just ended.

What I am asking the minister to comment upon is what one can observe from what happened last February in the fiscal year which just ended, and then relate that to what may happen with regard to the projected deficit for the year 1981-82. I can assure the minister that if he is not able to do that, then he is not able to respond to my question at all.

Senator Olson: Honourable senators, I had not intended to raise all this steam, so I will simply say that, since we are only eight days into the fiscal year 1981-82, I do not think the honourable senator has any basis on which to make a projection and, therefore, I have nothing to add to what he has said.

[Senator Olson.]

Senator Smith: As one who for a good many years had to make that kind of projection, I say to the honourable gentleman that if he is not prepared to take note of what happened in the latter part of the last fiscal year he is likely to be a very poor custodian of the finances of this country.

FOREIGN AFFAIRS

AFRICA—CANADIAN PARTICIPATION IN HUMANITARIAN ASSISTANCE PROGRAMS

Hon. Heath Macquarrie: Honourable senators, I have a supplementary question to that directed by Senator Buckwold to the Leader of the Government. It is in reference to the Geneva meeting. I notice that the leader used the expression "substantial" in reference to the increased Canadian contribution, whereas he gave specific figures in reference to our previous contributions. Considering the time zone, I do not think he has to worry about scooping the people in Geneva.

● (1450)

Could he indicate to us what is the additional contribution made by Canada in the face of this situation, which is so terrible in its consequences?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have not been advised whether the Honourable the Secretary of State for External Affairs has yet made his speech in Geneva. For that reason, I am unable to comply with the request of the honourable senator. The figures are not yet publicly available. Hopefully, some information will be available tomorrow.

[*Translation*]

THE SENATE

USE OF THE INITIALS "M.P." BY SENATORS—POINT OF ORDER

Hon. Martial Asselin: Honourable senators, I do not know whether I should ask a question or rise on a point of order.

Yesterday, the Minister of State for Economic Development made a statement which I found extremely surprising. To a question asked by Senator Murray as to why he was using the initials M.P. for "member of Parliament" after his title of senator, the minister implied that the Constitution allowed him to use these initials. I quickly checked on the matter and was informed that the Constitution designates members of the Upper Chamber, that is members of the Senate, as senators and not as "M.P.'s". What I find even more puzzling is that I wonder how I should designate myself in French because, in French, "member of Parliament" is translated by "député", and in the mind of the public, this designates a member of the other Chamber, someone who has been elected.

Can Senator Olson tell me whether, if he were writing this designation in French, he would put down "honorable sénateur Bud Olson, député du Parlement"? I believe that the fact that Senator Olson is using the designation "M.P.—member of Parliament" creates confusion because, in the minds of Canadians, a "member of Parliament" is someone who has been elected and who sits in the House of Commons. I would

even go so far as to say that by using the initials "M.P." after his title of minister and senator, Senator Olson is usurping a title which, according to my interpretation of the Constitution and the law, belongs only to members of the House of Commons. Senator Olson told me yesterday: "I am going on a crusade and you should follow my example; all senators should put the initials 'M.P.' after their names."

This is not a factious argument, Mr. Speaker. I believe that it is a legal and constitutional argument which deserves our consideration. I am not saying that I would call my honourable friend tomorrow morning to the bar of the House of Commons because he is using, illegally in my opinion, the initials "M.P." after his name.

[*English*]

Senator Haidasz: This is the Question Period.

Senator Asselin: I said that I was not sure whether I was going to raise a point of order, a question of privilege, or a question. I am almost finished; I will not be long.

[*Translation*]

Considering that all this matter is confusing, Mr. Speaker, I suggest you should consider it and make a ruling. I understand you were not in the house yesterday, for some good reason, but I shall refer you to yesterday's *Hansard* in which you will find the beginning of this debate on page 2244. I should like to know if I would also be allowed, under the Constitution or pursuant to the Senate and House of Commons Act, to use the words "Member of Parliament" after my name whenever I designate myself as a senator?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Speaking to the question of privilege—

The Hon. the Speaker: It is a point of order.

Senator Olson: Speaking only briefly to the point of order, I think it would help Senator Asselin a great deal if he read section 17 of the B.N.A. Act.

Senator Asselin: I have read it.

Senator Olson: If he has already read it, then he knows that it says:

> There shall be One Parliament for Canada—

Senator Flynn: Composed of?

Senator Asselin: Composed of the Queen—

Senator Olson: Section 17 goes on to say:

> —consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

Senator Walker: Good for you.

Senator Olson: They are all members of Parliament.

Senator Asselin: If you were the Queen, would you be, "Senator Bud Olson, the Queen, M.P.?"

Senator Olson: There are three components. Honourable senators can look at that section and make any interpretation they like. We are talking about who is a member of Parliament.

Senator Flynn: The Queen?

Senator Olson: And the members of the House of Commons and the members of the Senate. They make up Parliament.

Senator Roblin: Queen Elizabeth, M.P.

Senator Olson: In connection with the other matter raised on the point of order, I am not quite sure what the honourable senator wants to do when he makes his designation in French. It may be that "Député" is all that is used to designate a member of Parliament, but I think it may be "Député, Chambre des Communes." It is abbreviated, and if the connotation is that only a member of the House of Commons is a member of Parliament, then, in my opinion, that is wrong in that language, too.

Senator Asselin: Are you saying that I have the right to write after my name "Député" or "Senator, Député"?

Senator Olson: You have the right to use whatever abbreviation is appropriate to designate you as a member of Parliament.

Senator Roblin: What do you use if you are bilingual?

The Hon. the Speaker: Honourable senators, I cannot accept the point of order because I cannot give a legal opinion on what may be a serious matter. Honourable senators may discuss it, but I hope they do not expect me to give a legal opinion.

[*Translation*]

Senator Asselin: I rise on a question of privilege, Mr. Speaker. All I asked was that you study the rules and consult your advisors to establish whether we can do that. I think it is more serious than some people would lead us to believe. It is a question of knowing if I have the right to add "député" after my name, or if Senator Olson has the right to add "member of Parliament" after his. Mr. Speaker, I suggest it is more serious than you think.

The Hon. the Speaker: Honourable senators, I did not say it was not serious. I simply said that you were asking me for a legal opinion and that it is not normal to expect me to give a legal opinion in this or any other case.

Senator Asselin: Mr. Speaker, I would simply urge you to ask your advisors for a legal opinion which you could then convey to the Senate.

[*English*]

FISHERIES

OVER-THE-SIDE SALES—ALLOCATION OF QUOTAS

Hon. Jack Marshall: Honourable senators, I wonder if we could get back to fish. I would pose my question to the Leader of the Government. It has to do with the impending announcement of the Minister of Fisheries and Oceans in regard to over-the-side sales, which is an important subject in the Province of Newfoundland.

Would the Leader of the Government in the Senate extract from the Minister of Fisheries and Oceans information as to when he is going to make a decision on the allocation of the quotas which in-shore fishermen will be able to sell to the foreign trawlers and draggers in respect of over-the-side sales? Is the minister reconciling the problems this poses to the processors, who are also interested in the in-shore and off-shore catch in order to protect their overseas markets and to create employment for people on shore?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator's question is a detailed one. I do not have the information immediately at hand. The question will be directed to the Honourable the Minister of Fisheries and Oceans.

Speaking of fisheries on the east coast, honourable senators, of interest is the fact that, as of March 21, the Canadian scallop catches on Georges Bank were about 35 per cent higher than for the same time in 1980. In the area of fisheries competition, Canadian fisheries are doing very well.

Hon. Royce Frith (Deputy Leader of the Government): Tell the Senate committee to put that on their rice and eat it.

• (1500)

BORROWING AUTHORITY BILL, 1981-82

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Frith for the second reading of Bill C-59, to provide supplementary borrowing authority.

Hon. Allister Grosart: Honourable senators, Bill C-59 has had a long, involved and rather unfortunate passage through the House of Commons and, to some extent, through the Senate in the short time it has been before us.

I say "long" because this bill was introduced for first reading in the other place on January 25; the discussion at the report stage started on February 16; and a vote was finally taken on April 7—which is an extraordinarily long time for a bill of this kind which has, inherent in it, a good deal of urgency as far as the manner in which it should be handled by the Parliament of Canada is concerned.

It is "involved" because the government found it necessary to introduce a form of closure in order to cut off the debate on an amendment so that the final vote could be speeded up. Instead of detracting from the problems that had already arisen, this caused new problems, particularly as far as time and additional delays are concerned. I say that because there immediately ensued a long procedural discussion on the closure motion itself.

I say it is "unfortunate" because this bill somehow got locked in with the constitutional amendment resolution debate, which is about the worst thing that could happen to any bill at this particular time in parliamentary history. It became, as it were, a hostage to whatever fate there may be for the constitutional amendment resolution.

[Senator Marshall.]

The bill was delayed in the Senate in a similar fashion, but the delay was created for different reasons. The "contents" of the bill, which is the phrase used, was referred to the Standing Senate Committee on National Finance on March 12. The subject matter of the bill was considered by that committee on March 19, on which date that committee tabled its report.

The bill did not come before the Senate until yesterday, April 7. This has caused some problems of principle in the way we handle bills of this kind.

Last evening I asked the Deputy Leader of the Government whether it was the intention of the government to refer this bill to the Standing Senate Committee on National Finance. I gave him some reasons for that request. I think it is fair to say that his reply was negative, but not definitively or categorically so. Some subsequent discussions took place, after which, I believe, the Deputy Leader of the Government, for the management of the Senate, indicated that he may be prepared to accept the suggestion that it be referred to the Standing Senate Committee on National Finance. I am sure that we will hear from the Deputy Leader of the Government on that.

The reason I suggest that it be referred to that committee is because it has become the usual practice—one might say custom, convention or tradition—of the Senate that any bill dealing with finance be reported to the Senate by the committee before the Senate deals with it. There is good historical reason for that. At one time the Senate was seriously criticized because when appropriation bills of various kinds came to us it was said we simply rubber-stamped them. The Senate decided that such bills should be referred to the Standing Senate Committee on National Finance and reported on by that committee before the Senate dealt with them. In this particular case an exception was made, and I will deal with some reasons why I think that is something we should avoid in the future.

In the present context, I shall deal first of all, if I may, with the bill itself. The Deputy Leader of the Government told us that it was a short bill, which is quite correct. It is not much more than one page with three paragraphs, each of which is a clause. The Deputy Leader of the Government felt—and I don't disagree with him—that it contained three main principles: the question of the deficit, which we were discussing a few minutes ago; the added provisions providing for non-automatic cancellation; and the authorization to borrow in currencies other than Canadian.

However, it is my view that it is not quite that simple. Last evening Senator Frith stated:

> —where the subject matter of a bill . . . has more facets to it than the pure subject matter had, then it should be referred to committee in its more detailed form.

I agree with him on that. I believe that this is that kind of bill. Even though on the surface it may look simple, when one looks below the surface one will see that it is far from simple. On the surface, this is a normal request made year after year for borrowing authorization from Parliament. The bill before us includes the authority to carry over some part of the

authorized borrowing sum, and also authorization to the government to borrow in currencies other than Canadian. That figure is an anticipated $11 billion deficit, based on the main estimates, as we have them, with an additional contingency request for $3 billion, making a total of $14 billion. That is the figure Parliament is asked to authorize. Questions have arisen about the propriety, particularly of the carry over, which I will mention in a moment.

Why the bill is not as simple as it may appear on the surface is that immediately we have the disclosure of a deficit, in this case an anticipated deficit, that calls for immediate criticism of government spending intentions and some careful analysis of those intentions, both gross and in detail. Some serious questions are inevitably raised about certain specific expenditures in the past or intended expenditures in the year ahead.

The concern, of course, is because deficit is debt—in this case, a substantial increase in the public debt of Canada. Debt, of course, has to be paid—has to be serviced; and the size of the annual deficit becomes an important item in the whole structure of government intentions, spending and otherwise.

At the present time, for example, the cost of servicing this debt may be somewhere between 17 and 25 per cent of the budget. I say "between 17 and 25 per cent of the budget" because it depends on what you call the budget—perhaps budgetary items, excluding statutory items, perhaps only the main estimates, not taking into account possible supplementaries, and so forth. Somewhere in that high level is the enormous cost of servicing the public debt. It is so high that the Minister of Finance admits it to be a burden which is:

> —a constraint on the government's ability to respond to various needs of national economic management.

That is how serious the problem is.

I do not think the facts are in dispute. In 1970 the federal budget was in balance. A year later the deficit was $400 million; the next year it was $700 million. By 1973 the deficit had increased to $1 billion; in 1976, $5.3 billion; in 1977, $6.1 billion; in 1978, $10 billion; in 1979, $12 billion. Today it has reached somewhere between $14 billion and $16 billion. I add the extra $2 billion because there is considerable evidence that there may be expenditures other than those provided by the $3 billion contingency. This is very normal in the working out of the relationship between the original projections in the main estimates and the public accounts at the end of the financial term.

● (1510)

We know that the public debt at the moment is a major constraint on the carrying out of all the desires of the Canadian public for benefits that should and can accrue to them from federal government and also provincial government expenditures.

It is because of the tremendous importance of the debt to such things as the general state of the economy, its relation to inflation and to the whole problem of fiscal management by the government, that I suggest that this bill now go to our National Finance Committee.

This is not a question of partisanship, as I believe the Deputy Leader of the Government will agree. I have to thank him for what I believe to be a reasonable accommodation between the views on this side and those on the other. No doubt he will speak to that. It is not for me to suggest what might be in his mind at this particular time.

It is an important principle that not only the contents of a bill such as this be referred to committee and reported on but also that the bill itself be considered. The present situation is a perfect case in point of the dangers that can follow when an attempt is made to short-cut our normal procedures. And for this reason. The report came to the Senate on March 19. That was when an important part of the serious discussion of the bill was beginning in the other place. Two and a half weeks of debate in the House of Commons ensued before a report was given to the Senate, perhaps on the assumption at that time that would be all we would need to have to deal intelligently with the bill.

In the meantime, what has happened has considerably changed the whole complexion of the bill since we had this report tabled here. A statement has been made that, in certain of the government borrowings, the rate it is paying is 17 per cent. That has not been discussed in our committee. I do not know whether it is true or not, but it is a statement that was made.

The question has arisen about what are called "current cash balances." Some have said that the true figure is not just $11 billion plus $3 billion, but goes to $14 billion plus $4.8 billion, which is a current cash carry-over which our committee has not yet—because it was not studying the bill—related to the borrowing authority we were asked to approve. The parliamentary secretary to the Minister of Finance admitted, since this matter was discussed in our committee, that it was a "temporary aberration"—to use his own phrase—and it is "abnormally high." Surely our committee will want to have an explanation of that. No doubt there is a good explanation, but the committee does not have it and the Senate does not have it.

Some amendments were made by the opposition, debated and, to some extent, supported by both opposition parties, which would have the effect of cutting down the $11 billion to $8 billion, and cutting out entirely, for the time being at least, the $3 billion carry-over. This suggestion was not before our committee either. The motion was defeated, but not overwhelmingly. The reasons behind it—and some of them may have been good reasons—have not been considered by the committee and have not been reported to the Senate.

There was a suggestion that even if the $11 billion is the projected anticipated deficit for the year, why vote it all at once at the start of the year; why not wait and take $8 billion and come back and have the government subject itself to the discipline of explaining why the $8 billion was spent and why it needs the additional $3 billion to add up to the $11 billion?

The amendment also suggested that the government be denied the $3 billion carry-over. Here again, no important reason was given. Particularly, it is a bad principle, in the

control of supply by Parliament, to grant money to the government or borrowing authority to the government—which, in the long run, is much the same thing—for which the government cannot give any explanation except that it may be a contingency. I am not saying that there may not be a contingency and that I do agree with that position, but I am merely making the point here that this is the kind of thing our committee should discuss and report to the Senate.

There is also a device in here to get around the Financial Administration Act. It may be necessary again, but it is a very serious thing when the government proposes, in effect, to amend the Financial Administration Act, which is the key act of Parliament's control of executive expenditures. It is very serious to say it is necessary, in effect, to amend the Financial Administration Act for another purpose. Surely, the proper way is to amend the Financial Administration Act itself, and put this kind of suggestion in the context of the Financial Administration Act and not in the context of a borrowing bill.

Another important reason why I believe the Deputy Leader of the Government will agree, I hope, to send this bill to the Standing Senate Committee on National Finance is that the committee itself expected to get the bill before it. All one has to do is look at the transcript of the hearings where, over and over again, senators say, "Well, of course, we will get this before us as a bill." Senator Hicks suggested that the committee report with "no comments to make concerning changes at this stage." The chairman himself said that the committee would be setting a very dangerous precedent to suggest that it had dealt with the bill, but rather should report that it was not suggesting any amendment at this stage. He said that the committee should do this in order to retain the right, when it receives the bill, to make an amendment. Senator Manning said that the tabling of the report did not prevent the committee from making any amendments in the future. The report, itself, as it came to the Senate, stated that:

> no suggested changes be made to the Bill *at this time.*

Surely, it is clear that the committee anticipated it would have the bill before it so that it could make a much more thorough report to the Senate.

● (1520)

Indeed, if honourable senators will look at our own *Hansard*, when the report came before us on March 19, the second heading is "Borrowing Authority," which merely says the chairman tabled his report. Then, if we go back to our own practice, later on in the same proceedings we find a complete and full report of the National Finance Committee appended to our proceedings. It is rather interesting, because there is always criticism when the opposition holds up a bill—which is what happened in this case in the other place—or it is held up here for other reasons. I find it very interesting that a distinguished parliamentarian, who is the Parliamentary Secretary to the Minister of State (Trade), Mr. Claude-André Lachance, intervened in the debate at a fairly late stage on April 3 and said:

> I had not planned on taking part in this debate, but what has happened in the House in recent weeks and the repeated delays responsible for the fact that we are only now studying a bill which should normally have been passed several days ago, have perhaps made me more aware of the issue concerning the borrowing authority of the government and the related question of successive budgetary deficits of the Canadian government.

In other words, he said it had been a good thing that there had been this delay and further opportunity to study the bill as it was before the house. The distinguished parliamentarian said it was a very good thing, and that now he began to realize how important is the relationship of deficit financing to borrowing.

Honourable senators, that is pretty well the case that I have made through the usual channels, and I merely say now that we on this side of the house fully appreciate the urgency of expediting the passage of the bill. There is no purpose to be gained, that we can see, in holding it up and delaying it any longer. There are advantages in perhaps expediting its passage so that, if necessary, royal assent might even be given today. The Leader for the Government may have some reaction to that.

We are aware, of course, that the government at the moment has not the borrowing authority it obviously requires. It may even be put in the position of being in breach of the Financial Administration Act if it needs the kind of borrowing that it does not have the authority to make at the present moment.

With that, honourable senators, I renew the suggestion that the bill should go to the National Finance Committee. I do not think that under these constrained circumstances we need to insist on a long written report. It would satisfy me, at least, if there were a discussion, if some of the questions I have suggested—and there may be others—could be asked, and a verbal report could be made in this case by the deputy chairman of the committee.

I renew the suggestion and pay my compliments to the Deputy Leader of the Government for the excellent and very full description of the content of the bill that he gave us, and also for his courtesy in the corridors.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Frith speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Frith: Honourable senators, as Senator Grosart has pointed out, I believe we have reached what could accurately be described as a consensus. I listened carefully to what both he and Senator Roblin said last evening and to what Senator Grosart has said today. I believe his position is well taken, on principle, that we should not encourage the view that pre-study of the principle of a bill is going to be taken as an excuse to short-circuit it by the committee when the bill itself arrives before us.

Among the many arguments that he has advanced in favour of referring this to the committee, one of the most cogent was his citations from the proceedings before the committee when it gave the subject matter of the bill pre-study. Members of the committee clearly expected they would have an opportunity to see the actual bill, ask questions about it, and consider the bill when it came before the Senate for adoption.

Honourable senators, on the three basic principles raised, I appreciate and agree with the honourable senator's position that the deficit plays an extremely important role in all aspects of government and operates, as he said, as a constraint on many programs. But it is also an inevitable corollary to acceptance of a budget that shows a deficit, since if there is a deficit one must have some way of getting the money for that deficit. However, that is also a subject which, as he said, could properly be discussed in committee.

With regard to the other two points, Senator Grosart is quite right that the carry-over provision is an attempt to solve the previous problem, and also the authority in subclause (3) to borrow in foreign currencies. These are items that should properly be established in the Financial Administration Act. As I said in my comments in support of the bill, the intention is to do just that. In that sense, this is a purely temporary measure, and we hope that Senator Grosart's suggestion will, in fact, find its expression in an amendment to the Financial Administration Act.

So, the consensus we have reached is that clearly it is advisable and desirable in principle, and in this particular case, for the committee to study the bill. The consensus that was reached with the other side with regard to our exigencies on this side related to the urgency in obtaining passage of this bill. The compromise we have reached is that we shall ask the Standing Senate Committee on National Finance to meet immediately, and I shall ask leave that the committee be permitted to sit while the Senate is sitting and convene immediately. The committee would meet in Room 356-S.

I have, at the suggestion of and with the agreement of the spokesman for the opposition on the bill, Senator Grosart, arranged for the attendance of someone from the department. Senator Grosart pointed out that we would be under some pressure to get such attendance, and he particularly mentioned an official of the Department of Finance who, he thought, could probably give information on a number of questions that were concerning him.

With that, I will be asking leave that the committee be permitted to sit while the Senate is sitting. If permission is given, I will then move that the bill be referred to committee for consideration forthwith, in the hope that the committee will have the opportunity to report it today. If that is done, we will take the steps that follow for Royal Assent.

Hon. Jacques Flynn (Leader of the Opposition): I think the normal procedure would be to give second reading to the bill, and then move that the bill be referred to committee. We would then give leave for the committee to sit.

Senator Frith: I merely wanted to make clear what elements we would need to bring about this consensus. The sequence is exactly as described by the Leader of the Opposition.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith moved that the bill be referred to the Standing Senate Committee on National Finance.

Motion agreed to.

• (1530)

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

SPECIAL INVESTMENT TAX CREDIT—CONCEPT AND DESIGN OF PROGRAM

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Murray calling the attention of the Senate to the government's *Special Investment Tax Credit Program* for areas of greatest disparity, announced in the Budget address of October 28th, 1980, and to inter-ministerial confusion in the concept and design of the program.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, just before we stand or do anything with that order, which stands in my name—and I am prepared to make an intervention on that subject at this time, to huzzas from Senator Murray, I am sure—we can proceed with that order, if it is agreeable, while we wait to see if the Standing Senate Committee on National Finance will have a report for us.

I also suggest, even before we do that, that the Leader of the Government tell us if he has anything to say with regard to any agreement that may have been reached in the other place on the subject of the resolution on the Constitution.

[*Later:*]

Hon. Lowell Murray: Honourable senators, since this was my inquiry, I just want to say that I have been waiting since February 11 for a reply. In light of this fact, I can wait another day and this will give me an opportunity to read the speech that I delivered on that long-ago date and to prepare for Senator Frith's reply.

● (1540)

THE CONSTITUTION—MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—ALL-PARTY AGREEMENT IN HOUSE OF COMMONS—STATEMENT BY LEADER OF THE GOVERNMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am pleased to report that an agreement has been reached in the other place. By House Order, all three parties have agreed on the method by which the other place will deal with the Constitution proposals. I think it is a rather encouraging agreement, having, as it does, the consent and support of all parties.

I would certainly appreciate an opportunity to meet with the Leader of the Opposition this afternoon to discuss the events in the other place, and the procedures which could possibly be agreed upon for this chamber.

Perhaps I could now describe, in capsule form, the agreement reached in the other place.

There will be a three-day debate, during which it has been agreed that each party, through its house leader, will move omnibus amendment proposals, if they choose to do so. Those will be debated during that three-day period. There will be a vote at the end of the three days.

Senator Asselin: On what?

Senator Perrault: On the amendments to the Constitution.

Then the proposals on the Constitution, as amended, will be available for the Supreme Court to study. We will then await the opinion of the court, and, following that determination by the court, at some point in the future—and the date of that event has yet, of course, to be determined—there will be a two-day debate for the purpose of discussing the proposals in light of the court's decisions and a final vote taken on the proposals.

It may be of value now to discuss in the Senate how we should proceed, and that is why I seek a meeting with the Leader of the Opposition.

Hon. Jacques Flynn (Leader of the Opposition): I think, as a matter of interest, that the Leader of the Government should mention when the House of Commons would be sitting in order to consider the amendments. My understanding is that they have set the dates of April 21, 22 and 23. Is that correct?

Senator Perrault: Honourable senators, would it be helpful to read some of the details of the motion?

Senator Flynn: I think that for the information of senators it would be.

Senator Perrault: The document reads as follows:

[Senator Frith.]

That the motion of the Minister of Justice for an Address to Her Majesty concerning the Constitution of Canada (Government Orders, Government Business, Number 36) shall be disposed of as follows:

1. The motion and any amendments proposed thereto shall be the business considered on Tuesday, April 21, 1981, Wednesday, April 22, 1981 and Thursday, April 23, 1981 and on those days no Member shall speak for more than thirty minutes.

May I point out that the house will consider these amendments after the premiers have had their conference, so that these debating days on the amendments will take place during the week following Easter.

2. No later than 6:00 p.m. on April 21, 1981, the House Leader of the Progressive Conservative Party and the House Leader of the New Democratic Party, and no later than 10:00 p.m., on April 21, 1981, the Government House Leader may give notice of one amendment to the said motion affecting one or more provisions of the motion and any such amendments shall be printed on the Notice Paper until disposed of.

That may be an omnibus resolution, encompassing all of the proposals of the parties in the other place.

3. No amendments or sub-amendments may be proposed to the said motion except as provided in the preceding paragraph.

4. At 9:45 p.m. on April 23, 1981 the Speaker shall put without further debate or amendment every question necessary to dispose of any proposed amendment an any amendment put on notice pursuant to paragraph numbered 2 of this Order which shall be deemed to have been proposed for the purpose of this Order. No Member shall rise to speak after this hour, but all such questions as must be decided in order to comply with this Order shall be decided forthwith before the House adjourns.

5. The Government shall not designate any days on which the said motion shall be dealt with until the first sitting day following the rendering of the decision by the Supreme Court of Canada on the appeals concerning the opinions of the Manitoba Court of Appeal rendered on February 3, 1981 and the Newfoundland Court of Appeal rendered on March 31, 1981 on the questions put to the said Courts concerning the amendment of the Constitution of Canada.

6. On any day that is designated for dealing with the said motion as may have been amended the hours of sitting shall be as follows:

On Mondays, Tuesdays and Thursdays: From 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 11:59 p.m.

On Wednesdays: From 2:00 p.m. to 11:59 p.m.

On Fridays: From 11:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 7:00 p.m.

Provided that on any such day no private members business or proceeding pursuant to Standing Order 40 shall be taken up.

6(a) A designated day for the purposes of this Order is a day appointed by a Minister of the Crown by written notice to the Clerk at least twenty-four hours in advance and, if necessary, such notice shall be published in a special notice paper. A day shall be deemed a designated day for the purpose of this Order regardless of whatever proceedings are before the House at any time during that day.

7. On any day designated by the Government pursuant to the preceding paragraph no Member shall speak for more than twenty minutes and no amendments shall be proposed.

Honourable senators, I am providing all of the details because I think it is important to have this in our record, whether or not it is relevant to our own proceedings here.

Senator Flynn: It is important to know.

Senator Perrault: The order continues as follows:

8. At fifteen minutes before the time of adjournment on the second day designated by the Government pursuant to the paragraph numbered 6 and 6(*a*) of this Order the Speaker shall at that hour put the motion as may have been amended. No Member shall rise to speak for any purpose after that time and all questions necessary to dispose of the said motion of the Minister of Justice shall be put forthwith without further debate.

Provided that nothing in this Order shall be considered to affect in any manner or to any degree the separation of the legislative and judicial powers, a fundamental principle of our Constitution.

That is the house order that has been adopted by all the parties in the House of Commons this afternoon.

Honourable senators, it may be useful, I think, to have a meeting involving the house leaders this afternoon.

Senator Flynn: I would just like to say that we should have meetings today. We could then probably be in a position to prepare some kind of understanding for tomorrow, before we adjourn, as to how the Senate should deal with this matter, in light of the developments in the other place.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in light of that, I think we could probably do more service to the Senate by adjourning to await the call of the bell on a report from the Standing Senate Committee on National Finance. Then, perhaps, after that we might adjourn for royal assent, if that becomes appropriate. I think the Senate would be better served by a meeting between the Leader of the Government and the Leader of the Opposition on the constitutional matter rather than by listening to Senator Murray and myself discussing the tax credit items.

Hon. David Walker: Honourable senators, may I ask the Leader of the Government whether any determination has been made as to how all the questions are to be determined by the Supreme Court of Canada? Is it by appeal from the Court of Appeal of Newfoundland, or will there be an entirely new set of questions from the dominion government?

Senator Perrault: Honourable senators, I will take that question as notice. Perhaps I will be able to bring a statement to the chamber on this matter when we reconvene later this day. I understand that meetings are taking place with the legal officials now to determine a number of questions.

Senator Walker: That is very important.

Senator Perrault: I shall endeavour to make a statement to the Senate as soon as possible.

Hon. G. I. Smith: Honourable senators, I wonder if the Leader of the Government could tell us—and I probably could have figured this out for myself if I had been able to follow carefully what he stated—the date on which the whole resolution must leave the House of Commons under this agreement or this order.

Senator Perrault: The dates which have been allocated and agreed upon as a house order in the other place are Tuesday, April 21, Wednesday, April 22 and Thursday, April 23. Those are the dates when all the amendments will be dealt with so that the court will be in a position to know, at least insofar as is possible, the final shape of the resolution on the Constitution.

Senator Smith: I take it, then, that April 23 is the date when the matter must be settled pursuant to the order of that house.

Senator Perrault: Yes, in the other place.

Senator Frith: When the form has to be settled for the court.

• (1550)

Senator Perrault: Honourable senators, it may well be, in view of points made by a number of honourable senators, that the Senate should have a period following that to debate this issue. Perhaps we should consider dates such as April 22, April 23 and 24 to consider the matter in this place. In any case, it seems to me it would be appropriate to have the Senate discuss these proposals further.

The Senate adjourned during pleasure.

At 4.45 p.m. the sitting was resumed.

BORROWING AUTHORITY BILL, 1981-82

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

[*Translation*]

Hon. Fernand E. Leblanc: Honourable senators, because of the urgency recognized by the house this afternoon and the recommendation that the Senate Standing Committee on National Finance hold a sitting, we have proceeded as requested

and have examined bill C-59, to provide supplementary borrowing authority.

[*English*]

Honourable senators, the following witnesses appeared: Mr. John Evans, M.P., Parliamentary Secretary to the Minister of Finance; Mr. S. J. Handfield-Jones, Assistant Deputy Minister, Fiscal Policy and Economic Analysis Branch, Department of Finance; and Mr. Gordon W. King, Director, Capital Markets Division, Department of Finance. There was a good turn-out of members of the committee, and the following are some of the questions that were answered by the witnesses: the relation of current cash balances to the requested borrowing authority; amendments proposed in the other place; the effect of the Financial Administration Act on foreign currency borrowing; provincial and municipal input into fiscal and monetary decision-making at the federal level; the nature of the authority requested in the contingency item of $3 billion; and other related matters.

Honourable senators, as deputy chairman of the Standing Senate Committee on National Finance, I now wish to present the following report:

April 8, 1981

The Standing Senate Committee on National Finance, to which was referred Bill C-59, "An Act to provide supplementary borrowing authority," has in obedience to the order of reference of Wednesday, April 8, 1981, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

F. LEBLANC,
Deputy Chairman.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Frith: Honourable senators, with leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time, and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

April 8, 1981

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 8th day of April, at 5.45 p.m., for the purpose of giving Royal Assent to a bill.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to provide supplementary borrowing authority

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 9, 1981

The Senate met at 3.05 p.m., the Speaker in the Chair.

Prayers.

PRIVILEGE

THE SENATE—TIME OF SITTING

Hon. Hartland de M. Molson: Honourable senators, I rise on a point of privilege which, perhaps, is also a point of order.

I know that today the leaders on both sides of this house met to make mutually satisfactory arrangements for the conduct of affairs in this chamber. That is quite proper and encouraging, and it should be the case. I believe, however, when we adjourn to 2 o'clock, or to any other time, that at that hour the bell should be rung and the members of the Senate should be able to come to their places in the chamber. If, at that point, there is some urgent business that requires the leaders to hold discussions elsewhere, the house could then be adjourned and the members fully informed as to the reason for the adjournment. What happened today, when the members of this chamber did not know what was occurring until an hour and five minutes after the time to which the Senate was adjourned, in my opinion, is not right.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I agree totally with what Senator Molson has said, and since, in practice, it is my responsibility to say when the bell shall be rung, I apologize to all honourable senators. To the extent that it is within my power to do so, I will not let this happen again.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I join with the Deputy Leader of the Government in expressing my regrets to Senator Molson, because I was a party to that decision. We thought that the delay would last only 15 minutes—as has happened previously—but we found that we could not work as fast as we had anticipated. As far as I am concerned, I think the point is well taken. Perhaps we should leave to His Honour the Speaker the responsibility of the bell.

The Hon. the Speaker: Honourable senators will no doubt expect me to rule on this matter. When I am asked to order that the Senate meet "tomorrow at 2 p.m.," it is, of course, normal for honourable senators to expect to be present in the chamber at that time. I believe the procedure that has been suggested is the right one. It does not give me more power than I already have; honourable senators should not be concerned about that.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report, dated March 1981, of the Law Reform Commission of Canada entitled "Criteria for the Determination of Death", pursuant to section 18 of the *Law Reform Commission Act*, Chapter 23 (1st Supplement), R.S.C., 1970.

Report of Eldorado Nuclear Limited and its subsidiaries, Eldorado Aviation Limited and Eldor Resources Limited, including the consolidated financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report relating to the administration of the *Farmers' Creditors Arrangement Act* for the fiscal year ended March 31, 1981, pursuant to section 41(2) of the said Act, Chapter F-5, R.S.C., 1970.

Capital and Operating Budgets of the Canadian National Railways for the year ending December 31, 1981, pursuant to section 37(2) of the *Canadian National Railways Act*, Chapter C-10 and section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-865, dated March 26, 1981, approving same.

Capital Budget of VIA Rail Canada Inc., for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-881, dated March 27, 1981, approving same.

Revised Capital Budget of the Northern Transportation Company Limited for the year ending December 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with order in Council P.C. 1981-866, dated March 26, 1981, approving same.

Report of the Canadian Egg Marketing Agency for the year ended December 31, 1980, including its financial statements and the auditors' report thereon, pursuant to section 31 of the *Farm Products Marketing Agencies Act*, Chapter 65, Statutes of Canada, 1970-71-72.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, because recently it has been our custom on Thursdays, under Notices of Motion, to discuss the pro-

gram for the ensuing week or weeks, I ask honourable senators for the opportunity to explain the subject of the meeting which delayed our sitting this afternoon. The meeting was held in an attempt to work out an arrangement for the Senate to deal with the resolution on the Constitution in response to the house order adopted unanimously in a three-party agreement in the other place.

I do not have anything concrete to report to you today on that subject, except that we are discussing a draft proposal which we intend to present to honourable senators for their approval, the exact terms of which we have not yet been able to settle. Therefore, the proposal is to consider the matter over the weekend; to meet next Tuesday before our sitting in the evening; and to have something for honourable senators to consider when we sit on Tuesday evening.

I gave notice of a motion for an adjournment until Tuesday next, at 8 o'clock in the evening, and I will, therefore, be making that motion.

I anticipate that we will sit on Tuesday next at 8 o'clock in the evening and on Wednesday next at 2 o'clock in the afternoon. I suggest that we aim to adjourn next Wednesday afternoon, since I do not think we will be required to sit on Thursday. I realize that this may create some problems for committees, but I do not know if that is the case.

I wish to inform honourable senators that I believe it will be in order for them to make plans for next Thursday on, since I do not believe that we will be sitting on Wednesday evening or on Thursday.

Senator Asselin: Until when?

Senator Frith: Then we would not sit until Wednesday of the ensuing week because, pursuant to its order, the House of Commons will begin its debate on the Tuesday of that week.

In compliance with the order in the other place, the House of Commons will commence the first stage of the amending procedure on Tuesday. According to the order, amendments have to be moved in the other place by the close of business on Tuesday.

As it looks now, we will probably agree to an order here, to respond to the order in the other place, under which the Senate will sit on Wednesday, Thursday and Friday of that week.

Hon. Jacques Flynn (Leader of the Opposition): I think it would be useful to advise the Senate, if it is known, as to what plans the House of Commons may have concerning Easter recess. I have heard that after they have disposed of the amendments on April 23, as is provided in the order which deals with the Constitution package, they may adjourn until May 11 or 12, which is two full weeks. Assuming that that is what will happen in the other place, would the deputy leader tell us what his plans are for the Senate?

Senator Frith: Honourable senators, my understanding is the same as that of the Leader of the Opposition. However, the Leader of the Government in the Senate may have some clarifying comments as to whether that is what is going to take place.

[Senator Frith.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that matter is under negotiation at the present time. As of this morning, there was discussion about the possibility of a two-week recess until approximately May 11 or 12. However, no decisions have yet been made. It is a subject of discussion with the opposition house leaders in the other place.

Senator Flynn: Assuming these circumstances, is it expected that the Senate will return at the same time as the House of Commons, or a week later?

Senator Perrault: Honourable senators, it really depends on the work which is before us. This is a matter we will discuss with the Leader of the Opposition, and I am sure that a satisfactory arrangement can be achieved.

• (1510)

QUESTION PERIOD

[*English*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— REFERENCE TO SUPREME COURT OF CANADA

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I believe this question was put yesterday to the Leader of the Government, and I am repeating it in the hope he might have a reply today. In the other place the reference to the Supreme Court of Canada seems to be on the appeal from the judgments of both the Manitoba Court of Appeal and the Newfoundland Court of Appeal. There is no indication that, if the decision of the Quebec Court of Appeal is rendered before the hearing of those other appeals by the Supreme Court of Canada, it will be included, or if the Government of Canada is to submit questions to the Supreme Court of Canada which might not be included in the references by the Government of Newfoundland and the Government of Manitoba.

In case a decision is rendered by the Quebec Court of Appeal, is it the intention to try to have a decision of the Supreme Court of Canada which would solve all the problems related to the constitutional package?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, as I stated yesterday, I hope to bring a detailed statement on the subject to the chamber as soon as possible. However, it is my understanding that the distinguished Chief Justice of the Supreme Court of Canada will be meeting with counsel to discuss the issues that the court should deal with. It is also my understanding that it will be the intention to have considered as wide a range of subjects as possible. However, it is not the intention of the government to proceed, under section 55 of the Supreme Court Act, to refer the proposals on the Constitution to the Supreme Court.

Senator Flynn: It may not be necessary, but suppose the Supreme Court is in a position to deal with all the problems that could be dealt with by way of a reference under section 55 of the Supreme Court Act?

FISHERIES

GULF OF ST. LAWRENCE—CLOSURE OF HERRING FISHERY

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government which has to do with the disturbing news that the herring fishery in the Gulf of St. Lawrence has been closed just a few days before the official opening of the season. Could the Leader of the Government find out on what basis this decision was made, and what scientific knowledge was advanced, since scientists take a long time to decide on the stocks?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Marshall: In view of the fact that just a month ago, at a seminar in Yarmouth, Nova Scotia, the most important topic of discussion had do with the future of the herring fishery, would the leader also find out why, after that discussion, the scientific knowledge was not known a month before the season was supposed to open and they are taking away the livelihood of one-third of herring seiners in Atlantic Canada, particularly in New Brunswick?

Senator Perrault: Honourable senators, that supplementary information will be sought. I do not have the requested information today.

TRANSPORT

PORT OF CHURCHILL—VOLUME OF SHIPMENTS

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question to address to the Minister of State for the Canadian Wheat Board in respect of the Port of Churchill. I suspect he is aware of the problem that appears to have arisen there regarding the volume of wheat available for shipment through that port, and the opinion expressed by the National Harbours Board that, unless the volume of wheat is increased, it might be advisable to consider the future of that port, and certainly its temporary closing. Could the minister report any progress on the development of such volume of grain to be moved through Churchill to avoid the difficulty that the National Harbours Board has made reference to?

● (1515)

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, the question raised by Senator Roblin is an important one.

Last year the volume of grain shipped through the Port of Churchill was less than that hoped for. This year the outlook is certainly for a large shipment of grain to go through that port. I do not have the figures, but I believe that the Canadian Wheat Board has stated it is able to assure that between 200,000 and 300,000 tons of grain will be shipped out of that port this year. I have held talks with the Canadian Wheat Board, and I am very much in favour of supporting the Port of Churchill in every practical way, including having the Canadian Wheat Board do everything it can, within good business practices, to see that the largest possible volume of grain goes through that port.

The Canadian Wheat Board wishes to use that port to the maximum in keeping with its duty, as the representative of the producers, to sell into markets that bring the producers the greatest possible return for their grain.

This question is being actively looked at. However, I am unable to say right now that additional grain will be shipped through that port. It is hoped that it may be possible to increase the stated amount, and to make such an announcement in a reasonable time, if it is practical.

As I understand it, the prospects for a midsummer's crop in western Canada are, in fact, excellent, and the Canadian Wheat Board is hopeful that at that time it might be able to arrange for additional shipments of grain to go through the Port of Churchill. Until there is some indication of the kind of supply that may come from this year's crop, it is not certain just how far, if at all, it may go to increase shipments through that port. That is based on the public information that it has made available.

The National Harbours Board—in other words, the Government of Canada—and the Canadian Wheat Board are really the only people who are currently standing behind the Port of Churchill. Representatives from the Government of Saskatchewan and the Government of Manitoba make many comments about the value of the Port of Churchill, but, you know, one looks for action and not only words. There should be some commitment from the provincial governments to ship products other than grain through that port. I have in mind particularly potash.

In any event, that is the Canadian Wheat Board's shipping program. The matter is under active consideration. The Canadian Wheat Board will do everything practical from a business standpoint to use that port to the fullest extent.

As far as I am concerned, as the Minister of State for the Canadian Wheat Board, and as a farmer, I do not want to be a fair-weather friend of Churchill. Usually, grain shipped through the Port of Churchill has returned a higher price to the producers than has grain shipped through the Port of Thunder Bay. In certain circumstances, it may be more expensive to ship grain through the Port of Churchill—and it has been more expensive to ship grain through the Port of Churchill—but I feel that that port should be supported even though on some occasions it might mean a net cost to the producers; in other words, a lower final payment.

As I have stated, I believe that the Port of Churchill is good for the grain industry and is good for Canada over the long period. I hope that circumstances develop that make it possible

for the Canadian Wheat Board to ship larger quantities of grain through that port this year.

• (1520)

Senator Roblin: I suppose I have to continue my questioning, in view of the minister's reference to the attitude of the province toward Churchill. Up to that point I was with him, but he quickly lost me when he began to trespass on that particular area.

I asked the minister if he could possibly find out for me what quantities of grain are estimated to be available for shipment through Churchill in its natural tributary territory in northern Saskatchewan. Because the future of the port is not only a function of the grain that can be made available to go through it, but also a function of whether the customer will take delivery through Churchill, I also asked whether the minister will ascertain from the members of the Canadian Wheat Board their opinion about the prospects of obtaining sufficient sales for delivery through Churchill that will match both the supply of grain and the capacity of the port.

With regard to the question of the Port of Churchill itself, in the interests of accuracy, I must inform the minister that the Province of Manitoba has spent millions of dollars—I repeat, millions of dollars—on the infrastructure and on other facilities and amenities in the Churchill district. I think it unfair to indicate that the province is a fair-weather friend or is uninterested in the future of that port. The Province of Manitoba has always supported the On-To-The-Bay Association, as I am sure my honourable friend is aware.

The fact of the matter is that, with regard to the Province of Manitoba—Saskatchewan can speak for itself—the only volume commodity that is available to justify the use of the port is grain. If grain cannot move through it, any other commodity will have difficulty. Studies have been made with regard to the possibility of pulp and other natural products going through that port. I must tell my honourable friend that, as compared to the movement of grain, no other product is remotely as economic. Potash may be another matter. Manitoba has no potash mines at the present time, so I will reserve any comments on that. However, I think it is unfair of the minister to indicate that the Province of Manitoba, for one, is not interested in this topic.

Senator Argue: I receive a lot of advice from the government out there, but I think the proof of the pudding is in the eating. It would be nice to see some real action undertaken to help move other commodities through that port. Although the figures I have given to Senator Roblin are approximate, they are accurate. With respect to the use of the Port of Churchill for the shipment of grain this year, as I understand it, there is no problem with the sales end. It is a question of supplies and of encouraging prospects for a good crop this summer and, for that matter, the entire year. With good prospects, the farmers would be much more likely to commit the amounts of grain that are necessary for the use of the port.

Senator Roblin: I hope that is the case. However, I must tell the minister that the basis of my concern is the statement reported by the Canadian Broadcasting Corporation, and alleged to have been made by the Chairman of the National Harbours Board, to the effect that, with respect to this year, the port should remain closed unless the Wheat Board can increase the 250,000 tonnes of grain presently marked for export through Churchill.

I suppose my principal question is: Will the minister report to the house as to the prospect of increasing this quantity of 250,000 tonnes to be exported through Churchill? Will he emphasize, with all concern, the desirability of making sure that happens?

Senator Argue: I think I have answered that question accurately. There is no dispute about the amount of 250,000 tonnes. The Wheat Board is hopeful that it may be possible to increase that slightly, even under present circumstances. If, by June, a good crop is indicated, the Wheat Board feels that it can look at the entire situation with some hope of having a further quantity of grain committed through the Port of Churchill for the fall.

With regard to the statement by the Chairman of the National Harbours Board, or anybody else, to the effect that the Port of Churchill should be closed, I think that is incorrect advice. Closure of the port should be resisted, and I do not think anybody should agree with that proposal. I certainly do not agree with it.

Some Hon. Senators: Hear, hear.

Senator Argue: In my opinion, that kind of idle threat is of no help to the Port of Churchill.

• (1525)

Senator Roblin: Of course, that is what my honourable friend ought to say, and I hope that he says the same thing to the Chairman of the National Harbours Board. What puzzles me is that the minister just told the house that there is no problem in obtaining orders. Does he mean to say that, no matter what the harvest is in western Canada, all they can find is 250,000 tonnes of wheat to go through that port? He cannot mean that.

Senator Argue: I did not say that.

Senator Roblin: In that case my honourable friend, as usual, has succeeded in confusing me completely. I may be easily confused—I probably am easily confused—but I can tell my honourable friend that he is an expert at confusing, and could confuse anybody about anything.

Senator Argue: If that is the case, then my friend is a very good pupil. I said there would be shipments of 250,000 tonnes, that there would be an increase if at all possible and that, if there is a good crop, a further increase. However, if the honourable senator wants the information in bushels, he will not get it from me because I cannot forecast what the crop will be, and I will not attempt to give figures on how much grain the Wheat Board is likely to put through that port. The answer was very accurate, very factual, and I do not think that anything more can be said at this time, unless somebody

wishes to mislead somebody else, and I am not trying to do that.

Hon. Joseph-Philippe Guay: I have a supplementary question for the Minister of State for the Canadian Wheat Board. Is there any particular reason why we cannot be assured that there will be not only a modest increase but a sizable increase in shipments of grain through the Port of Churchill in order to guarantee its future?

Senator Argue: Honourable senators, consideration must be given to the question of the availability of grain along the rail lines adjacent to the port and the feeder lines which would allow for an interchange to take place. The Wheat Board, which, I believe, knows its business, believes, on the basis of its available supplies, that at this time it is impossible to make a larger commitment. I do not know of anybody who knows the business of the Wheat Board better than the Board itself, and that is the information I received.

Senator Guay: Honourable senators, it would be most unfortunate if we were to take the same attitude toward the Port of Thunder Bay. Why can we not take a positive attitude and say that everything possible will be done to ensure the future of the Port of Churchill?

Hon. Senators: Hear, hear.

Senator Argue: It is great to hear loud applause from the other side. The Canadian Wheat Board has calculated that if it were to double the current prospects of the shipments of grain to the Port of Churchill, without taking into consideration anything else, it would cost the Board an additional $6 million or more. As the minister responsible for the Canadian Wheat Board, I am not prepared to commit the pocketbooks of western wheat producers to a payment of $6 million. That port must be economically viable, and I believe that in the long term it will be economically viable. I also believe that the Wheat Board would be making a grave mistake if it were to use that port to its maximum capacity at all times, no matter what the cost. No other business firm in this country would even consider using an uneconomic facility.

I do not believe the facility there is uneconomic. I believe that the Port of Churchill is a good facility, but it does not have too many friends in places where it counts. However, I think it would be silly to spend $6 million to support the port for one year because that money will have to be paid by the grain producers of western Canada. If we force the western producers to contribute $6 million to the use of that port while nothing is contributed by the Government of Manitoba or the Government of Saskatchewan, then the only friends which the Port of Churchill has, namely, some western producers, will be lost. I am a friend of the Port of Churchill.

Senator Guay: Honourable senators, I am also a friend of the Port of Churchill. However, I feel that the same hand which supports the Wheat Board is also helping to keep that port open through dredging operations, and so on, which cost millions of dollars. Since it is costing the federal government so much money to keep the port open, I believe the government should make full use of it, even though it may cost the Wheat Board an extra $6 million.

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. On July 14, 1980, he expressed his personal support for the consideration of the request by the City of Winnipeg for assistance for its convention centre. At the time, he commented that Senator Guay would be exerting all the strength he could muster—and we all know that is a lot—within the government caucus in order to try to obtain such aid, and promised that Senator Guay's efforts in that regard would have his full support. I am now wondering whether the leader is able to tell us if he and Senator Guay, in exerting all the strength they could muster in caucus, have yet succeeded in obtaining any funding whatever for Winnipeg's convention centre.

● (1530)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I want to say that I attended a convention at the Winnipeg convention centre a fews months ago. It is a marvellous facility, and it is greatly to the credit of the people of Winnipeg and Manitoba, in general, that it came into existence. I have directed inquiries to the appropriate sources in government to try to determine whether there is additional aid available for that facility. It was, I understand, constructed before the trade and convention centre program was launched by the federal government. Now, whether there are plans under way to improve or to enhance the facility, I do not know. Certainly, I would support the proposition of federal help for efforts of that kind.

I want to confirm the fact that Senator Guay has been unceasing in his efforts to help Manitoba and in his support of all the initiatives which have been undertaken on behalf of that great province.

Senator Nurgitz: Honourable senators, I am sure that Senator Guay is always unceasing. It was for that reason that I asked the question.

I have a supplementary. In October of last year the Minister of State (Small Businesses) wrote to the Mayor of Winnipeg saying that, because of commitments to Vancouver, Toronto and Montreal, further requests for convention centre assistance could not be entertained for three or four years. Is the leader able to confirm that, despite the minister's letter, financial assistance totalling some $10.8 million has since been granted to Halifax, Windsor, Hamilton and Charlottetown?

Senator Perrault: Honourable senators, the question will be taken as notice, and I would appreciate receiving from the honourable senator copies of letters which may help me in my efforts to try to make known here the further needs of that particular facility.

Senator Nurgitz: I do have copies of that correspondence.

As a further supplementary, I wonder if the leader is able to confirm that, in the case of Windsor, government assistance will allow, for example, the renovation of an existing centre, which appears to run counter to what I, at least, thought was government policy, namely, that existing facilities would not receive any funding.

Senator Perrault: That will be part of the inquiry that will be made of the Department of Industry, Trade and Commerce, and that information will be sought.

As I stated earlier, I think this is a case where it appears that the centre was built before the national convention centre program became operative. In a sense, it is unfortunate that the Winnipeg centre was built as early as it was. Whether anything can be done after the fact, I do not know. Certainly, it is unlikely and I do not want to hold out that promise.

A number of requests have come in from various cities in Canada for aid for trade and convention centres. I think it can be said generally that governments have programs which may appear, initially, to favour one province over another. For example, one must remember that there has been enormous federal government investment in power projects in the province of Manitoba, and that specific kind of aid has not been available to certain other provinces. In many ways, the federal government has been very attentive to the needs of the province of Manitoba.

FOREIGN AFFAIRS

LEBANON—CANADIAN PARTICIPATION IN PEACEKEEPING

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate.

Has the Canadian government been approached with regard to participating in a possible peacekeeping force in Lebanon, and if not, what is the government doing to help the situation in that country?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can appreciate the honourable senator's concern about the situation in Lebanon. We have a late report that came in this afternoon. A ceasefire has gone into effect in both Zahlé and Beirut, and so far appears to be holding. The Lebanese police have taken control of the principal entrances to Zahlé, at least provisionally. Talks are reportedly going ahead concerning arrangements for deployment of the Lebanese army to Zahlé. Our embassy in Beirut continues to function without difficulty. It is situated in a part of west Beirut which is relatively quiet. The Secretary of State for External Affairs today issued a press release on this subject. This covers the points on which the honourable senator has requested information. It is very short, and is as follows:

> The Secretary of State for External Affairs, Dr. Mark MacGuigan, today expressed grave concern at the recent outbreak of violence in Lebanon. The large number of reported cases of injury and death of innocent civilians is particularly distressing and must not be allowed to continue.

[Senator Nurgitz.]

> Canada calls upon all parties to the conflict to refrain from further hostilities and to respect the ceasefire. Canada also urges the parties to respect the duly constituted authorities, to negotiate an end to their differences and to work toward restoring stability in Lebanon.
>
> These points are being brought to the attention of the Lebanese and Syrian governments as well as to others concerned.
>
> Dr. MacGuigan announced that if an appeal for assistance to Lebanon were launched by an internationally recognized humanitarian organization, sympathetic consideration would be given to any request for assistance from Canada.

There is no immediate information about the possibility of further Canadian assistance to a peackeeping force in that particular area.

THE SENATE

FAMEE FURLANE CLUB OF TORONTO—INABILITY TO ATTEND DELAYED SITTING

Hon. Peter Bosa: Honourable senators, may I put another question to the government leader on an unrelated matter?

In an endeavour to encourage a greater sense of awareness among minority groups with regard to the political process on Parliament Hill, I had as my guests today some 50 senior citizens who are members of the Famee Furlane Club of Toronto. They were accompanied by Mr. John Sacilotto. The senior citizens were looking forward to seeing the Senate in session. I was wondering whether the leader was aware that because of the delay in the sitting of the Senate these people missed Question Period, as they had to take the bus back to Toronto.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I know all honourable senators share Senator Bosa's regret, on hearing that this group came especially from Toronto to see the Senate in operation and were disappointed when we did not sit at 2 p.m. I hope that the Honourable Senator Bosa will extend to these good Torontonians our regret at the delay in the beginning of today's proceedings.

THE PUBLIC SERVICE

EMPLOYMENT OF THE DISABLED AND HANDICAPPED

Hon. Robert Muir: Honourable senators, I would like to direct a question to the Leader of the Government.

The major recommendation of the Special Commons Committee on the Disabled and the Handicapped was that companies with more than 100 employees bidding on government contracts worth more than $20,000 would be required to show evidence of an acceptable hiring program for the disabled. Yesterday the Minister of Supply and Services said that he would not meet that recommendation.

Would the leader inquire as to whether, in this International Year of the Disabled, the government intends to honour any of the recommendations made by the special committee; and, further, would he appeal to his colleague to reverse what, in my opinion, was his rather hasty decision on this critical situation?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

Senator Muir: I thank the Leader of the Government in the Senate.

I have a supplementary question that the Leader of the Government can also take as notice, if he prefers.

The Minister of Supply and Services, through this deplorable action and decision, has cast a cloud over the usefulness of special parliamentary committees such as the one on the disabled and handicapped. May I ask the leader if Parliament can expect that, in future, the government will be more open-minded to recommendations of committees created on its own initiative? Otherwise, I think the public will see such committees as no more than window-dressing if we do not act on some of their excellent recommendations.

Senator Perrault: Honourable senators, the report produced by the committee in the other place on the subject of the disabled in Canada, in my opinion, is one of the finest reports ever produced in Parliament. Chaired by a member of the government party, its efforts were admirably supported by members of the official opposition. It was a first-rate example of parliamentarians working together to study one of the real concerns in society. I want to assure honourable senators that the government will not be found lacking in its determination to implement many of the report's recommendations.

● (1540)

Senator Muir: Honourable senators, I am pleased to hear that reply from the Leader of the Government. I can take that as an assurance that he will lobby his colleague, the Honourable Jean-Jacques Blais, to reverse this, as I said previously, very hasty decision not even to think it over for a little while. I can assume that the Leader of the Government will prevail upon the honourable gentleman to change it.

Senator Perrault: The honourable senator has stated that a hasty decision was taken. I have yet to read Mr. Blais' statement on the subject, if indeed he issued a statement. I do know him as a rather compassionate Canadian, and I have always found that particular minister to be very sensitive to human needs. So I would not wish to make an unfair judgment on a situation of which I have no direct knowledge.

Senator Flynn: Is he different from any other member of the cabinet?

ENERGY

REVIEW OF NUCLEAR INDUSTRY

Hon. Heath Macquarrie: Honourable senators, I should like to direct a question to the Leader of the Government concerning our very important nuclear industry, which is based on the figure of $2.5 billion and involves 40,000 employees, and which now seems to be facing great difficulties.

I am particularly interested in the internal review about which the minister in charge of that activity has been talking. I should like to ask when that review will be made public and if it is designed to look into the diminution of safeguards as a device and technique whereby Canada may improve its sales of reactors abroad.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that question will be taken as notice.

NUCLEAR INDUSTRY—SAFETY STANDARDS

Senator Macquarrie: May I ask the government leader if, in his research, he will also look at the other aspect whereby we learn that the Canadian government is seeking international support for the raising of standards under IAEA, which would seem to be a preferable suggestion to the one to which I have just alluded?

Senator Perrault: That question will also be taken as notice.

TRANSPORT

AIR CANADA—MONTREAL-TORONTO—FARE REDUCTION

Hon. Jack Marshall: Honourable senators, I should like to address a question to the Leader of the Government concerning the interesting announcement by Air Canada that it is going to reduce by $40 its fare between Montreal and Toronto. While I am happy for the many thousands of people who travel between those two points, it is difficult to reconcile how the company is only following the lead—it is supposed to be the main airline in Canada—of Nordair and CP Air. The company is always asking for an increase because it says its expenses are too high. How can the company suddenly decrease by $40 the fare between Montreal and Toronto? Why, in the name of all that's decent, did the company not do it before, instead of increasing it by $40; and why is it not now decreasing its fares to other points in Canada, to which many people cannot afford to travel by air?

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I am not in possession of any statement with respect to Air Canada's air fare pricing policy, so the question must be taken as notice.

FOREIGN AFFAIRS

AFRICA—CANADIAN PARTICIPATION IN HUMANITARIAN ASSISTANCE PROGRAMS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Macquarrie yesterday concerning the African Refugee Conference.

The conference called by the UN General Assembly, with the Organization of African Unity and United Nations High Commissioner for Refugees, has as its main objective the mobilization of additional humanitarian relief for refugees throughout Africa.

Canada has announced at the conference a contribution of $22.4 million as follows: $16 million on emergency food aid to countries where the refugee problem is most acute—Ethiopia, Somalia, Sudan and Uganda; and $6.4 million on international humanitarian assistance to programs of different international agencies responding to highest priority needs—and the exact allocation has not yet been determined.

I am able to advise honourable senators that Canada will also continue to encourage the participation of Canadian non-governmental organizations in refugee assistance projects through matching grants.

Hon. Senators: Hear, hear.

[*Translation*]

THIRD WORLD—CANADIAN AID

Senator Asselin: Mr. Speaker, I have a supplementary question concerning what the Leader of the Government has just said. What percentage of the gross national product will this government allocate to international assistance programs this year? If I am not mistaken, last year, when I was responsible for international assistance as the Minister of State responsible for CIDA, this percentage was 0.4½ per cent of the gross national product. This represented a decrease from previous years, when it had been 0.6 per cent. Does the government intend to increase this percentage in view of the present problems in the Third World?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not yet have the exact percentage figure, for this year, of aid which has been designated for international relief and assistance, but the question will be taken as notice and the information will be provided for honourable senators when it is received.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith:

That an Address be presented to Her Majesty the Queen respecting the Constitution of Canada; and

On the motion in amendment thereto of the Honourable Senator Yuzyk, seconded by the Honourable Senator Tremblay, that the motion be amended in Schedule B of the resolution by inserting immediately after Clause 28 the following:

[Senator Perrault.]

"28.1 Notwithstanding anything in this Charter, the rights and freedoms set out herein are guaranteed equally to men and women."—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask that this order, standing in my name, stand in the name of Senator Lang.

Hon. Senators: Agreed.

Order stands.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Smith calling the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (the British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submit that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.—(*Honourable Senator Flynn, P.C.*).

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I understand that Senator Cook is prepared to speak on this order; therefore I ask that it stand in his name.

Hon. Senators: Agreed.

Order stands.

AGRICULTURE

COMMITTEE AUTHORIZED TO INVITE MINISTER OF STATE FOR THE CANADIAN WHEAT BOARD TO APPEAR AS WITNESS

Hon. Harry Hays, pursuant to notice of Wednesday, March 25, 1981, moved:

That the Standing Senate Committee on Agriculture be authorized to invite the Minister of State for the Canadian Wheat Board to appear before it to discuss matters arising out of his responsibilities for the *Canadian Wheat Board Act*, the *Western Grain Stabilization Act* and the Grains Group.

Senator Flynn: Has the minister invited the invitation?

Senator Roblin: Will he accept?

Motion agreed to.

● (1550)

CANADA-UNITED STATES RELATIONS

HAZARDOUS WASTE—ESTABLISHMENT OF DISPOSAL SITE AT CROOKSTON, MINNESOTA

Hon. Joseph-Philippe Guay: Honourable senators, I intended to ask this question earlier today but I had to make a telephone call to verify certain information.

I have just learned that the Government of the United States intends to place a disposal site in Crookston, Minnesota, a location which might affect the province of Manitoba. Would the Leader of the Government confirm whether there is any truth to that particular statement?

It is also my understanding that mention was made of this matter in the *Globe and Mail* of today.

If this is, in fact, the intention of the U.S. government, I would consider my question to be a very important one and not one that can wait for a response. I believe we ought to know what the situation is immediately.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, only with leave of the house could I answer a question of that kind.

Senator Flynn: If you have something to say.

Senator Perrault: It would mean reverting to Question Period.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Perrault: Honourable senators, I confirm that there was a report in the *Globe and Mail* of today that a proposed hazardous waste site in Crookston, Minnesota could be dangerous for Canada, as both the Roseau River and the Red River run north from Crookston into Manitoba.

I can assure Senator Guay, Senator Roblin and others from that province that deliberations in Minnesota concerning this hazardous waste disposal site are at a preliminary stage. The proposed site in Crookston is one of many possible sites under consideration.

Officials of Environment Canada and the Canadian Consulate in Minneapolis are monitoring developments and will keep us informed when a decision appears imminent and as to what effect, if any, the selected site may have on Canada. At that time we shall be in a better position to evaluate the situation and to approach the United States government for additional information, if that appears necessary.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of Wednesday, April 8, 1981, moved:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 14th April, 1981, at eight o'clock in the evening.

Motion agreed to.

The Senate adjourned until Tuesday, April 14, 1981 at 8 p.m.

THE SENATE

Tuesday, April 14, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

AUDITOR GENERAL ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-64, to amend the Auditor General Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

● (2000)

CANADA POST CORPORATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-42, to establish the Canada Post Corporation, to repeal the Post Office Act and other related acts and to make related amendments to other acts.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be placed on the Orders of the Day for second reading later this day.

Hon. John M. Godfrey: Honourable senators, as Senator Grosart did a few weeks ago, I think I should draw your attention to rule 3, under which, if we are going to suspend the rules, particularly in respect of such an important bill as the Canada Post Corporation Bill, we should be given an explanation for doing so.

Senator Perrault: Honourable senators, the matter has been discussed with the opposition in this chamber and it has been agreed that it would be appropriate to have the second reading explanation of this particular bill given this evening. This process of seeking leave in no way suggests that there will be any attempt by the government to prevent the bill being referred to an appropriate committee, should the Senate so decide—in this case, perhaps the committee chaired by the distinguished Honourable Senator Smith. This proposed procedure was discussed with the official opposition.

Hon. Jacques Flynn (Leader of the Opposition): Of course, we should all recognize that it was the committee chaired by the distinguished Senator Godfrey which studied this measure previously, and that may be the reason he has spoken on the point. He probably also wishes to discharge my responsibilities, as he seemed to intimate he would be doing from now on. However, as the Leader of the Government has already said, the idea of moving second reading later this day is simply to give the sponsor of the bill the opportunity of explaining it tonight. The understanding reached was that Senator Grosart would adjourn the debate until tomorrow, so that we would have a few hours to think about the matter.

Senator Godfrey: Now that Senator Flynn has informed the Senate of the reason for the arrangements, I have no objection whatsoever.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Hicks: No.

The Hon. the Speaker: No?

Senator Hicks: No.

The Hon. the Speaker: Leave is not granted, in which case two days' notice of second reading must be given.

● (2010)

Senator Perrault: Honourable senators, there was at least a hope that it would have been possible to adjourn on Wednesday evening for the Easter recess, but, under the circumstances, leave not having been granted, I shall have to move that the bill be placed on the Orders of the Day for second reading on Thursday.

Hon. Henry D. Hicks: I did not hear the honourable leader's motion as to when the bill would be placed on the order paper for second reading.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, to move the second reading of a bill, two days' notice is required. Under the rules, if leave is not granted, there must be one day intervening between the day notice is given and second reading. Therefore, in this case notice must be given because leave has not been granted, and

second reading will have to be on Thursday. Of course, we could ask for leave to give one day's notice, and then, if granted, second reading could be moved tomorrow; but, without leave, second reading can only be dealt with on Thursday.

Hon. Allister Grosart: Honourable senators, I rise on a point of order, which is similar to a point of order raised recently by Senator Godfrey. On an occasion not very long ago I raised the point that we have a rule which requires that not only the rule to be suspended be stated but also that the reason be given for the suspension. On that occasion I pointed out the difficulty the Senate has faced over the years in convincing those who have a say in the proceedings of the Senate to observe this rule. At the time I indicated that the matter before us then was a case in point and, clearly, here is another case in point.

I have been informed that discussions have taken place between the Leader and Deputy Leader of the Government, and the Leader and Deputy Leader of the Opposition, which is quite usual and quite proper. However, as Senator Godfrey has suggested, there should be a full explanation. It is easy to say that there has been a discussion, and then to give the reason. I believe I know the reason in this case. I hope I am not out of order in suggesting that reason, but I believe it may be helpful to the situation which the Senate now faces.

The reason is the hope that this bill will be taken into consideration before the Senate rises for the Easter recess, so that it can be dealt with rather expeditiously as soon as we reconvene after the recess. I am quite sure that Senator Godfrey was not aware of the arrangement, and I am inclined to think that Senator Hicks was also uninformed.

Senator Hicks: Certainly.

Senator Frith: The explanation was given.

Senator Grosart: It was not given. I suggest that the real reason was not given—that there was some desire to expedite this bill, but not to push it through today and tomorrow. While I realize that an agreement was reached in the corridors through the usual channels, I suggest, once again, that at the time leave is asked we must be given, according to the rules, a full and complete explanation of why leave is requested. If we follow this procedure, I am quite sure we will not run into these situations. I leave it to Senator Hicks to say whether I am correct in my interpretation.

Senator Hicks: I do not wish to be unnecessarily arbitrary in this matter, honourable senators, but this is a bill in which I have been seriously interested for some years, because it has been a long time coming to this chamber. I wish to have the chance to look at it and the opportunity to say something about it. If, by granting leave, second reading is moved later this day and the debate adjourned until I have had an opportunity to bring myself up to date on the bill, I am prepared to withdraw my objection to suspension of the rule. However, I believe that Senator Grosart has raised a valid point: we ought to be given the opportunity to learn why this urgency exists. After all, this bill does not deal with something which involves a great national emergency. This bill brings about something which we have been trying to do in Canada for at least the last three years. If someone will tell me why we cannot wait another two or three days to consider it, I will be glad to reconsider my objection to proceeding with second reading later this evening.

• (2015)

Senator Perrault: Honourable senators, I think the point has been taken validly that the precise reason for the request for leave to be granted should have been stated at the outset. However, I do think that most of the arrangements we make in the Senate are based on a good deal of reason, common sense and an excellent spirit of co-operation. In this case, it was the consensus that it would help honourable senators in considering the merits, or even the demerits, of this Post Office proposal to have the explanatory second reading speech made this evening by Senator Denis.

Before Senator Hicks intervened, I had felt that an adequate explanation had been given.

Senator Hicks: To whom?

Senator Perrault: I hope that honourable senators now understand the reason for this initiative.

Senator Hicks: It was not given to me.

Hon. Azellus Denis: Honourable senators, I was aware of the understanding with respect to this bill. I was told that the other place would like second reading as soon as possible because, as Senator Hicks has said, we have been waiting years for the passage of this bill. In particular, the unions are very anxious to have the debate on this bill commenced before Easter. I am told that the postmen are negotiating, and they might believe that it is only a fake as far as we are concerned, and that we are not interested in passing the bill.

The postal employees and unions are asking for passage of this bill as soon as possible, and I think there is good reason to commence the second reading debate this evening. If Senator Hicks wants to study the bill more closely, he will have the opportunity to read the introductory speech, and to prepare his argument and criticism.

Senator Hicks: I withdraw my objection so that the motion for second reading may be put tonight, on the understanding that the debate will be adjourned in order to give honourable senators an opportunity to contribute later on.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Lists of Census Commissioners compiled as of March 23, 1981 for the 1981 Census of Canada, issued by the Department of Supply and Services.

Document entitled "Guide canadien de rédaction législative française", First Edition 1980, issued by the Department of Justice (*French text*).

Report of operations under the *Fisheries Development Act* for the fiscal year ended March 31, 1979, pursuant to section 10 of the said Act, Chapter F-21, R.S.C., 1970.

Report of the Freshwater Fish Marketing Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended April 30, 1980, pursuant to section 33 of the *Freshwater Fish Marketing Act,* Chapter F-13, and sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Capital Budget of the Freshwater Fish Marketing Corporation for the financial year ending April 30, 1981, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1980-2440, dated September 12, 1980, approving same.

Report on operations under the *Clean Air Act* for the fiscal year ended March 31, 1980, pursuant to section 41 of the said Act, Chapter 47, Statutes of Canada, 1970-71-72.

● (2020)

UNITED STATES OF AMERICA

SPACE SHUTTLE *COLUMBIA*—FELICITATIONS ON SUCCESS OF MISSION

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I would have thought the Leader of the Government would have had a word to say about the successful completion of the *Columbia* space shuttle mission. I am sure we were all extremely pleased with, and impressed by, its extraordinary accomplishment. We wish to express our pleasure and congratulations to the President and people of the United States, and also our pride in having had something to do with it.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): I know that all honourable senators appreciate the initiative shown this evening by the Leader of the Opposition in drawing to our attention this major technological achievement. It should be noted, as was inferred by Senator Flynn, that some of the components for this further successful conquest of space were provided by Canadians and Canadian companies employing Canadian technology, and we take special satisfaction in that.

Hon. Senators: Hear, hear!

[Senator Perrault.]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—NOTICE OF MOTION RESPECTING DISPOSITION

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Wednesday, April 15, I shall move:

That the motion of the Honourable Senator Perrault, P.C., for an Address to Her Majesty concerning the Constitution of Canada shall be disposed of as follows:

1. The debate on the said motion and any amendments proposed thereto as herein provided, shall be adjourned to Thursday, April 23, 1981, and may be debated between 2.00 p.m. and 6.00 p.m. and between 8.00 p.m. and 10.00 p.m., and on Friday, April 24, 1981, between 10.00 a.m. and 12.00 noon.

2. No amendments or sub-amendments may be proposed to the said motion except those moved by the Leader of the Government and the Leader of the Opposition in the Senate on Friday, April 24, 1981, as provided hereinafter.

3. The question on the amendment to the motion, moved on March 26, 1981, by the Honourable Senator Yuzyk shall not be put except as herein provided.

4. The Order to resume the debate on the main motion shall be called at 10.00 a.m. on Friday, April 24, 1981, and, notwithstanding any other motion in amendment thereto, the Leader of the Government in the Senate shall forthwith be given the floor to move any amendments to the said Address adopted by the House of Commons on Thursday, April 23, 1981, pursuant to the Special Order adopted by that House on April 8, 1981; and no amendments may be moved to such amendments, but the Leader of the Opposition may, immediately after the said motion of the Leader of the Government, move any amendment to the said motion for an Address; and both the amendments of the Leader of the Government and the amendment of the Leader of the Oppositon may be debated at the same time but without further amendment.

5. Every question necessary to dispose of any amendments moved by the Leader of the Government or by the Leader of the Opposition in the Senate of the motion in amendment by the Honourable Senator Yuzyk, if it is still before the Senate, shall be put, in that order, no later than 12.00 noon on Friday, April 24, 1981.

6. There shall be no debate after April 24, 1981, on the said motion until a day named by the Leader of the Government in the Senate pursuant to the following paragraph of this Order.

7. After the Supreme Court of Canada has rendered a decision on the appeals concerning the opinion of the Manitoba Court of Appeal rendered on February 3, 1981, and on the opinion of the Newfoundland Court of Appeal rendered on March 31, 1981, on the questions

put to the said Courts concerning the amendment of the Constitution of Canada, the Leader of the Government may, by rising in his place and informing the Senate thereof, name two days on which the said motion shall be debated by the Senate.

8. At 6.00 p.m. on the second day named by the Leader of the Government pursuant to the preceding paragraph of this Order, the Speaker shall interrupt any proceedings and, without further debate, put every question necessary to dispose of the said motion. No Senator shall rise to speak after this hour, and all such questions as must be decided in order to comply with this Order shall be decided forthwith before the Senate adjourns.

9. The provisions of this Order shall prevail notwithstanding any rule or practice of the Senate to the contrary.

10. Nothing in this Order shall be considered to affect in any manner or to any degree the separation of the legislative and judicial powers, a fundamental principle of our Constitution.

Honourable senators, the purpose of this motion is to implement in the Senate the all-party agreement that Parliament should not vote on the motion for a Joint Address until the Supreme Court of Canada has ruled on its constitutional acceptability—a condition, honourable senators will remember, that was insisted upon by many honourable senators during the debate in this place. That is the main purpose.

Next, I wish to explain the key elements of the all-party agreement that was reached a couple of weeks ago. The first element is that the Supreme Court should have before it the form of the resolution to be voted upon in its finally amended form after the court's ruling; and the second is that the time for debate and vote on that resolution, as so amended, be agreed upon and fixed by order.

Next, the procedural corollaries to the purpose, and to those key elements, are as follows: In the House of Commons the foregoing historic agreement found expression in a unanimous house order that meant an end to amendments except omnibus amendments proposed on behalf of each party by the party's house leader. Each member of the House of Commons, for this exceptional occasion, subordinated his or her individual right to propose amendments to the right of his or her party to do so; so that he or she had to work out his or her individual wishes in the party caucus for eventual expression in the house by the party leadership.

● (2025)

The second procedural corollary to that all-party agreement finds its expression in the Senate, in the motion for a Senate order, notice of which I am giving now, under rule 45(1)(a), (h) and (i).

Honourable senators, the motion is meant to reflect in the Senate the order unanimously accepted in the House of Commons on the recommendation of the leadership of the three parties. The wording of the motion has been discussed over a period of days with the leadership of the opposition in this house, and the government leadership and the opposition leadership have agreed that this is, and should be clearly considered as, a very exceptional order, in order to meet very exceptional circumstances.

Beyond that I do not speak for the opposition leadership, who will speak for themselves tomorrow, along with any other honourable senators who may have discussed it in their caucuses, and who may wish to participate in the debate when the motion is called tomorrow.

The exact wording of the motion will appear in both languages in today's *Debates of the Senate*, which we hope to have on honourable senators' desks in their offices as early as possible tomorrow.

We hope to debate the motion and to have the question put tomorrow afternoon. If it is disposed of then, we propose—and part of this appears in the proposed order in the motion—to honourable senators that we sit as follows: tomorrow, Wednesday, April 15, from 2 p.m. to 6 p.m., in the hope that the question will be put on this motion before adjournment. We would then adjourn at 6 o'clock tomorrow afternoon, or before if we are through with our business, until Thursday, April 23, when we shall sit from 2 p.m. to 6 p.m., and from 8 p.m. to 10 p.m. On Friday, April 24, we shall sit from 10 a.m. until 1 p.m., and the question will be put on any motions in amendment no later than noon on that day. That will be approximately half a day after the House of Common disposes of their amendment to the resolution, because their house order requires disposition on the Thursday.

It is then proposed, honourable senators, at 1 p.m. on Friday, April 24, to adjourn until Tuesday, May 19, at 8 p.m. That will be one week after the date to which we believe the House of Commons will adjourn. I believe that on Thursday, April 23, the House of Commons will adjourn until Tuesday, May 12. According to my present information, we will not have enough business from them to justify our sitting the three days that week, and, therefore, unless something changes, we will propose to honourable senators that our adjournment on Friday, April 24, will be to Tuesday, May 19, at 8 p.m.

● (2030)

Honourable senators, I shall not read every word of the motion. Essentially, the first paragraph sets aside those two days next week for dealing with the motion. The second paragraph provides that in this chamber, as in the other place, no amendments or sub-amendments may be proposed to the said motion except those moved by the Leader of the Government and the Leader of the Opposition in the Senate.

The third provision is that the question on the amendment to the motion moved by Senator Yuzyk on March 26, 1981, not be put, except as herein provided—and we provide for that; that the order to resume the debate be called at 10 o'clock in the forenoon on Friday and, at that time, the Leader of the Government in the Senate be given an opportunity to propose to the Senate a motion in the wording adopted by the other place on the previous day. We will then proceed to have the

Leader of the Opposition propose any amendments in an omnibus form. Those amendments may be debated at the same time but without further amendment.

Every question necessary to dispose of any amendments moved by the Leader of the Government or the Leader of the Opposition in the Senate, and the motion by Senator Yuzyk, if it is still before the Senate, will then put in that order no later than noon on Friday, as I explained. The debate will then be adjourned until after the decision of the Supreme Court of Canada, after which the leadership will name a date, following consultation, for the final two days of debate in the Senate.

Honourable senators, that is the background for this notice of motion, and those are the key provisions of the motion. I do not want to delay you further. I certainly did not mean to enter into a debate on the subject, but merely wanted to assure you that the exact wording will be available tomorrow in both languages. There will be an opportunity to caucus on the subject and to debate it tomorrow afternoon, in the hope that we can both debate the question and put it in the form of an order as to how to deal with the motion for a Joint Address.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I wish to confirm the discussions that have taken place since last week between the leadership of the government and the leadership on this side of the chamber. I confirm that the intention of the government is to have an agreement here that will reflect the agreement made in the House of Commons, but I also wish to confirm that we have not necessarily agreed to what is being proposed in this motion and that we reserve our right to contest the proposal, at least in principle, if not in practice.

I would like to suggest a revision to what the deputy leader said about the resumption of the debate once the Supreme Court of Canada has ruled on the legality of the constitutional package. My understanding is that the Senate will deal with the resolution, if it comes back alive, if it survives the Supreme Court of Canada, only after the House of Commons has dealt with it in accordance with the order passed there—that is, after two days. I draw the attention of the deputy leader to the fact that our order should provide that we have two days after the House of Commons has made a decision on the resolution, not after the Supreme Court has made a decision. I say this because it is provided in the order in the other place that the debate there will be resumed after the decision of the Supreme Court, but here it will be resumed only after the House of Commons has disposed of the resolution. I think that a correction should be made so that we do not commence the debate tomorrow.

I think another small change should be made in the text of paragraph 4, which says that the order to resume the debate on the main motion shall be called at 10 a.m. on Friday, April 24. Since we have already said that we would deal with it on Thursday from 2 o'clock to 6 o'clock in the afternoon and from 6 o'clock ot 10 o'clock in the evening, paragraph 4 should begin: "When the order to resume the debate is called at 10.00 a.m. on Friday . . ."

This having been said, with the proposal duly corrected and placed on the order paper tomorrow, honourable senators will be able to assess exactly what is proposed, the position of the government, and, with the reservations that we have made, the position of the opposition.

Senator Frith: Honourable senators, I think I should put on the record that I agree that, to make sense grammatically, the addition of the word "when" is appropriate.

Senator Flynn: Also the suggestion regarding the House of Commons.

Senator Frith: As to the other question, when I was commenting on the background I pointed out that we were using the wording that was used in the other place—that is, after the Supreme Court decision—but that the naming of the date here would be done after consultation with the opposition. Of course, I would like to put on the record that we have an understanding with Senator Flynn that there will be an allotment of time after the debate in the House of Commons. Therefore, we can either rely on what I am saying on the record, or we can make the correction Senator Flynn is suggesting, and I will discuss that with him.

Senator Flynn: I think my correction would be more logical because it could come at the same time.

Senator Frith: The only reason I put it the other way is that I would like to be free, if it seemed appropriate, to persuade Senator Flynn that we should have two days named, but that we might arrange to do it in such a way that, for example, we only had one day after their day; that is all.

Senator Flynn: You want to be able to announce it two days before the House of Commons has made the decision. Is that it?

Senator Frith: I want to be free, if I have information on when the House of Commons' two days will take place, to do so.

Senator Flynn: If that is the only problem, we will give you leave, after due explanation.

Senator Frith: It is all on the record.

Hon. David Walker: Honourable senators, I think my friend is somewhat confused. He suggests that after the Supreme Court has rendered its decision, and not until then, the motion for the Joint Address will be put. Is that not what you said?

Senator Frith: Since we are trying to reflect the all-party agreement that has been made, the provision in the order of the House of Commons is that after the Supreme Court has made its decision, the government house leader will name two days for debate. After that, the vote will be taken.

Senator Walker: I thought you said that; I did not misunderstand you. Thank you.

Under the circumstances, if the Supreme Court renders a decision that the whole matter is *ultra vires,* surely there can be no more debate on it. Why would you then vote on a motion which has already been declared by the Supreme Court of

Canada to be *ultra vires*? There is a 90 per cent chance that that will be the decision of the Supreme Court of Canada, with 50 years of precedents behind it.

Senator Frith: Honourable senators, if I may divide the question into two parts, and deal with the second part first, I do not want to lay odds. I suppose everyone is entitled to his own opinion as to whether that chance is 90 per cent or 10 per cent. In any event, to consider the first part of the question, I believe that that is why the party leadership in the other place did not say that the motion would be put on the order paper; that it would be debated and voted on after the decision of the Supreme Court. What was said is that the leadership would have a right to choose the two days.

● (2040)

It is pretty well understood that if the ruling of the Supreme Court of Canada is adverse those days will probably not be named.

Senator Walker: I am glad you cleared that up, because you had said the opposite.

Hon. John M. Godfrey: Honourable senators, I should like to direct a question to the deputy leader. I happen to be one of those who believe that the real work of the Senate is done in committees. If, as I understand, it is the intention that the Senate adjourn until May 19, I have no objection to that, assuming there is nothing for us to do in this chamber. However, there is a lot of work to be done in committees in the meantime. With that in mind, what arrangements will be made with respect to committees? I certainly hope the fact that the Senate will not be sitting will not affect the sitting of committees.

Senator Frith: Honourable senators, in my brief period as deputy leader I have come to realize that the conflict between committee work and chamber work is a constant problem. One must always take into account the work of committees when one considers the adjournment of the Senate. I believe it is an implicit understanding that when the Senate adjourns the committees will not normally sit. I am not sure that should be the rule. In any event, to answer your question directly with respect to the arrangements that will be made to allow for committees to sit during the week of May 11, if the Senate is not sitting then, all the necessary arrangements will be made.

QUESTION PERIOD

[*English*]

ENERGY

DOMESTIC OIL PRICE - FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Richard A. Donahoe: Honourable senators, I have been containing myself with great impatience to ask the question which I endeavoured to ask improperly earlier this evening. I consider it a most important question and I address it to the Minister of State for Economic Development.

Does the minister have a statement for this house on the current status of efforts to reach an energy agreement with the producing provinces?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the briefest answer I can think of is "no." Actually, I can add one sentence to that. Both ministers, who were at the meeting in Winnipeg, expressed the view that progress had been made.

DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS—EXPRESSION OF OPINION BY ENERGY USERS COUNCIL

Hon. Richard A. Donahoe: I have a supplementary question. Is the minister aware of the existence of the Energy Users Council, which is a new association? I am told that that association is comprised of a number of organizations, such as the Housing and Urban Development Association, the Canadian Chamber of Commerce, the Retail Council of Canada, the Canadian Automobile Association, the Canadian Construction Association, and others. Is the minister aware of the formation of that new organization?

Hon. H. A. Olson (Minister of State for Economic Development): I was going to say "no," but I believe I did hear that there was some work being done on it. I would not like to say "yes," however, if that were to imply that I know a great deal about the status of the organization or, indeed, its objectives.

Senator Donahoe: In light of the minister's answer, perhaps I ought not to ask this further supplementary question, because, if the minister has so little knowledge of this new organization, perhaps he is not able to tell us that he is aware that it has said that the longer we delay in adjusting to higher prices the more difficulty we will have in adjusting to an inevitable reality. Is the minister aware of that expression of opinion by this new organization?

Senator Olson: Well, I have heard that expression of opinion a number of times, but I did not know it had come precisely from that organization.

Senator Donahoe: This is my final question. Can the minister accept that that is the view of that new organization and that that view has been expressed in those terms? If so, does it suggest anything to him in respect of what he might advocate with his colleague the Minister of Energy?

Senator Olson: Well, honourable senators, I would not like what I said a moment ago to be misinterpreted to the extent that I accept the view. I accept that the view was expressed. There is a significant difference. With that qualification, I will take Senator Donahoe's advice and try to find some confirmation of that. I will also try to determine why it was necessary to set up some kind of new organization to express that view, because most of the organizations he named as comprising it have already expressed views, some similar and some not so similar to what he has just stated.

EFFECT OF NATIONAL ENERGY PROGRAM

Hon. R. James Balfour: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. On January 29 he presented his justification for the exodus of oil rigs from western Canada, which had only then begun. It was the fact that there already existed in Alberta too many capped gas wells. Is the minister still of that view, in light of recently released figures showing that for the first time in 10 years Canada's natural gas reserves have actually declined?

Hon. H. A. Olson (Minister of State for Economic Development): I should like to see the figures that show they have actually declined. That may be someone's view, but I am not sure that view comes from the National Energy Board, which has heard or taken evidence on that.

I should also clarify the interpretation the honourable senator just put on what I said on January 29. I said that any further investment in drilling more gas wells for the purpose of capping them, when it is known that that is the market situation, is probably not such a good idea.

Senator Balfour: Would the honourable gentleman be prepared to provide the Senate with up-to-date data concerning drilling activities in western Canada? Specifically, how many rigs have now left the country, and how many exploration and development wells does he now anticipate will be drilled in western Canada in 1981?

Senator Olson: Honourable senators, I can take that question as notice, but I do not want to raise any expectation with respect to the reply that can be made because, obviously, all through the winter there has been a lack of agreement as to how many rigs have left. Indeed, it should also be pointed out that in the prospect of coming to an agreement—and I think some encouraging words came out of the meeting yesterday in Winnipeg—this could change quite dramatically.

Senator Balfour: Does the honourable gentleman not agree that the number of rigs that have left the country can be precisely measured by ascertaining from the customs officials at the border-crossing points in Alberta and Saskatchewan how many rigs have crossed the border from north to south? If that is not the case, why can he not provide us with that precise figure?

Senator Olson: I will try to obtain that information, honourable senators.

FOREIGN AFFAIRS

CONFINEMENT OF SOVIET DISSIDENT, ANATOLE SCHARANSKY

Hon. Peter Bosa: I should like to direct a question to the Honourable Leader of the Government in the Senate. There have been reports that the Soviet dissident, Anatole Scharansky, has been placed in solitary confinement. Can the Leader of the Government tell us if that is true? Can he share with honourable senators what information he has?

[Senator Olson.]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, news reports were issued just today that Anatole Scharansky has indeed been placed in solitary confinement. Canada's delegation to the Conference on Security and Co-operation in Europe made representations on Scharansky's behalf on November 14. That fact is known to some honourable senators. The representation was made in strong terms.

The case of Scharansky and other dissidents has been discussed on a number of occasions with concerned Canadian groups. The Canadian government continues to be concerned about this and other violations of human rights in the Soviet Union, and the government will consider what action might be appropriate in the future.

THE PUBLIC SERVICE

EMPLOYMENT OF THE DISABLED AND HANDICAPPED

Hon. Robert Muir: Honourable senators, I should like to follow up on a number of questions I posed to the Leader of the Government in the Senate last Thursday. I asked him questions concerning government policy regarding the recommendations of the Special Commons Committee on the Disabled and Handicapped. Is he yet in a position to respond to those questions?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I regret that as yet I have not received replies to the requests for information which were sent last week. I hope that it will be possible to obtain that material before the Easter recess.

• (2050)

Senator Muir: I thank the honourable gentleman, and I would ask him a supplementary question. He will recall that my question at that time related to a statement made by the Honourable Jean-Jacques Blais, Minister of Supply and Services, to the effect that he could not endorse the major recommendations of the Special Commons Committee on the Disabled and the Handicapped that companies receiving major government contracts implement suitable hiring policies for the disabled. Perhaps the Leader of the Government read or heard that later in the week the Minister of Employment and Immigration, the Honourable Lloyd Axworthy, supported the idea of contract compliance as a means of encouraging private businesses receiving government contracts to hire more handicapped workers. I ask the honourable gentleman: Which minister speaks for the government? Would he secure that information when he brings his reply back to the house?

Senator Perrault: Honourable senators, I hope that a good deal of the misunderstanding which exists can be cleared up when I bring a further reply to this chamber. Certainly, both gentlemen are very capable ministers. I do not have the complete texts of the remarks attributed to either of them and, consequently, it would be very unfair for me, or for any other senator, to draw conclusions merely from fragmentary news reports.

Senator Muir: Honourable senators, I raise a further supplementary question. The honourable gentleman said the same thing last week, that he was not aware of what had transpired. I would think that in the intervening period since last Thursday he would have had the time to find out. Does the leader recall that last Thursday he said that the Honourable Jean-Jacques Blais was a compassionate man? Would he please clarify that comment, if he can?

Senator Perrault: I may be mistaken, but I believe that I also requested last week from the honourable senator a copy of the remarks attributed to the minister. They have not been forthcoming. I would appreciate receiving the alleged article as quickly as possible. Certainly, I have been unable to obtain a copy of any speech which suggests that the government is not sympathetic to the handicapped.

Senator Muir: I suggest to the honourable gentleman that he review the record of the committee proceedings and the press reports pertaining to the matter. If his staff is unable to find the press reports, I will be glad to send him copies.

Senator Perrault: Honourable senators, it would have helped had this been done last week. I will try to obtain that information. I believe that the government has done a great deal to indicate its concern for the plight of the handicapped in this country. And, certainly, this concern is not held exclusively by members of the government party. I know that many members of the opposition are very concerned about the handicapped in our midst.

Senator Muir: Honourable senators, the honourable gentleman said last week that he would provide the information. Since he took it upon himself to secure that information, I do not see why he is trying to put the onus on me.

Senator Perrault: I mean your press reports.

Senator Muir: I am sure that the leader's wonderful staff can look after the matter for him.

TRANSPORT

AIR CANADA AND CP AIR—OTTAWA-TORONTO AND MONTREAL-TORONTO FARES

Hon. W. M. Benidickson: Honourable senators, I regret that I have not given notice to the Leader of the Government of my questions, but they arise from reports in today's newspapers. I ask these questions of the Leader of the Government because of our impending recess and their interest to consumers in the Ottawa area. One article in the press this evening suggests that return flights between Ottawa and Toronto now cost Air Canada and CP Air passengers $20 more than the return flights on the same airlines between Montreal and Toronto—this despite the fact that the Montreal-Toronto run is 280 kilometres further than the 798-kilometres Ottawa-Toronto flight.

OTTAWA-NEW YORK ROUTE DESIGNATION OF AIR CARRIER

Hon. W. M. Benidickson: My other question also relates to a matter coming under the jurisdiction of the Minister of Transport, or the Air Transport Committee of the Canadian Transport Commission, and I hope that the leader will be able to obtain the information before we enter the Easter parliamentary recess. It relates to the long-delayed decision by either the Department of Transport or the CTC with respect to the Ottawa-New York air route. A U.S. Civil Aeronautics Board official said on Monday that he was surprised at the length of time which the Canadian government is taking to get talks under way on the transferring of the rights to the route to a Canadian carrier. Thérèse Giroux, a CTC official, said that the route is American and is not in our hands, that it is up to the Minister of Transport, the Honourable Jean-Luc Pepin, to designate a carrier. A designation has not been decided upon, although the matter has been before the minister for a considerable period of time.

This matter, and the other, is of considerable interest to air passengers in the Ottawa area. It would be appreciated if, before we rise for the recess, some information could be given to this chamber.

Hon. Raymond J. Perrault (Leader of the Government): The Honourable Senator Benidickson has posed two questions of some importance to the travelling public. The questions will be taken as notice because of their technical nature. It may well be that the chairman of the Transport and Communications Committee and those who serve on that committee will wish to pose certain questions relating to fares at some future committee meetings with Air Canada officials.

Senator Benidickson: Honourable senators, I would point out that this situation involves a general matter of principle which is of interest to all of us. There has been an ongoing debate in recent years as to the advantages and disadvantages of deregulation of air rates, both in the United States and Canada. I, personally and on behalf of consumers, would like to see the CTC and/or the Minister of Transport prodded into action with regard to both questions I have raised. Perhaps they will comment on the general advantages or disadvantages of regulation versus deregulation. There has been some progress in this regard in both countries.

Hon. G. I. Smith: Honourable senators, in reference to the comments of the Leader of the Government with regard to the Senate Committee on Transport and Communications, while I cannot speak for that committee, I can say that, as I understand the rules, we do not have the power to ask any such questions unless the Senate refers them to us by way of a motion. I do not think the committee would object very strenuously if the Senate were to do so.

Senator Perrault: Honourable senators, I do not have any information immediately at hand to explain these alleged fare anomalies. Certainly, if the information which Senator Benidickson has brought to the chamber is correct, it would be useful to have an explanation of certain apparent differences in the fares structure. If the chairman of the committee believes there would be value in a study or a referral of that kind, I am sure that he will let his leader know and perhaps communicate that information to the government. Certainly, there would be interest on this side in such a study.

Senator Smith: Honourable senators, I do not wish to put myself in the position of assuming the responsibility for starting any move that might necessarily lead to this kind of investigation. All I would like to say is that if there is a desire on the part of the government or the Senate to have the committee investigate the matter, I am sure that the committee would not find it in any way objectionable.

Senator Perrault: I thank the honourable senator for his willingness to proceed.

INDIAN AFFAIRS

GOVERNMENT PRACTICE RESPECTING AGREEMENTS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. It is with regard to a memorandum written by Indian Affairs officials which was released last week. It appears to indicate that the government knew from the outset that funds were not available or slated for priority in parliamentary budgets insofar as the government's responsibility deriving from the James Bay Agreement was concerned.

Would the Leader of the Government in the Senate tell us what the government practice is with respect to signing agreements and making commitments on behalf of the government and then the realization, if funds were not budgeted, as in the case of the James Bay Agreement?

• (2100)

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I do not know of any leaked memorandum. However, the leaking of memoranda appears to be a new national obsession at various levels of political life. One may well ask what has happened to loyalty oaths or how some who take oaths of secrecy can, in conscience, accept their pay. It is a problem that has affected almost all governments and parties in this country. Surely it is deplorable and reprehensible conduct.

Senator Murray: Cover up! Cover up!

Senator Nurgitz: Honourable senators, I am not here to defend memo leakers, but—

Senator Perrault: Hear, hear.

Senator Nurgitz: —it would appear to me that the information contained in this memo, whether leaked or otherwise, is somewhat embarrassing. I am particularly concerned as well that the same memo highlighted the fact that the James Bay Agreement is vague and imprecise on many points because there was insufficient time to discuss them in any detail.

Would the leader inquire and report back to us on how the government came to finalize this particular agreement without discussing it and leaving vague and imprecise details in the agreement?

An Hon. Senator: Why not tell us now?

Senator Perrault: Honourable senators, I do not have a copy of the alleged leaked memorandum, and I will take the question as notice. However, I think at times too much importance is given to unattributed memoranda which come out of private files or which are purloined from government or opposition offices.

Senator Roblin: Behind closed doors.

Senator Perrault: Without knowing the background of memoranda of this type, it is very difficult to accord to them any particular weight. The question will be taken as notice.

Senator Nurgitz: Before I leave the entire question, honourable senators, would the Leader of the Government in the Senate find out if the Minister of Indian Affairs and Northern Development is prepared to deny the allegations that are contained in the memorandum? Would he, at the same time, find out for us whether, despite the lack of allocation of funds, as is alleged, the Department of Indian Affairs and Northern Development will honour the commitments made in the James Bay Agreement?

Senator Murray: Good question.

Senator Perrault: Honourable senators, I think all these questions are of interest. I would appreciate it very much if the Honourable Senator Nurgitz would provide me with a copy of the leaked memorandum so that I could perhaps study it.

Senator Nurgitz: This is not a supplementary question, but I would like to point out that I am not on the select list of people who receive leaked memoranda. The memorandum was leaked, I understand, to the Honourable Warren Allmand. I do not belong to that party, so I assume I would not be on the list. It was Mr. Allmand who brought this forward. I do not have the memorandum, but I have a newspaper account, and I would be delighted to have a page give it to the Leader of the Government.

INDUSTRY

CHRYSLER CORPORATION—POTENTIAL MERGER

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development which deals with a statement that Chrysler Corporation is trying to effect a merger with any one of a number of motorcar manufacturers. Could the minister tell us whether the various government financial arrangements—the guarantees and so on—with Chrysler would continue to apply if such a merger were to be effected?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am sure Senator Doody recognizes at once the hypothetical nature of that question. Obviously, we would have to look at what is involved in those proposed mergers. We do not know if there is one, and if there is one or more, we have no idea what might be involved in it or them.

Senator Doody: With great respect, Mr. Minister, I do not think the question is hypothetical at all, but deals with the fact that Chrysler may be going around the marketplace to these various other automobile companies saying, "We have X

guarantees from the Government of Canada," which might place them in a more beneficial bargaining position when they are talking to these other companies. Are they, in effect, trying to achieve a merger partially on the credit of the Government of Canada?

Senator Olson: Honourable senators, if Senator Doody wants to raise that possibility, he should take into account that it will be quite a long time before any of these underwriting obligations become operative and, indeed, in addition to that, there is a major investment requirement to be fulfilled in Canada by the Chrysler Corporation.

QUEBEC

RE-ELECTION OF PARTI QUEBECOIS GOVERNMENT

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government in the Senate. Will the minister tell us whether the Right Honourable the Prime Minister has received a message of thanks from René Lévesque for the great contribution his policies in recent months have made to the re-election of the Parti Quebecois last night?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, any such message of congratulations may well be long delayed in the mails.

MANITOBA

MESSAGE FROM PREMIER

Hon. Joseph-Philippe Guay: Honourable senators, I have a question for the Leader of the Government in the Senate. Did he receive the message which the Premier of Manitoba sent to all Manitobans? It must be very informative because he is also speaking on behalf of the federal government.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I wonder if Senator Guay has the text of that message sent by the Conservative Premier of Manitoba to support the federal government's position.

Senator Guay: I understand that Senator Roblin is also included in that particular paper. I do not have it at hand as yet, but I am interested to hear what it is all about. The one thing I do know, frankly, is that the cost is added to our taxes in Manitoba in any case.

Hon. Duff Roblin (Deputy Leader of the Opposition): I can always rely on my colleague, Senator Guay, for information as to what is going on in the Conservative Party in Manitoba.

Senator Guay: I am surprised that the honourable senator is unaware of this article because his picture is even included in the paper.

● (2110)

THE ECONOMY

STATUS OF ATLANTIC DEVELOPMENT COUNCIL

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on April 7 by Senator Doody concerning the Atlantic Development Council.

The Atlantic Development Council was set up at the time the Department of Regional Economic Expansion was established, to advise the minister on development policy in the Atlantic provinces. I am informed that the council has served a useful function in that regard, particularly in the earlier formative years of the department. Along with the minister's review of the future role of DREE, my colleague is considering what role might be played by advisory bodies, including the ADC. It has not been considered advisable to fully activate the council at this time until the broader question has been determined.

FINANCE

INCREASE IN MORTGAGE INTEREST RATES

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to respond to a question raised on April 7 by Senator Marshall concerning mortgage interest rates.

My colleague, the Minister of Finance, has said this situation is a matter of very deep concern to our government. The problem of high interest rates, of course, is not one that originates in Canada. Many members of the international community are having to face the problem of higher interest and mortgage rates.

The Minister of Finance has undertaken to monitor very carefully the impact of high interest rates on various groups in the country. I have made the minister aware of the honourable senator's concerns in this area and want to thank him for his representations.

NATIONAL CAPITAL REGION

RECONSTITUTION OF DEFUNCT SPECIAL JOINT COMMITTEE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to respond to a question raised by Senator Robichaud on March 18 concerning the possible revival of the Special Joint Committee of the Senate and House of Commons on the National Capital Region.

The committee was set up in June 1975, and was composed of 15 members of the House of Commons and eight senators. Between June 1975, and October 1976 it held 40 sittings during the first session of Parliament. Those who appeared before the committee were chairmen and heads of departments of NCC, RMOC, CRO and individual municipalities. It was reinstated during the third session and held four sittings between December 1977 and June 1978. It died with the election and was never reinstated. It seems that the main reason was lack of interest of the public, the news media and, to a certain extent, local members of Parliament. The committee never produced a report. From what I gather, the NCC would have little interest in pushing for its reinstatement. It is up to local members of Parliament and senators to press for a reinstatement, if they so wish.

FOREIGN AFFAIRS

THIRD WORLD—CANADIAN AID

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to respond to a question raised by Senator Asselin on April 9 concerning the percentage of the gross national product to be allocated to international assistance programs.

The government is committed to allocating 0.5 per cent of the gross national product to international assistance programs by 1985. Further, the government is committed to a target of 0.7 per cent of the gross national product by the end of the decade.

However, it is impossible to establish the level of assistance for "this year" since we do not know whether the Honourable Senator Asselin meant the 1980-81 or 1981-82 fiscal year, or the 1981 calendar year. I would be pleased to bring further information to the Senate if Senator Asselin could be more specific in his question.

POLAND—THREAT OF RUSSIAN INVASION

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I should like to respond to a question raised by Senator Asselin on April 7 concerning possible sanctions imposed on the U.S.S.R. in the event of an invasion of Poland.

Canada remains in close contact with its allies on this question. Discussions are going on with regard to what would constitute an appropriate response should an invasion occur. However, since the matter remains hypothetical, it would not be appropriate to discuss the details of a possible response at this time.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—REFERENCE TO SUPREME COURT OF CANADA

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Flynn asked a question on April 9 about references to the Supreme Court of Canada concerning amendment of the Constitution. In particular, he sought clarification on whether the appeals from the judgments of the Manitoba Court of Appeal and the Newfoundland Court of Appeal would be heard together. He also asked whether the decision of the Quebec Court of Appeal, if it is rendered before the hearing of those other appeals, will be taken into consideration at that time, and whether the Government of Canada intends to submit any further questions for consideration as well.

On April 7, 1981, pursuant to a hearing before the Chief Justice of Canada, and attended by the lawyers for the Attorney General of Canada, and the Attorneys General of the provinces, concerning administrative arrangements, it was ordered that the appeals from the judgments of the Manitoba and Newfoundland Courts of Appeal be heard together on April 28, 1981. The former appeal was initiated, as honourable senators know, by the Government of Manitoba, and the latter by the Government of Canada.

As the judgment in the matter now before the Quebec Court of Appeal has not been rendered, the question is hypothetical.

The case before the court is on appeal from decisions in Manitoba and Newfoundland. It is not a federal reference to the Supreme Court. Therefore the Attorney General of Canada is not asking questions of the Supreme Court.

The Attorney General of Canada will file in court the resolution as tabled in the House of Commons on February 13, 1981, as well as any amendments passed by Parliament before April 28.

Of course, information concerning the decision of the Quebec Court of Appeal, which was expected today, will certainly be brought to the Senate immediately.

Senator Donahoe: You got the Quebec decision yesterday.

Senator Perrault: Well, I have not received a copy.

Hon. Jacques Flynn (Leader of the Opposition): The Leader of the Government has said that the resolution, with the amendments that would be voted by both houses of Parliament, would be put before the Supreme Court.

Senator Perrault: Yes.

Senator Flynn: But in what context? Are we asking the court to rule on this resolution? Are we doing anything about this move of putting the text of the resolution before the Supreme Court? It seems to me that if you say we are restricted to the questions put by the Governments of Manitoba and Newfoundland to their respective appeal courts, tabling the resolution, as amended, before the Supreme Court would have no meaning unless we ask the Supreme Court to rule on its validity.

Senator Perrault: Honourable senators, I do not wish to give a legal opinion. I have read the statement by the government. I may say to the honourable senator who commented a moment ago about the decision of the Quebec courts that I have before me a memorandum dated April 14, which is today. It says that in the event the decision of the Quebec Court of Appeal is rendered today, they would inform my office before 8 p.m. I have not as yet received any official communication. On the memorandum there is today's date.

Senator Flynn: I see. I would appreciate clarification, if it is possible, on what is the meaning of the presentation to the Court of the resolution, as amended or otherwise, by the two houses of Parliament.

Senator Perrault: Honourable senators, I will take that as notice. I do not want to provide information beyond the information I have received from the Minister of Justice at this time.

Hon. Allister Grosart: Did I understand the Leader of the Government to say that the resolution that would be presented to the Supreme Court was the resolution as passed by the House of Commons, with no reference to the resolution as passed by the Senate?

Senator Perrault: It makes reference to Parliament.

Senator Grosart: Would you read it?

Senator Perrault: Yes.

> The Attorney General of Canada will file in Court the Resolution as tabled in the House of Commons—

I may say, honourable senators, that this reply obviously was prepared originally for the House of Commons.

Senator Grosart: That is exactly my point.

Senator Perrault: Yes, the words "and the Senate" are here:

> The Attorney General of Canada will file in court the resolution as tabled in the House of Commons and the Senate on February 13, 1981, as well as any amendment passed by Parliament before April 28.

Senator Grosart: Do I understand that the Leader of the Government has now added the words "as passed by the Senate" to the official statement that he was reading?

Senator Perrault: It talks in terms of the amendments passed by Parliament, and also in terms of the resolution tabled in the House of Commons on February 13. I think the words "and Senate" should be added to the previous part of the sentence, in view of the fact that it was also tabled in the Senate. It is a valid point.

Hon. G. I. Smith: Honourable senators, while I appreciate the fact that the Leader of the Government does not wish to answer any legal questions, perhaps he could find out the answer to the following. It arises out of the comment of the Leader of the Opposition. It seems to me, as a lawyer, but not a constitutional lawyer, that if the two appeals, to which the Leader of the Government has referred, comprise the subject matter that is before the Court, then those appeals must be decided on matters as they were when the decisions appealed from were decided; and it is completely irrelevant what the House of Commons or the Senate, or Parliament as a whole, may have said after those decisions were rendered, unless there is some other question being put before the Supreme Court.

Senator Perrrault: Honourable senators, the point is understood on this side. The question will be taken as notice and perhaps a more detailed explanation will be available tomorrow.

EMPLOYMENT AND IMMIGRATION

UNEMPLOYMENT INSURANCE—STUDIES, REPORTS, COMMISSIONS AND REVIEWS

Question No. 33 on the Order Paper—**By Hon. Jack Marshall:**

> Give a list of all studies, reports, commissions and reviews on unemployment insurance conducted by the government during the last five years.

Reply by the Minister of Employment and Immigration:

1. Comprehensive Review of the UI Program (1976)

2. The Impact of the 1971 Unemployment Insurance Act on work incentive and aggregate labour market

3. The Operation of the Canadian Labour Market and the Impact of the 1971 Revision of the Unemployment Insurance Act

4. Examination of the Impact 1971 Unemployment Insurance Act on Labour Force Activity

5. National Survey of Unemployment Insurance Claimants—Six months After their Claims Ended (1976)

6. (a) Special Job Finding and Placement Drive.

(b) Calgary Claimant certification Project.

(c) Kitchener Waterloo Job Exposure Before Claim Project (1976)

7. Directed Interview Program

8. Tri Area Survey of 8-11 weekers

9. "Tough Is Right" (1974)

10. "Tougher Still" (1975)

11. Canada Unemployment Insurance Legislation

12. Unemployment Insurance Social Assistance and Income Security (Nov. 1976)

13. UI/RCT, CEIC March 1978

14. Unemployment Insurance Financial Statements

15. UI Information for Executive

16. London Modular Study Survey (1974)

17. UIC/DMI Pilot Training Project in Newfoundland (1976)

18. Interview Program (harmonization) in 1977

19. Information on Hirings (1979)

20. Work Sharing (1980)

21. Employer Study (1976)

22. Exhaustees Study (1976)

23. Job Search of UI Beneficiaries in 1973 (April 1976)

24. (a) Random Sample Survey (June 1977)

(b) Rate of Misuse/Abuse and Success of Control Measures in the UI Program (October 1976)

(c) Analysis of Insure and Abuse of UI Based on Investigation of a Random Sample of Claimants (August 1978)

25. Post Claim Survey on Teachers (1976)

26. Post Claim Survey on Teachers—Quebec 1976

NOTE: All the above documents were prepared in English only.

CUSTOMS TARIFF
IRISH FREE STATE TRADE AGREEMENT ACT, 1932
UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932
UNITED KINGDOM TRADE AGREEMENT ACT, 1937

BILL TO AMEND AND TO REPEAL—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-50, to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, the Union of South Africa Trade Agreement Act, 1932 and the United Kingdom Trade Agreement Act, 1937.

Bill read first time.

Hon. Raymond J. Perrault (Leader of the Government), with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting of the Senate.

Motion agreed to.

AUDITOR GENERAL ACT

BILL TO AMEND—SECOND READING

Hon. Douglas D. Everett moved the second reading of Bill C-64, to amend the Auditor General Act.

He said: Honourable senators, this is a short bill, and, with leave, I would like to read the entire text. It is Bill C-64, an Act to Amend the Auditor General Act.

> Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:
>
> 1. Subsection 4(1) of the *Auditor General Act* is repealed and the following substituted therefor:
>
> "4. (1) The Auditor General shall be paid a salary equal to the salary of a puisne judge of the Supreme Court of Canada."
>
> 2. This Act shall be deemed to have come into force on April 1, 1981.

● (2120)

Honourable senators, at the present time the Auditor General of Canada is paid the same salary as the Chief Justice of the Federal Court of Canada. With the amendments to the Judges Act that this chamber passed recently, and which received royal assent, that salary amounts to $81,320, according to my calculations. It is felt that the Auditor General should be paid, more properly, on the basis of the salary of a puisne judge of the Supreme Court of Canada, and that salary, according to my calculations, is $86,670.

I really have nothing further to say on the bill, except to commend it to honourable senators and to express the hope that—after certain remarks that I understand will be made by my colleague on the other side, Senator Doody—it receive third reading this evening, as it did in the other place.

Hon. C. William Doody: Honourable senators, as the sponsor of the bill has suggested, this is a simple bill. It is short and concise. As Senator Everett has said, its purpose is to raise the level of salary of the Auditor General to that of a puisne judge of the Supreme Court. The amount may appear to be rather large to many of us—$86,000 a year. It is a substantial increase in relation to the salary paid to the previous Auditor General. I understand, however, that the retroactive provisions of the Judges Act will apply also to Mr. Macdonnell.

I am sure many people will comment on the size of these salaries, but in all fairness to everyone concerned, it is impossible for us, in these times, to get talented people to take on these very important positions unless we are prepared to pay them salaries which are competitive with those in the open market, in the private sector, as well as in the professional areas.

The responsibility that the Auditor General has is a heavy one indeed. He is really the watchdog of the treasury. He is responsible for looking after the public purse. Even with the kind of talent that can be attracted by salaries such as that, and the kind of talent that the new Auditor General has, I still feel that his hands will be more than full, trying to keep track of the spending practices and systems of the government. I note that another senior financial man has just been appointed as an official agent of the Government of Canada, in the person of the Comptroller General. His salary, I think, will be in the same range, and properly so. It is time for us to recognize the importance of these positions, and pay those who hold them salaries commensurate with their responsibilities. I have no hesitation in recommending the bill.

Hon. John M. Godfrey: I would like to say one word. I take exception to one sentence that Senator Doody said. I still do not think that these salaries are properly competitive with what these gentlemen can get in private business. They are still making some sacrifices by taking these jobs at these salaries.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Douglas D. Everett: With leave of the Senate, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time, and passed.

[*Translation*]

CANADA POST CORPORATION BILL

SECOND READING

Hon. Azellus Denis moved the second reading of Bill C-42, to establish the Canada Post Corporation, to repeal the Post Office Act and other related acts and to make related amendments to other acts.

He said: Honourable senators, since it is already late, I shall not keep you too long. While I shall try to be as brief as possible, I must say enough for this assembly to realize the importance of passing this bill. Honourable senators, the bill of which I have the honour to move second reading is not very complicated in my opinion, since its purpose is simply to transfer the responsibilities of the Postmaster General to the Canada Post Corporation.

First of all, turning the Post Office Department into a Crown corporation was proposed by several task forces, including the Glassco Commission in 1962 and the Montpetit Commission in 1966, which were both established to loop into this matter. The blueprint for change contained the same recommendation. In December 1978, a bill to turn the Post Office into a Crown corporation, Bill C-67, was introduced in the House of Commons, but it had not been passed when Parliament was dissolved. In 1979 and 1980, through another misfortune, the question was re-examined by successive governments and postmaster generals in consultation with postal users and the unions.

Finally, on July 17, 1980, the bill to turn the Post Office Department into a Crown corporation was introduced. This bill repeals the Post Office Act passed in 1867 and amended in 1972.

I shall limit my comments to a few of the aspects of the operations involved in the reception, the transmission and the delivery of mail matter throughout the country and the rest of the world, which operations will now become the responsibility of the Post Corporation.

First, the mission of the Corporation will remain the same. In a few words, it will operate the same postal service, but with more success if possible, by taking into account the benefits of improving the service while aiming at self-sufficiency, by ensuring the greatest possible security for mail matter, and finally, by instilling in its employees a sincere desire to be more productive.

The Governor in Council will appoint the chairman of the board of directors and the president of the Corporation and nine other directors. The board will direct and manage the business of the Corporation and may also appoint the number of vice-presidents it considers necessary to assist it in its duties.

If I may, I shall now say a few words about the exclusive privilege of the Corporation and list briefly the powers conferred on the Corporation under clauses 14 to 19 inclusively. The Corporation needs a substantial number of mail items to be able to charge reasonable rates, recover its costs if possible and provide consistent service throughout Canada, even in non-profitable areas. This is why the bill grants to the Corporation the exclusive power to collect, transmit and deliver letters to the addressee.

This monopoly does not apply however to letters carried incidentally by a friend or delivered along with goods, by a heating oil dealer, for example, who delivers his bill at the same time, or delivered by an employee of the sender. The courts of justice are also entitled to have delivered without any assistance from the postal service any paper, writ, processes, proceedings and so on. Urgent letters can also be transmitted by messenger, but at a rate three times higher than that charged by the Corporation.

I now come to the directions of the Corporation, its status, its financial arrangements and its annual report which are covered in clauses 20 to 33.

All the assets of the Corporation belong to the Crown. In the exercise of its powers, the Corporation must comply with the directions of the Governor in Council; when the Corporation, while complying with these directions sustains or is likely to sustain financial loss, a compensation must be paid out of the moneys appropriated for this purpose by Parliament.

As far as its status is concerned, the Corporation is an agent of Her Majesty, may enter into contracts in its own name or in the name of Her Majesty, although it may also enter into contracts with Her Majesty; legal proceedings may be instituted by or against it.

Another important feature is that no act relating to the winding up of a corporation can apply in respect of the Corporation. As far as finance is concerned, the Corporation may, with the Minister of Finance's approval, borrow money, sell or pledge debt obligations, as well as mortgage the assets obtained from the government.

However, to borrow from the government, the Corporation needs the approval of the Minister of Finance and the Governor in Council. The aggregate amount of these loans must not exceed $500 million. These loans must be reimbursed by the Corporation, and any balance outstanding must be included in the next appropriation act laid before Parliament.

The accounts of the Corporation are audited each year by two auditors appointed by the Governor in Council. These auditors must be duly qualified and independent Canadians; they must not be either directors or officers of the Corporation.

Finally an annual report on the operations of the corporation is to be submitted within three months to the minister who within fifteen days will table it before Parliament. Such a report is then referred to the appropriate standing committee of Parliament.

There are a few other powers vested in the corporation. With the approval of the Governor in Council, it can make regulations authorizing the definition of a letter, the classification and definition of mailable and non-mailable matter; the setting up of standards and classes for such matters as well as postage rates; the design and issue of stamps, the rise of stamp dispensers and postage meters; the closing down of post offices and termination of rural routes and letter carrier routes, etc.

The proposed regulations are to be published in the *Canada Gazette* and comments about them will be received by the Minister who will submit them to the Governor in Council.

If, within 60 days, the Corporation has received no complaints, no objections, the proposed regulations are then considered approved.

Finally, I should like to mention that the Corporation appoints postal inspectors to provide for the security of the officers and employees of the Corporation as well as its property.

Honourable senators, I shall not dwell on that part of the bill that deals with violations of the act. Knowing your wisdom and your integrity, I know you will never have to refer to the clauses that deal with them.

Generally, it can be said that the assets of the Post Office Department, fixed and movable, are transferred to the Corporation which takes over their management and control.

The same applies to all responsibilities related to postal activities and actions brought against them.

Existing orders, decrees, enactments, instructions, licenses, permits, contracts remain in effect but may be altered, replaced or cancelled after two years from the date of implementation of this clause, subject to the approval of the governor in council.

The entire staff of the Post Office will be in the employ of the Corporation, with each employee retaining his or her benefits. Furthermore, all Post Office employees transferred to the Corporation will be considered, for a three year period, on the same level as Public Service employees with regard to eligibility and transfers.

Collective agreements will remain in effect for the duration of their term even after the take-over by the Corporation and all amendments by the Postmaster General to labour relations between management and employees, have recently been approved by the various unions and the opposition, including the former Postmaster General, the Honorable John A. Fraser.

Honourable senators, I believe I have selected some interesting points in this bill to indicate that the changeover from the Post Office to the Canada Post corporation was made without any radical changes, in what I would call a harmonious way. This piece of legislation is the result of days and days of consideration in committee and in the House of Commons.

This bill has benefitted from the invaluable cooperation of Post Office advisers, unions and rank and file employees and union members, and it seems that all parties are satisfied with its contents which is the result of a lengthy study in committee, including consideration of over 60 amendments, many of which have been included in the final bill. I want to mention finally that the New Democratic Party member for Kootenay East-Revelstoke commended among others the present and former Postmasters General, the Honorable André Ouellet and the Honourable John A. Fraser, as can be seen on page 9140 of the Commons *Hansard*. There is also another statement made by the conservative member for Pembina which confirms the approval of this bill by conservative members and which is found on page 9051 of the Commons *Hansard*.

It is therefore with pleasure and confidence that I move second reading of Bill C-42 to establish the Canada Post Corporation, to repeal the Post Office Act and other related acts and to make amendments to other acts.

[Senator Denis]

• (2130)

[*English*]

On motion of Senator Grosart, debate adjourned.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith:

That an Address be presented to Her Majesty the Queen respecting the Constitution of Canada; and

On the motion in amendment thereto of the Honourable Senator Yuzyk, seconded by the Honourable Senator Tremblay, that the motion be amended in Schedule B of the resolution by inserting immediately after Clause 28 the following:

"28.1 Notwithstanding anything in this Charter, the rights and freedoms set out herein are guaranteed equally to men and women."—(*Honourable Senator Lang*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the last time this order was called I asked, at Senator Lang's request, that it stand in his name. Since then, by reason of the motion, notice of which I gave earlier today, I felt that Senator Lang would want to know that we would probably not be proceeding with this item this week, but that an opportunity to discuss it would arise later on the assumption that a house order of the nature that I gave notice of earlier would be adopted. Therefore, by arrangement with Senator Lang, I would ask that this item stand in my name, pursuant to an agreement between Senator Lang and myself.

Hon. Senators: Agreed.

Order stands.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—DEBATE CONTINUED

The Senate resumed from Thursday, April 9, the debate on the inquiry of Senator Smith calling the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (The British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submitting that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

Hon. Eric Cook: Honourable senators, I apologize for addressing you at such a late hour, but I am afraid that if I do not speak tonight or tomorrow, I will not get another opportunity until some time in May. I think perhaps I should trespass on your good nature and go ahead.

Honourable senators, this debate deals with a very serious and major problem for all provinces interested in offshore oil. It has been an interesting debate, and I am far from sure that I can add much of value to the very able addresses of Senator Smith and Senator Frith. I know that I have no authority to speak for the Government of Newfoundland. Nevertheless, as a Newfoundlander greatly concerned about the issues that are being debated, I feel obliged to make my contribution. I am totally in sympathy with the arguments of Senator Smith, and it follows that I cannot agree with Senator Frith, although I greatly admire the skill he displayed in marshalling so ably the scanty arguments at his disposal.

● (2140)

When I had the honour of sponsoring the Territorial Sea and Fishing Zones Act in 1964 I said, in part:

> The fishing zones of Canada will of course be something entirely new to the statute law of Canada, and will have important consequences for Canada and other countries which have fished off Canada's coast.
>
> While there is not complete agreement between the nations on what is the accepted law of the sea, nevertheless great advances have been made since His Holiness Pope Alexander VI parcelled out the undiscovered world between Spain and Portugal.
>
> Professor Herbert Arthur Smith in his excellent book *The Law and Custom of the Sea* writes on this important point as follows:
>
> > Towards the end of the fifteenth century the great voyages of discovery gave a new importance to the law of the sea and this period may be taken as the starting point of the modern law. At this point we see the emergence of the fundamental problem of national jurisdiction over the high seas. Was it or was it not possible for the oceans and their shores to become in law the exclusive property of particular States? In 1493 Pope Alexander VI (Rodrigo Borgia) published the famous Bulls which divided the undiscovered world between Spain and Portugal by a line drawn from pole to pole a hundred leagues west of the Azores, and even purported to prohibit all commerce in the oceans except by licence of the Spanish and Portuguese sovereigns. By the Treaty of Tordesillas in the next year the sovereigns concerned shifted the line to 370 leagues west of the Cape Verde Islands, and the consequences of the demarcation remain to this day in the fact that Brazil is Portuguese while the rest of South America is Spanish.
>
> At the time this sweeping claim seems to have passed unchallenged, and it is to Queen Elizabeth I that we must give credit for being the first to assert the freedom of the oceans as a principle of the law of nations. The immediate cause of controversy was occasioned by Drake's voyage in the Golden Hind, which provoked a strong Spanish protection in 1580. In her reply to the Spanish Ambassador the Queen declared that the use of the sea and the air was free to all mankind, and that no exclusive rights in either could be claimed by particular nations or individuals. In due course the English claim was supported by the Dutch, and in the seventeenth century the general principle of the freedom of the high seas became an accepted maxim of law.
>
> But general principles are seldom sufficient for the solution of particular problems. The most difficult task of law is to harmonize principles which may appear to conflict and to define the boundaries within which this principle or that is to prevail. If it was agreed that the high seas lay outside all national jurisdiction, it was equally agreed that every State had authority over the waters within its own land frontiers or immediately adjoining its shores. How was the line to be drawn between the waters which were subject to national authority and the "high seas" which were governed only by the law of nations? Again, was there any overlap between the two? Had foreign ships any legal rights in national waters, and in what cases, if any, could national jurisdiction be extended into the high seas?
>
> While at the present time—

That is the year 1964:

> —a number of countries agree that the width of the belt of territorial waters is three nautical miles, such agreement is far from universal. Among the states claiming a wider minimum limit for their territorial sea, the following may be noted. Sweden and Norway claim four miles; Italy, Spain, Portugal, India and Yugoslavia claim six miles; Mexico claims nine miles; Albania claims ten miles; Russia and the United Arab Republic each claim twelve miles. Moreover, a large number of states, including France, qualify their general acceptance of the three-mile limit by claiming certain extensions for varying purposes . . .
>
> Among the countries claiming an additional area for the protection of their fishing are Norway and Iceland, and Denmark for Greenland and Faroe Islands—each of which claims 12 miles. There are other countries which claim a greater distance. Peru, Costa Rica and El Salvador each claim 200 miles. Finally, a number of countries claim different areas for other purposes such as Sanitary Regulations and Pollution of Sea and Neutrality.

These comments were made in 1964, and it is important to remember that the Territorial Sea and Fishing Zones Act of 1964, and the claims of other countries to which I referred, had to do with jurisdiction over the seas adjacent to the countries concerned. In the meantime, developments were taking place in the formation and enunciation of the law of the

sea in relation to the lands under the seas, the lands in question being the continental shelves of the maritime countries.

I refer to a booklet issued by the Government of the Province of Newfoundland entitled *Heritage of the Sea—Our Case on Offshore Mineral Rights*, and I quote three main items from page 24, where it is pointed out:

> (1) On September 28, 1945, the landmark Truman Proclamation was issued by President Harry S. Truman, declaring that the United States had the automatic and exclusive right to develop the mineral resources of its continental shelf and inviting its neighbours to claim likewise.
>
> (2) In 1969, the International Court of Justice another branch of the United Nations, in the North Sea Continental Shelf Cases, confirmed that a coastal state's continental shelf rights arise quite independently of and predate the 1958 UN Treaty. Moreover, those rights, the court said, are inherent rights and need not be claimed in any sort of legislation or proclamation; they exist anyway.
>
> (3) By our critical date, March 31, 1949, the USA's automatic rights theory, as later confirmed by the International Law Commission and the International Court of Justice, had been used extensively without protest. Since its first unveiling in 1945, it had never been seriously challenged.

That the continental shelf up to a limit of 200 miles—as agreed by treaty—is the property of each maritime power is now recognized, settled, international law. To use the language of Professor Herbert Arthur Smith, from whose work I quoted earlier, the general principle of ownership of the continental shelf has become an accepted maxim of law. Not yet settled is the ownership of the vast areas of the seas of the world which do not cover the continental shelves of the maritime countries of the world. This will be one of the subjects to be covered in the proposed Law of the Sea Treaty.

Professor Maxwell Cohen touches on this subject in his article entitled "Canada's Missing Link: Sharing" published in the *Globe and Mail* on January 16, 1981.

> The years of debate on the Law of the Sea Treaty may have brought the subject another step forward. Answers had to be found to the claims of landlocked states as well as to countries without continental shelves or rich resources off their coasts. That treaty will provide for continental shelf revenue—beyond the 233-kilometer (200 mile) exclusive economic zone—to be shared. Seven per cent of the wellhead revenues—1 per cent per year from the sixth year onward—is to be deposited with the Seabed Authority and distributed to non-affluent countries under some fair formula.

So much, honourable senators, for the International Law of the Sea as it relates to, first, the continental shelf, and, second, the vast areas of the seas of the world outside and beyond the continental shelves.

What is the effect of all these interesting developments on federal-provincial ownership of natural resources on the continental shelf surrounding Canada?

Is the question of ownership to be settled according to international law or do we follow the rule in the 1876 case *R. vs. Keyn*?

Again I quote from the Newfoundland government publication *Heritage of the Sea—Our Case on Offshore Mineral Rights*:

• (2150)

> This then was the setting for the celebrated case of *R. v. Keyn* in 1876, Ottawa's key case in the 1967 British Columbia Offshore Minerals Reference. Keyn was captain of the German vessel *Franconia* which ran down the British vessel *Strathclyde* two and a half miles off Dover Beach, killing a number of people on the *Strathclyde*. Keyn was charged with manslaughter. The Court split seven to six, the majority holding that English criminal law did not apply to foreigners in England's three-mile territorial sea for it felt that the right of one state's vessels to freely pass through another state's territorial sea was firmly entrenched in international law.
>
> The 1876 case of *R. v. Keyn* was one of the most controversial cases in English law and has been criticized by the courts and learned writers alike and in fact was overruled by the English Parliament in the Territorial Waters Jurisdiction Act of 1878. It did not even deal with offshore minerals, but with a criminal charge of manslaughter. It perhaps seems strange that this case over 100 years ago, in a matter as remote as the skill of a German captain, would now play a key role in deciding Newfoundland's future. Yet the fact remains, that the remarks of certain of the majority judges which can be interpreted to mean that at Common Law the Crown's rights in general stopped at the low water mark, comprise the main prop of Ottawa's claim to our offshore minerals.
>
> Whatever its application to British Columbia, the evolution of both the law of the sea and Newfoundland's constitutional status with the passage of time has made the case of *R.v. Keyn* irrelevant to the interpretation of our Terms of Union.
>
> Even in the 19th century England, the effect of *R.v. Keyn* was confined to criminal law matters. People holding crown grants to subsea minerals had naturally been worried by this case. They had taken out crown grants, started submarine coal mines, dutifully paid their royalties and now their title to subsea minerals seemed in jeopardy. Not so, said the Law Officers of the Crown in 1878 replying to an official inquiry as to whether, in view of *R.v. Keyn*, new legislation should be passed. In their words:
>
> "We do not think any doubt really exists as to the Crown's Title to the bed of the Sea adjacent to the Sea Coast of the Queen's Dominions and to the minerals therein."

> Thus, *R.v. Keyn* was buried away, only to be resurrected by Ottawa in its present fight with the Provinces over offshore minerals.

As I have already shown, it is now a clearly established and agreed maxim of the Law of the Sea, that the continental shelf—which will be limited to 200 miles by treaty—belongs to and is owned by the country to which the continental shelf is attached or of which it forms part.

The ownership of the continental shelf as between nations, according to international law, belongs to the individual maritime nations of the world. In a unitary state as, for example, the United Kingdom, international law and the national law of the unitary state coincide and no question remains to be determined.

To determine our rights between ourselves, we must have recourse to our own law. Pursuant to Canadian law, ownership of the resources of a province is vested in the Queen in right of the province. As the continental shelf is merely an extension of the land mass of a province, it therefore follows that the resources of the continental shelf have always been vested in the Queen in the right of the province, which is the result of the decision of the International Court of Justice in the North Sea continental shelf cases.

Indeed, following the rationale of the North Sea continental shelf cases, it is my view that to successfully argue that the provinces have no right, title or interest in the resources, one would have to establish that the Sovereign of England had expressly excluded the continental shelf from the land of the province. It is not necessary, in my view, for the province to establish that the province had been granted its continental shelf, but it is necessary for Ottawa to establish clearly that it was excluded.

If Crown land grants to Canadian citizens are looked at one will note that the Crown exempts or reserves to itself minerals, and so on. Otherwise, if not so reserved, everything would go to the grantee. In the same way, the continental shelf is attached to the land mass of the province unless excluded.

What then is the root of the title of the Queen in the right of the provinces to the continental shelf? Did the *Keyn* case decided in 1876 merely settle some provisions of the British criminal law, or did it affect the title of the Crown to offshore rights?

The opinion of the law officers of the Crown rendered in 1878 said:

> We do not think any doubt really exists as to the Crown's Title to the bed of the Sea adjacent to the Sea Coast of the Queen's Dominions and to the minerals therein.

On the other hand, I can find no root of title of the Queen in the right of Canada to the continental shelf of the Province of Nova Scotia, and I fail to see how any treaty or the law of the sea confers any title on anyone. The treaty only confirms a title which already exists, but it is utterly beyond the power of a foreign country to confer by treaty a Canadian title to property.

To me, the only way you get a title is from a predecessor in title or by prescription—that is, by adverse possession—and if Ottawa argues that before the Law of the Sea Treaty the "no man's land" theory applied, how can it argue that it adverseley occupied this "no man's land"? If so, against whom did it occupy it—against the Queen in the right of the provinces?

On the question of the affect of a treaty on provincial law, the *Globe and Mail* of January 20 quoted Chief Justice Evans as saying "a valid provincial law cannot be struck down because of an alleged breach of an international law." It follows that if by valid Canadian law the continental shelf belongs to the provinces, the Law of the Sea Treaty cannot in my view override this legal position.

Unless, under the provisions of Canadian law, offshore rights already belong to the federal government, the federal government cannot obtain ownership by international treaty. This is clearly the effect of the words of Lord Atkin, in delivering the judgment of the Judicial Committee in *Attorney General for Canada vs. Attorney General for Ontario (1937)* A.C. 326 (P.C.), at page 352:

> It would be remarkable that while the Dominion could not initiate legislation, however desirable, which affected civil rights in the Provinces, yet its Government not responsible to the Provinces nor controlled by Provincial Parliaments need only agree with a foreign country to enact such legislation, and its Parliament would be forthwith clothed with authority to affect Provincial rights to the full extent of such agreement. Such a result would appear to undermine the constitutional safeguards of Provincial constitutional autonomy.

In other words, if the provinces have ownership of offshore resources, the federal government cannot take such ownership away merely by making an international treaty.

If, therefore, the *Keyn* case is still good law, which clearly it is not, Ottawa has no more right to the "no man's land" than Nova Scotia, if Ottawa says it has, what is its root of title? Nova Scotia as the owner of the land mass is the only one who has any root of title, any colour of right to its own continental shelf.

In Newfondland's case, the Imperial Conference of 1926 formally agreed that the self-governing Dominions—that is, Australia, Canada, the Irish Free State, Newfoundland, New Zealand and the Union of South Africa—were "autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs" and we had that status when the Terms of Union with Canada became the law of the land. Any doubt as to our status during Commission of Government, which was the government in Newfoundland before 1949, was eliminated by Term 7 of the Terms of Union which our negotiators in 1948 wisely inserted to say that Newfoundland's Dominion status and rights, suspended by Commission of Government, came back in full force for an instant prior to Union. Thus, Newfoundland entered Confederation, not as a colony but as,

and with all the rights of, a fully-fledged, self-governing dominion; that is to say, a sovereign state.

● (2200)

Term 7 of the Terms of Union of Newfoundland with Canada reads:

> 7. The Constitution of Newfoundland as it existed immediately prior to the sixteenth day of February, 1934, is revived at the date of Union and shall, subject to these Terms and the British North America Acts, 1867 to 1946, continue as the Constitution of the Province of Newfoundland from and after the date of Union, until altered under the authority of the said Acts.

Term 7 was not inserted in the Terms of Union because of a mere whim: it was inserted for a good and solid constitutional reason. Newfoundland, although for sentimental reasons we often used the title of Britain's oldest colony, was in 1933 a full dominion pursuant to the terms of the Statute of Westminster.

This is, of course, a matter of clearly recorded history and requires no further proof but, as a matter of interest, I quote from a work published in 1967 by St. John Chadwick entitled, *Newfoundland: Island into Province,* which gives some further background regarding Newfoundland's constitutional position. At page 127 he writes:

> A measure of Newfoundland's growing involvement in the higher councils of the Empire (however infrequently she might contribute to them in practice) can be gauged from the press release issued on 19 August 1918 by the Prime Ministers then gathered in London. The Imperial War Cabinet, ran this statement, had been continuously in session for the past two-and-a-half months. These meetings had proved of such value that its members had thought it essential that certain modifications should be made in the existing channels of communication so as to make consultation between the various Governments of the Empire in regard to Imperial Policy as continuous and intimate as possible. It has therefore been decided that for the future the Prime Ministers of the Dominions, as members of the Imperial War Cabinet, shall have the right to communicate on matters of Cabinet importance direct with the Prime Minister of the United Kingdom, whenever they see fit to do so. It has also been decided that each Dominion shall have the right to nominate a visiting or a resident Minister in London to be a member of the Imperial War Cabinet at meetings other than those attended by the Prime Ministers.
>
> The Newfoundland Government was proud to take advantage of this arrangement and the then Prime Minister, Mr. (Later Sir William) Lloyde represented the Colony at both the London Conferences and the eventual Peace Conference in Paris.

Again, at page 156, he writes:

> But even before that date, the Newfoundland Government had realized that they could go no further without external help.

[Senator Cook.]

This deals with the time when we received help by way of Commission of Government.

> At their request a Royal Commission had, in February, been appointed to investigate the whole situation.
>
> 'Whereas', ran the sonorous first preamble to the Royal Warrant, 'on the advice of our Ministers in our United Kingdom of Great Britain and Northern Ireland, in our Dominion of Canada and in our Island of Newfoundland We had deemed it expedient that a Commission should issue forthwith to examine into the future of Newfoundland and in particular to report on the financial situation and prospects therein.'
>
> The terms of the Warrant were themselves significant. Although by now it was a question for Newfoundland of 'needs must', this was not an investigation thrust upon an independent country against its will. The terms of the Balfour Declaration and the spirit of the Statute of Westminster were safeguarded to the hilt. Only following a request from the sovereign Parliament of Newfoundland was the Royal Commission invited and empowered to take evidence in the Island. Significantly its high-powered three-man team consisted of representatives from Canada and Newfoundland as well as from Britain. Whatever they might later have to say about the highly critical tone of the Report, Newfoundlanders could not subsequently complain that the Royal Commission had been foisted by an Imperial power upon an unwilling people.

And finally, at page 162, he writes:

> But, looking to the future, the most important recommendation of all—

That was a recommendation of the Royal Commission—

> —was that 'as soon as the Island's difficulties are overcome and the country is again self-supporting, responsible government, on request from the people of Newfoundland, would be restored.'

Therefore, by virtue of the provisions of the recommendations of the royal commission under which our Constitution was suspended, and by virtue of having in the 1940s once again become completely self-supporting, with indeed a surplus, Newfoundland, as stated in Term 7, entered union with Canada as an independent, self-supporting dominion of the British Commonwealth of Nations.

Honourable senators, while the title of the provinces to the continental shelf off their shores may lack documentary proof, that is to be expected. I suspect that there is a lack of documentary proof to the title of every maritime power that claims its own continental shelf. However, the federal government also lacks documentary proof and, in addition, it has no colour of right whatsoever, inasmuch as the federal government never at any time owned the land to which the continental shelf is attached.

There are those who find it incredible that Newfoundland should claim ownership of the offshore oil. I ask these people to consider what the situation would be if Newfoundland had not become Canada's tenth province.

The options given to Newfoundlanders at the time of the second referendum, July 22, 1948, were union with Canada or a return to responsible government, as we had in 1934; in other words, a return to dominion status. Newfoundlanders wisely chose union with Canada.

If Newfoundlanders had voted for the other option, there could be no question that the Dominion of Canada would today have any claim of any kind whatsoever to the offshore oil.

However, Newfoundlanders chose the option of union with Canada, and, as a result, the Dominion of Canada made a treaty with the Dominion of Newfoundland.

Did that treaty provide that the Dominion of Newfoundland surrender ownership of offshore oil and transfer such ownership to the Dominion of Canada?

No such provision will be found in "Terms of Union of Newfoundland with Canada." On the contrary, term 37 of the terms, entitled "Natural Resources", reads:

> 37. All lands, mines, minerals, and royalties belonging to Newfoundland at the date of Union, and all sums then due or payable for such lands, mines, minerals, or royalties, shall belong to the Province of Newfoundland, subject to any trusts existing in respect thereof, and to any interest other than that of the Province in the same.

Honourable senators, there is no limit or reservation in term 37. It is clear that the Dominion of Newfoundland would have ownership of the offshore oil, if the Dominion of Newfoundland existed in 1981.

In 1949, before Newfoundland actually became a province of Canada, Newfoundland was an independent dominion. In view of term 7 and term 37, what event took place after March 31, 1949, and up to the present time that transferred ownership of the offshore rights from Newfoundland to Canada?

The two major developments before and after 1949 were the Truman Declaration of 1945 and the International Court of Justice decision in 1969 in the North Sea continental shelf cases, both of which are in support of Newfoundland's case and fatal to the federal claim.

• (2210)

If the federal government disputes the judgment of the International Court of Justice, then the federal government must accept the onus of proving or establishing when the offshore oil rights did come into existence. If, indeed, the International Court of Justice was wrong in declaring that a coastal state's continental shelf rights always existed, then someone must establish the magic moment in time when such rights came into being.

In the case of Nova Scotia, did these rights exist only in a growing condition until July 1, 1867, when the rights suddenly matured and could be seen to exist? In the case of Newfoundland, did the offshore rights only come into existence after March 31, 1949?

It does seem only simple logic and common sense that the same rule or measure of time would apply to both Nova Scotia and Newfoundland, and the only sensible solution is not to try to establish some artificial period of time in each or both cases, but to accept the decision of the International Court of Justice, which is accepted and applied throughout the whole wide world.

Until the federal government can clearly establish that the judgment of the International Court of Justice was wrong, when it ruled that a coastal state's continental shelf rights are inherent rights, and, further, can clearly establish a date after July 1, 1867, in the case of Nova Scotia, and a date after March 31, 1949, in the case of Newfoundland, when offshore rights first came into existence as the property of the federal government, I am of the opinion that the rights belong to Nova Scotia and to Newfoundland.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the inquiry to which Senator Cook has just spoken is limited to the claim of Nova Scotia to the minerals off its shores. He has quite appropriately discussed as applying to Newfoundland the principles which have already been debated as applying to Nova Scotia; and I think it is logical that he would do so. Honourable senators will recall that both Senator Smith and I have displayed an interest in this subject, and we are both interested in the application of those principles to Newfoundland.

The reason I am speaking, in connection with the adjournment of the debate is that if we are to extend it, perhaps both Senator Smith and I, as well as other honourable senators, would like to have an opportunity to speak to the Newfoundland aspect, which is not in the wording but has been extended by Senator Cook's intervention. Therefore, I would propose the adjournment of this debate so that I can speak on the Newfoundland aspect, but technically I am not able to do that because the strict wording of this inquiry limits it to Nova Scotia, and I have already spoken on that.

Hon. William J. Petten: If honourable senators agree, I would move the adjournment of the debate.

Hon. G. I. Smith: Honourable senators, perhaps I should respond to the remarks of Senator Frith. I, as the originator of the inquiry, would be happy to follow his suggestion and formally extend the terms of the inquiry to include a discussion of Newfoundland.

Hon. Duff Roblin (Deputy Leader of the Opposition): Would it not be necessary for someone to either amend this inquiry or propose a new one, otherwise the rules of debate would hardly apply? Perhaps Senator Petten could take that point under advisement when he next speaks on the matter.

Senator Petten: In the meantime, if honourable senators agree, I will adjourn the debate. If we want to amend the inquiry at a later date, I shall be happy to take that into consideration.

Hon. David Walker: Honourable senators, before the honourable senator adjourns the debate, I would say that Senator Cook has made a remarkable and most helpful speech.

Hon. Senators: Hear, hear.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 15, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INCOME TAX CONVENTIONS BILL

MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-17, to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax, and acquainting the Senate that they had passed the bill without amendment.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Canadian Saltfish Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 32 of the *Saltfish Act*,chapter 37 (1st Supplement), and section 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Capital Budget of the Canadian Saltfish Corporation for the fiscal year ended March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1980-1006, dated April 17, 1980, approving same.

Revised Capital Budget of the Canadian Saltfish Corporation for the fiscal year ended March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1980-2416, dated September 5, 1980, approving same.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SCHEDULE OF AUTHORIZED SALARY REVISIONS TABLED

Hon. B. Alasdair Graham, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled a schedule of authorized salary revisions for certain Senate positions effective April 1, 1981, as approved by the committee at its meeting of Wednesday, April 15, 1981.

Hon. W. M. Benidickson: Honourable senators, while I was present at the Internal Economy Committee meeting held this morning, which approved the report submitted by Senator Graham, I would ask him if he would outline to the house the percentage increases that were approved and how they apply, in general, to our staff.

Senator Graham: Honourable senators, the schedule covers most of the categories of employees of the Senate. The percentage increases range between 9 and 11 per cent. In some cases, I believe there are some percentage increases as high as 11.5 per cent, but, generally speaking, across the board we have increased salaries in accordance with increases that were approved by the House of Commons at an earlier date.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I am not rising to give notice of a motion, but because we have established at least an interim custom of discussing our schedule at this point in the Order of Business. I would like to discuss the day to which we propose to adjourn.

Honourable senators might like to know that I am informed that the House of Commons will be adjourning today at 6 o'clock until next Tuesday, when it will begin the implementation of its house order on the amendments to the resolution respecting the Constitution. Since we hope, pursuant to what I said yesterday, to adjourn today, I want to say that I believe our business today will consist principally of debate on the Canada Post Corporation Bill, which will perhaps receive second reading and be referred to committee. We will then proceed to deal with the Senate order, notice of which I gave yesterday. Then we will adjourn until next Thursday at 2 o'clock. On Thursday we will sit from 2 o'clock until 6 o'clock, and from 8 o'clock until 10 o'clock. On Friday we will sit from 10 o'clock until 1 o'clock.

Senator Benidickson: One o'clock a.m.?

Senator Frith: One o'clock p.m. I had not thought there was such a threat in my voice to suggest I was indicating 1 a.m.

If all of these things evolve as hoped for, we will then adjourn at 1 o'clock on Friday, April 24 until Tuesday May 19. We will just have to see what happens, as usual. It is only because I frequently give an outline of our proposed program on the last sitting day of the week that I have done so today.

I should add a footnote, to say that, if today we refer the Canada Post Corporation Bill to the Committee on Transport and Communications, it may well be that the chairman of that committee, Senator Smith, will ask members of the committee to meet on the morning of Thursday, April 23. If the members of the committee receive a request from Senator Smith, or the clerk of the committee, to attend here some time in the forenoon prior to the sitting of the Senate at 2 o'clock on that

Thursday afternoon, that will be because the bill will have been referred to committee today. We will then deal with the report of that committee, if it is ready to report, on Thursday, April 23.

Hon. W. M. Benidickson: Honourable senators, I should like to comment on two points. I was impressed by what Senator Godfrey said yesterday concerning the possibility of committees of the Senate sitting between April 24 and our projected return on May 19. Has anything been done with respect to that?

In the Ontario legislature, during recesses, committee work continues in a commendable way, with a little compensation, which I think is not untoward, although it does not mean anything to me personally. That compensation is for committee work that takes place when the legislature is not sitting, and those committees do good work.

Here, in the Senate, a tremendous amount of committee work goes unnoticed, and I think that during the recess some committee work should proceed until the projected resumption on May 19. Has the Deputy Leader of the Government given any consideration to that idea?

Senator Frith: Honourable senators, as I said when Senator Godfrey raised the same question last evening, we will do everything in our power to accommodate the committee chairmen who wish to have meetings at any time while the Senate is not sitting, just as we try to accommodate them when the Senate is sitting.

Hon. G. I. Smith: Honourable senators, since reference has been made to the committee of which I have the honour to be chairman, perhaps I could say to the members of the committee that, if the reference to our committee of the post office bill should be made before adjournment today, it would be my intention, which I hope would be acceptable to the committee, to have notices sent out for a meeting of the committee on Thursday morning, April 23, at approximately 10 o'clock or some relatively convenient time. We would then begin consideration of that bill and decide when we would meet again. Unless someone rises now to express a different view, when I leave the chamber I shall ask the clerk of the committee to send out notices of that kind if, in fact, the bill is referred today. Of course, I will not do so if the bill is not referred today.

● (1410)

Senator Frith: The only point I would like to add to my thanks to Senator Smith for his clarification of the plans of the committee is that we now know from our proceedings last evening that Senator Hicks and Senator Godfrey wish to speak to this bill. There may be other senators who wish to speak. I want to make it clear that no understandings, agreements or undertakings have been given which will in any way interfere with the opportunity for Senator Hicks, Senator Godfrey or any other honourable senator to speak to the bill. It may be that third reading, after the committee has reported, will be the most appropriate time for their intervention in the debate. Whatever the case, I want to be sure that there is no misunderstanding that we had any intention to foreclose, limit or restrict honourable senators who wish to speak to the bill.

[Senator Frith.]

Hon. Jacques Flynn (Leader of the Opposition): As far as we are concerned, we cannot bind this side to any agreement to the extent that you on that side can.

Senator Frith: Une autre entente cordiale.

Senator Flynn: You have more problems with your party than I have with mine.

Senator Frith: We will see. Merci, on verra.

QUESTION PERIOD

[*English*]

THE ECONOMY

RATE OF INFLATION—GOVERNMENT POLICY

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question to the Minister of State for Economic Development, and ask him whether he has taken note of the fact that the rate of inflation, which is 12.22 per cent, as recorded the other day, is now substantially higher than that forecast by the Minister of Finance in his budget. In fact, it represents the highest rate of inflation for many years. What steps does the government intend to take to deal with this important and pressing matter of public concern?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the answer to the first part of the question is: Yes, we have noted that the rate of inflation for the last recorded month is running at the rate suggested by the honourable senator and that, indeed, it is somewhat higher than was forecast in the budget of last October. As the Minister of Finance has pointed out, it is not fair to make a prediction on the basis of one month, although there are a couple of other increases which are equally disturbing, nor is it fair to suggest that a trend in the escalation of the rate of inflation has set in. It is also noted, of course, in the performance of the economy for the last month and, indeed, for the last two months, that the pace and activity within the total economy has been somewhat higher than expected.

Senator Roblin: If I were the minister I, too, would grasp at any favourable straws that floated by, in the hope of giving even more good news on that particular front.

Senator Frith: That is frank of you.

Senator Roblin: The question of inflation remains. It seems to me that it is not a matter of one month's aberration. We have seen a steady rise over the ministerial forecast for the last six months. I am rather concerned that the government does not think it necessary to do anything about this inflationary trend at the present time. I am also concerned that the government is not responding to the initiative taken by the

Premier of Ontario, who has suggested that at least there should be meetings to discuss this topic. That, to me, is the least the government could do. I would like to know why the government does not consider it necessary to talk about inflation now, but prefers to postpone the matter until some time in the autumn.

Senator Olson: Honourable senators, I cannot add very much to what I have already said. I do know—and perhaps the honourable senator will acknowledge my point—that not long ago his party, and perhaps the honorable senator himself, admonished the government for not taking measures to enhance or expand the economy. I am sure the honourable senator knows as well as I the potential consequences of such action.

● (1415)

The fact of the matter is that the economy has performed somewhat better—in fact, I would almost say significantly better—than some of the projections that were made, not only in the budget of October 28, but, indeed, in some statements respecting the economy made even before that. According to some of the people who engage in this kind of forecasting, the prospects for the balance of 1981, even without any change in policy, are equally good for the economy.

Therefore, if we are to try to counter that with even more severe use of the instruments now available, such as the policy that has been consistently followed by the Bank of Canada or the fiscal stance of this government, we may have some undesirable fallout. It is not a case of not being concerned about the matter. The honourable senator knows that a very delicate balance has to be followed in these things so that you do not have the problem, on one side, of too much restriction and, on the other side, of too much incentive.

Senator Roblin: I will just make a final observation and then put a question to my honourable friend. What he is really telling me is that the government does not intend to do anything about the matter. It is just going to let events run their course.

My question is: At what rate of inflation does my honourable friend think the government might do something about it?

Senator Olson: A rate of inflation at a somewhat lower level than it is at today would be more acceptable, providing we could keep the economy moving at the levels it is at with the modest expansions that are now being forecast.

Senator Roblin: Does my honourable friend think that an unemployment rate of 8 per cent is keeping the economy in a satisfactory position?

Senator Olson: The unemployment rate is not 8 per cent; it is 7.3 per cent.

Senator Roblin: It will be 8 per cent, or I have missed my guess. There are one million people unemployed, whatever percentage you put on it.

Senator Olson: If that is the view my honourable friend wants to take in dealing with that side of the argument, he also has to accept that, perhaps, a modification of fiscal policy or monetary policy would improve that situation.

Senator Murray: Or energy policy.

Senator Olson: Then, on the other side of the coin, he can come back and complain about the rate of inflation. He knows enough about economics to know that those kinds of arguments are like trying to ride both sides of the fence at the same time.

Senator Flynn: You should know something about that.

Senator Roblin: My honourable friend could give me lessons in that.

PARLIAMENT

NEWSPAPER ARTICLE—USE OF DESIGNATION "M.P."

Hon. Nathan Nurgitz: My question is for the Minister of State for Economic Development. In the *Globe and Mail* of today I noticed a headline stating that the post office bill had been passed by M.P.'s yet, I think Senator Hicks would confirm that the bill is still before us.

Does the minister think he ought to write to the *Globe and Mail* noting that such a headline should have reflected that only "M.C.'s" had passed the bill, and not "M.S.'s", and certainly "M.P.'s" had not passed the bill?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, this incident completely exonerates the position that I have been trying to take for months and that is that members of this house are M.P.s.

CROWN CORPORATIONS

PROPOSED CANADA POST CORPORATION—APPOINTMENT OF PRESIDENT

Hon. Orville H. Phillips: Honourable senators, my question is for the Leader of the Government in the Senate. This morning, the head of the Toronto Transit Commission announced that he had been appointed head of the proposed Canada Post Corporation, with a five-year contract at $150,000 per annum.

Would the Leader of the Government advise the Senate what authority was used in negotiating the contract, as Bill C-42 has not been passed by this chamber or received royal assent?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator makes a valid point. The announcement was, apparently, made by this gentleman in Toronto. He is reported to have said that he had been contacted regarding a position with the Post Office and that he understood he was going to receive a certain specified salary. If the reports are accurate, it certainly seems to be an impropriety, at the very least, for this gentleman to have anticipated an action of this chamber.

Hon. G. I. Smith: It is more than impropriety. It should be taken into consideration when considering his fitness for such a delicate task.

REGIONAL ECONOMIC EXPANSION

NEW BRUNSWICK—STATUS OF AGREEMENTS

Hon. Cyril B. Sherwood: Honourable senators, my question is for the Leader of the Government in the Senate and it concerns the Minister of Regional Economic Expansion. I was going to direct my question to the Minister of State for the Canadian Wheat Board because, as a former chairman of the Standing Senate Committee on Agriculture, he took great interest in the matter of Kent County, New Brunswick.

On March 31 the agreements between DREE and the Province of New Brunswick expired, including the Kent sub-agreement. There have been assurances that new agreements will be signed. During a meeting of the Standing Senate Committee on Agriculture concerning Kent County in July, Mr. De Bané stated, for the record, that projects in Kent, which the provincial government considered essential, would receive funding in any new agreement.

● (1420)

The fact that agreements have not been signed and, therefore, allocations of available monies have not been made, has made it very difficult for those involved in the Kent Region Project to make plans for the coming year. For example, farm plans could not be completed for the coming crop year because of the uncertainty, and staff working with the Kent Region Project, not being assured of continued employment, have left or are seeking new jobs. I am sure that there are similar problems with other agreements in New Brunswick. Therefore, the subcommittee on Kent County of the Standing Senate Committee on Agriculture hopes that agreements will be signed as soon as possible.

Could the minister find out from his colleague, the Minister of Regional Economic Expansion, what the status of all the agreements—not just the Kent sub-agreement—with New Brunswick is, when new agreements will be signed and for what term?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. It is a detailed question, and an important one.

Senator Sherwood: Can we anticipate an answer next week, considering the urgency of this matter?

Senator Perrault: A request will be made immediately for the required information.

LEGAL AND CONSTITUTIONAL AFFAIRS

ACCESS TO INFORMATION BILL—PROPOSED COMMITTEE PRE-STUDY

Hon. John M. Godfrey: Honourable senators, I would like to direct a question to Senator Goldenberg, the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs.

[Senator Perrault.]

On March 31 I wrote a letter to Senator Goldenberg, which reads as follows:

> I note from the press that the House of Commons Committee on Justice and Legal Affairs is considering the Access to Information Bill. As you know, the Joint Committee on Regulations and other Statutory Instruments studied this question for several years, and I have been particularly interested in this subject.
>
> It seems to me that the Legal and Constitutional Affairs Committee should be doing a pre-study of this very important Bill, and that they could make a real contribution by doing so.
>
> I would appreciate your advising me if you had considered having the subject matter of the Bill referred to your Committee and if not, why not!

The following week, on Tuesday evening, Senator Goldenberg spoke to me in the chamber and said there was to be a meeting of the committee on Thursday morning, and we could discuss it at that time.

The next day he said that there were witnesses to be heard on Thursday morning, and it would not be convenient to discuss it then. I then asked him if the steering committee could consider it and bring forward recommendations to the committee. He replied that the Legal and Constitutional Affairs Committee does not have a steering committee, but he indicated that he would consult with some of the other members of the committee and let me know.

This morning I spoke with Senator Goldenberg, and he indicated that he was not going to discuss with the other members the question of a pre-study of the bill until we come back on May 19, which I think is too late. This is the type of bill in which the non-partisan atmosphere of a committee of this chamber could make a real contribution. If we wait until the bill comes here after it has been through the House of Commons, we cannot make the kind of contribution that Senator Hayden, the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, and his committee, have made so often in the past. We do have a precedent for this as far as the Standing Senate Committee on Legal and Constitutional Affairs is concerned because, on January 24, 1979, Senator Goldenberg did move that the subject matter of the Public Referendums Bill be referred to his committee.

My question to Senator Goldenberg is: Why did he not recommend, when the bill first went to a committee in the House of Commons, that a pre-study be held of this bill by this committee?

Hon. H. Carl Goldenberg: Honourable senators, Senator Godfrey has reported accurately the sequence of events that transpired concerning this bill, but, in my view, the Access to Information Bill is a highly complicated one. It is still before the committee of the House of Commons. That committee has met 12 or 15 times. It is going to report the bill back to the House of Commons with a great number of amendments and,

having regard to the fact that there were two other bills in the interval before our committee, I did not think that we should duplicate the work of the House of Commons at this particular time. I wonder what would have happened if, for example, Senator Smith, the very able Chairman of the Standing Senate Committee on Transport and Communications, had made a pre-study of the bill on the Post Office which we had before us last night, and which came to us with 61 proposed amendments by the House of Commons committee. But the committee would have studied the original bill.

I told Senator Godfrey this week that I would discuss this with a number of members of the committee, but, in view of the fact that we knew we were going to have a rather long adjournment, I thought I would defer it until our return.

• (1425)

LAW REFORM COMMISSION—PROPOSED COMMITTEE STUDY

Hon. John M. Godfrey: I should like to ask Senator Goldenberg another question. I shall read the following letter that I wrote to him on May 8, 1980:

> After reading the enclosed this morning—

I should say that "the enclosed" was an article by Patrick Donohue on "Law reform: no bang for the buck in 9 years". I would like to read a couple of excerpts from that article, which will explain my letter. They read as follows:

> It would surprise many Canadians to know that a federal commission has been working for nine years at changing the legal basis of our society. The impact of the Law Reform Commission of Canada has yet to be felt by the average Canadian. Since the commission's inception in 1971, no new laws have been enacted as a result of its efforts.

Further down, the article continues:

> The problem for the commission is that no one is responsible for following up its recommendations with proposed legislation. After the commission's reports are tabled by the minister of justice in the House of Commons, they are turned over to the standing committee on justice and legal affairs—

That is the House of Commons committee.

> —which is free to ignore the recommendations—

Continuing further down, the article says:

> Parliament should examine the commission as it has evolved to see whether the public is getting satisfaction for its money. The "bang for their buck" has become a whimper.

On May 8, 1980 I wrote to Senator Goldenberg as follows:

> After reading the enclosed this morning, it occurred to me that this would be a great area for the Legal and Constitutional Affairs Committee to take an interest. You could pick out certain recommendations where you think action should be taken by the Government and hold hearings on them, then bring in a report and follow it up in the way the National Finance Committee does after they issue a report. We call back the Government officials some months later to see what they have done about it.
>
> Of course, if your Committee is too busy with legislation they wouldn't be able to handle it, but my impression is that the Committee hasn't had very much to do in that regard the last couple of years.

I must say, honourable senators, that I did check, and I found that in 1980, other than on the Constitution, the Legal and Constitutional Affairs Committee had met for a total of 4 hours and 20 minutes. After I wrote that letter to Senator Goldenberg, he spoke to me and said he had been thinking about exactly the same thing and he was going to do something about it.

My question to Senator Goldenberg is: When does he intend to take some action on the suggestion I made nearly a year ago?

Hon. H. Carl Goldenberg: As we say in French, "En temps et lieu".

Senator Flynn: In due course.

FISHERIES

GULF OF ST. LAWRENCE—CLOSURE OF HERRING FISHERY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on April 9 concerning herring; but I shall await his presence in the chamber before giving that reply.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION RESPECTING DISPOSITION

Leave having been given to proceed to Motion No. 2:

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of yesterday, April 14, moved:

> That the motion of the Honourable Senator Perrault, P.C., for an Address to Her Majesty concerning the Constitution of Canada shall be disposed of as follows:
>
> 1. The debate on the said motion and any amendments proposed thereto as herein provided, shall be adjourned to Thursday, April 23, 1981, and may be debated between 2.00 p.m. and 6.00 p.m. and between 8.00 p.m. and 10 p.m., and on Friday, April 24, 1981, between 10.00 a.m. and 12.00 noon.
>
> 2. No amendments or sub-amendments may be proposed to the said motion except those moved by the Leader of the Government and the Leader of the Opposition in the Senate on Friday, April 24, 1981, as provided hereinafter.
>
> 3. The question on the amendment to the motion, moved on March 26, 1981, by the Honourable Senator Yuzyk shall not be put except as herein provided.

4. The Order to resume the debate on the main motion shall be called at 10.00 a.m. on Friday, April 24, 1981, and notwithstanding any other motion in amendment thereto, the Leader of the Government in the Senate shall forthwith be given the floor to move any amendments to the said Address adopted by the House of Commons on Thursday, April 23, 1981, pursuant to the Special Order adopted by that House on April 8, 1981; and no amendments may be moved to such amendments, but the Leader of the Opposition may, immediately after the said motion of the Leader of the Government, move any amendment to the said motion for an Address; and both the amendments of the Leader of the Government and the amendment of the Leader of the Opposition may be debated at the same time but without further amendment.

5. Every question necessary to dispose of any amendments moved by the Leader of the Government or by the Leader of the Opposition in the Senate or the motion in amendment by the Honourable Senator Yuzyk, if it is still before the Senate, shall be put, in that order, no later than 12.00 noon on Friday, April 24, 1981.

6. There shall be no debate after April 24, 1981, on the said motion until a day named by the Leader of the Government in the Senate pursuant to the following paragraph of this Order.

7. After the Supreme Court of Canada has rendered a decision on the appeals concerning the opinion of the Manitoba Court of Appeal rendered on February 3, 1981, and on the opinion of the Newfoundland Court of Appeal rendered on March 31, 1981, on the questions put to the said Courts concerning the amendment of the Constitution of Canada, the Leader of the Government may, by rising in his place and informing the Senate thereof, name two days on which the said motion shall be debated by the Senate.

8. At 6.00 p.m. on the second day named by the Leader of the Government pursuant to the preceding paragraph of this Order, the Speaker shall interrupt any proceedings and, without further debate, put every question necessary to dispose of the said motion. No Senator shall rise to speak after this hour, and all such questions as must be decided in order to comply with this Order shall be decided forthwith before the Senate adjourns.

9. The provisions of this Order shall prevail notwithstanding any rule or practice of the Senate to the contrary.

10. Nothing in this Order shall be considered to affect in any manner or to any degree the separation of the legislative and judicial powers, a fundamental principle of our Constitution.

[Senator Frith.]

[*Translation*]

He said: Honourable senators, I have two things to say first. I do not have that many comments to make on the motion because yesterday I gave the reasons why I intended to move the motion today. However, there are two small housekeeping matters that I might be allowed to explain in English, and then I could perhaps make some kind of introductory remarks to the motion.

[*English*]

Honourable senators may have noticed that during the course of the debate yesterday the Leader of the Opposition and I, in effect, agreed on a change to paragraph 4 in the proposed order, the terms of which are printed in the *Minutes of the Proceedings of the Senate* for yesterday. It was because of a lack of grammatical consistency that, after further discussion, we decided it was better in its original form. If it is satisfactory to honourable senators, I will not go into the details of that. What it means is that with regard to the two items that we were not prepared or able to agree upon fully yesterday—the first being a change in the wording of paragraph 4 and the second being a change in the wording of paragraph 7—we should say regarding paragraph 4, as they say in the editing business, "*Stet*." In other words, it remains as it was because of a change in paragraph 1.

• (1430)

With regard to paragraph 7—and it seems to me this requires further explanation—honourable senators will recall that paragraph 7 of the proposed order provides for a method of dealing with the resolution after the decision of the Supreme Court of Canada has been handed down, and the original wording, which honourable senators will find in the *Minutes of the Proceedings of the Senate*, provided for our dealing with the matter by naming two days after the decision of the Supreme Court of Canada had been rendered. That provision was exactly the same as obtained in the House of Commons. Senator Flynn pointed out that we have already agreed to deal with the matter here, finally, only after the House of Commons has disposed of it. He was quite correct about that, and suggested that we should re-word paragraph 7 to provide that our final two days will be named after the House of Commons has disposed of the matter, rather than after the Supreme Court of Canada has disposed of it.

The somewhat obscure comments I made, that appear on the record, were meant to say that we should leave ourselves a little more flexibility than that, and that we should name our final two days after the House of Commons has named their two days, simply to give ourselves the latitude to go either two days after them, or perhaps one day, or perhaps a day and a half, or whatever we decide is the best way to deal with the matter in the interests of the country and in the interests of the Senate.

As a result, I proposed a re-wording to Senator Flynn, and we have agreed that that is the way we will deal with it.

The sequence will therefore be as follows, as I understand it. The House of Commons will dispose of the amendment stage

next week. Please remember that there are three stages: the amendment stage; the Supreme Court of Canada decision stage; and the disposition by Parliament stage. What will happen is that by Thursday of next week the House of Commons will dispose of stage 1—that is, the amendment stage. If this order is adopted, we shall deal with our part of Parliament's disposition of that stage on Friday, by 12 noon—at least, it will be put no later than 12 noon. Then we come to stage 2, which is the decision of the Supreme Court of Canada. If the result of the decision of the Supreme Court of Canada is that the proposal is illegal, as Senator Walker and I discussed yesterday, the chances are that no days will be named, and a whole new set of circumstances will be before us. If the Supreme Court of Canada decides that the proposal is constitutionally acceptable, then the House of Commons will name its two days. When they have done that, Senator Flynn and Senator Perrault will consult in order to decide, in the particular circumstances, when we should deal with it for our final two days. But all of the above is subject to the fact that we shall not vote on it until after the House of Commons has voted on it, that being consistent with the agreement reached between Senator Perrault and Senator Flynn. Those are the housekeeping elements I referred to.

[*Translation*]

Honourable senators, if I may now switch over to French, I would like to explain from a technical point of view the substance of this motion. It is meant to implement the agreement ratified in the other place by the three parties and providing that Parliament will not vote on the motion before the Supreme Court has reached a decision on the constitutional acceptability of the motion.

As I mentioned yesterday, that was one of the conditions on which several senators have dwelt during our debate in this chamber.

That is the primary aspect, the main purpose. There are, as I mentioned, three elements in that agreement, which is not necessarily cordial, but which is nevertheless beneficial.

Those elements are, first, that the Supreme Court, if possible, should receive the amended motion in a more or less final format in order that they may reach reasonably a final decision. The second element is that the time devoted to the final stage of the debate be set by Parliament pursuant to the provisions of the agreement reached in the other place.

The procedural corollaries have been stated in a House of Commons order. This House of Commons order has now been deferred to us to the extent that we are now dealing with the agreement. Under that order, and it is a quite important aspect for us, the members of the House of Commons have agreed to refrain from suggesting any amendments in such special circumstances and to try to reach an agreement on one omnibus amending motion for each party.

In the Senate, the corollary is found in the motion now before us. Those are the reasons, the background and the basis for the motion now under consideration.

As for the specific wording of the motion now appearing in the *Minutes of the Proceedings of the Senate*, as I mentioned yesterday, the opposition and the government have agreed on only one principle up to now. Since the circumstances are quite unusual, and since the motion now before us is also quite unusual, for these same reasons we find ourselves in unusual circumstances and the same may be said of the other place.

There is only one other housekeeping aspect to the matter.

[*English*]

I am indebted to Senator Macquarrie for pointing out to me that the motion as it appears at page vii of yesterday's *Minutes of the Proceedings of the Senate* is grammatically in error. Paragraph 10 reads:

> Nothing in this Order shall be considered to affect in any manner or to any degree the separation of the legislative and judicial powers, a fundamental principal of our Constitution.

Senator Macquarrie and I reminded ourselves, at his initiative, that "principal" is only a noun in one particular case; otherwise, "principal" is an adjective and "principle" is the noun. I thought that Senator Macquarrie's way of remembering the one occasion on which the word "principal" is a noun is one that may not be totally consistent with everyone's personal experience—it is to remember that the principal of the school is your pal.

In any event, after what I am sure honourable senators have found to be a somewhat pedantic digression—one which neither Senator Macquarrie nor I would so describe—I would like to move the motion in its modified form. It contains two corrections, one in order to have the motion conform to the change in paragraph 7 that I have already explained—that is, the paragraph dealing with the two days—and the other to ensure that the new version spells the word "principle" correctly.

• (1440)

Senator Flynn: Did you say "virgin" or "version"?

Senator Frith: It is the second version, and, therefore, it cannot be described as virginal.

Honourable senators, with leave of the Senate and pursuant to rule 23, I move:

> That the motion of the Honourable Senator Perrault, P.C., for an Address to Her Majesty concerning the Constitution of Canada shall be disposed of as follows:
>
> 1. The debate on the said motion and any amendments proposed thereto as herein provided, shall be adjourned to Thursday, April 23, 1981, and may be debated between 2.00 p.m. and 6.00 p.m. and between 8.00 p.m. and 10.00 p.m., and on Friday, April 24, 1981, between 10.00 a.m. and 12.00 noon.
>
> 2. No amendments or sub-amendments may be proposed to the said motion except those moved by the Leader of the Government and the Leader of the Opposition in the Senate on Friday, April 24, 1981, as provided hereinafter.

3. The question on the amendment to the motion, moved on March 26, 1981, by the Honourable Senator Yuzyk shall not be put except as herein provided.

4. The Order to resume the debate on the main motion shall be called at 10.00 a.m. on Friday, April 24, 1981, and, notwithstanding any other motion in amendment thereto, the Leader of the Government in the Senate shall forthwith be given the floor to move any amendments to the said Address adopted by the House of Commons on Thursday, April 23, 1981, pursuant to the Special Order adopted by that House on April 8, 1981; and no amendments may be moved to such amendments, but the Leader of the Opposition may, immediately after the said motion of the Leader of the Government, move any amendment to the said motion for an Address; and both the amendments of the Leader of the Government and the amendment of the Leader of the Opposition may be debated at the same time but without further amendment.

5. Every question necessary to dispose of any amendments moved by the Leader of the Government or by the Leader of the Opposition in the Senate or the motion in amendment by the Honourable Senator Yuzyk, if it is still before the Senate, shall be put, in that order, no later than 12.00 noon on Friday, April 24, 1981.

6. There shall be no debate after April 24, 1981, on the said motion until a day named by the Leader of the Government in the Senate pursuant to the following paragraph of this Order.

7. After the Supreme Court of Canada has rendered a decision on the appeals concerning the opinion of the Manitoba Court of Appeal rendered on February 3, 1981, and on the opinion of the Newfoundland Court of Appeal rendered on March 31, 1981, on the questions put to the said Courts concerning the amendment of the Constitution of Canada, and a Minister of the Crown in the House of Commons has designated the final two days for debate in that House pursuant to paragraphs 5 and 6 of the Special Order adopted by that House on April 8, 1981, the Leader of the Government and the Leader of the Opposition in the Senate shall consult and thereafter the Leader of the Government may, by rising in his place and informing the Senate thereof, name two days on which the said motion shall be debated by the Senate pursuant to the understanding that the Senate shall not vote on the motion until after it has been voted upon in the House of Commons.

8. At 6.00 p.m. on the second day named by the Leader of the Government pursuant to the preceding paragraph of this Order, the Speaker shall interrupt any proceedings and, without further debate, put every question necessary to dispose of the said motion. No Senator shall rise to speak after this hour, and all such questions as must be decided in order to comply with this Order shall be decided forthwith before the Senate adjourns.

9. The provisions of this Order shall prevail notwithstanding any rule or practice of the Senate to the contrary.

10. Nothing in this Order shall be considered to affect in any manner or to any degree the separation of the legislative and judicial powers, a fundamental principle of our Constitution.

Hon. David Walker: Honourable senators, may I ask a question with regard to the reply of the deputy leader? If the Supreme Court brings in a judgment dismissing the appeal or making a finding that the whole matter is illegal, why would two days be necessary for discussion? The whole matter is *functus*.

Senator Frith: Perhaps I did not explain this clearly enough yesterday, honourable senators. When Senator Walker pointed out this problem yesterday, I said it was my understanding that the order in the House of Commons and the order here do not provide for automatic debate for two days, or for any time, after the decision of the Supreme Court. That is the flexibility we are trying to maintain in the order. In other words, once the court has made its decision, the provisions of the order in the other place and the order here are that two days may be named. Of course, if the court decides totally against the proposal, as I said last night, it is very doubtful that those two days will be named.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I agree with the Deputy Leader of the Government. We are dealing here with quite an exceptional and unusual situation, one which will not recur very often, at least I hope not.

Up until an agreement had been reached in the other place concerning the disposition of the resolution for a Joint Address to Her Majesty the Queen to amend the Constitution of Canada, discussions had been held here between the Leader of the Government and the Leader of the Opposition on the manner in which to deal with this resolution.

We agreed that two things had to be agreed to. First, that the Senate would not come to a decision before the House of Commons; second, the duration of the Senate debate after the Commons' decision. On that point, we had come to some agreement which was not finalized but which was accepted by both sides.

The recent settlement reached in the Commons has changed our perspective. Now it has been suggested to us in the other place, as we usually call it, that agreement should apply to us as well.

I will not deny that that is the view of the official opposition in the other place. I know for a fact that it is the firm conviction of the government. But I must admit that the Leader of the Opposition in the House told me that we should implicitly comply with the conditions agreed to in the other place to dispose of this resolution.

Of course, I must say right away that we on this side of the house had not given any mandate to that effect. Legally we do not consider that we are so bound, but perhaps to a certain extent we consider that we are morally bound.

I wanted to clarify that aspect.

There are two things we find hard to swallow here: the fact that we have bound, if you like, all senators by this agreement whereby only the Leader of the Government and only the Leader of the Opposition may propose changes or amendments to the resolution. In the case of senators who sit here as independent members, Senator Molson, Senator Manning, Senator Lawson and perhaps even Senator Cameron, and we could even add honourable senators who sit in this house as Liberals but who do not agree with the government resolution, I do not believe it is very fair to them that they not be allowed to propose changes or amendments to the resolution.

If they agree it is up to them to say so. But I do not think that we on this side, the official opposition, like you on the government side, can force that silence or that restriction upon those senators. I would even go as far as to say that it cannot be forced upon some honourable senators on this side of the House who have already expressed their views about certain amendments they would like to see made to the resolution, amendments which the parties are not necessarily prepared to move as such. That is the first element.

As to the second element, we had agreed that there would be no obligation, that we would not be bound by the changes or amendments proposed in the House.

I will never agree to say that I, on behalf of the opposition or in any other capacity, cannot propose changes or amendments which differ from those made in the other place. Can you imagine the Senate saying: "We renounce in advance our right to change in any way whatsoever the amendments which come to us from the House of Commons"?

In this respect the Leader of the Government and his deputy had agreed that we would not be bound. In principle we do not agree, but should the house decide that that is the way we must proceed, I do not want that on either side we be bound by texts debated in the other place.

Those are the essential points. There were a few diverging opinions about the text, perhaps Senator Macquarrie did notice them as well, including at the top of page vii the fact that the Leader of the Government may propose "amendments", but that the Leader of the Opposition may propose "an amendment". Obviously, this is a grammatical mistake, but I believe that the plural should be used both for the Leader of the Government and for the Leader of the Opposition.

Now, with respect to paragraph 7 as amended by the deputy leader of the government, it provides that the two days designated to deal with the main motion as amended—this will be after the Supreme Court has given its ruling, of course, and only if the Supreme Court rules that it is legal—will be set by the Leader of the Government in consultation with the Leader of the Opposition. I would like the Leader of the Government to confirm at this time that he will not compel the Senate to debate the motion while the House of Commons is debating it, because due to the way the motion is written, it could be debated simultaneously and it could be decided that the House of Commons would vote at 6 o'clock and the Senate would then be required to vote at 8 o'clock.

The motion says:

• (1450)

[*English*]

> —pursuant to the understanding that the Senate shall not vote on the motion until after it has been voted upon in the House of Commons.

Technically, you could set the two days and determine that the two days in the House of Commons would end at 6 o'clock and that the two days in the Senate would end at 10 o'clock on the same date—that is, p.m., for the information of Senator Benidickson.

At this point I should certainly like the Leader of the Government to confirm that those two days will follow the two days in the House of Commons; that they will not be simultaneous. Frankly, I do not see what the government would gain by saving a day or saving a few hours. Depending on the decision of the Supreme Court of Canada, it may be that, after all, we will only need one day.

I would be satisfied if the Leader of the Government told me that he would not insist on setting a day which would be the same as one of the days provided for in the other place. It may be that the Leader of the Government will wish to reply to that later.

Finally, I have a few comments, which I make more or less with tongue in cheek, respecting paragraph 10, to which the Deputy Leader of the Government has just alluded:

> Nothing in this Order shall be considered to affect in any manner or to any degree the separation of the legislative and judicial powers, a fundamental principle of our Constitution.

Why have you included that in the text? How, with an order like this one, can we affect the fundamental principle of the separation of the legislative and judicial powers?

I noticed that the Prime Minister was quite amazed in the other place after the decision of the Newfoundland Court of Appeal was handed down. Probably he is in better humour today as a result of the decision of the Quebec Court of Appeal. The score is seven to six, now, in favour of the government.

Senator Perrault: They are in the third period.

Senator Frith: It only takes one goal to win the Stanley Cup.

Senator Flynn: We are not in the third period. The third period will be the Supreme Court of Canada.

Senator Perrault: No, that's overtime.

Senator Flynn: No, no; there is no overtime there, I can assure you. Indeed, I wonder if we should not call it comment, dit-on, hors concours?

Senator Roblin: How about an exhibition game?

Senator Connolly: Maybe that would be the play-offs.

Senator Flynn: Yes.

The Prime Minister, as I say, was a bit amazed last week. This is what he was saying:

> Madam Speaker, it is basic to our system that three judges, five judges, or nine judges cannot tell us what is right. We are elected by the people. We are answerable to the people.

Of course. Nobody has ever suggested that a court could issue an injunction against Parliament. That has never been done. It could not be done. The Prime Minister, however, should realize that in a federal state the courts do have the last word concerning the ability of levels of legislature, federal or provincial, to enact certain provisions. The judges of the Supreme Court of Newfoundland did not tell Parliament, "You cannot do it." They said it was illegal. But Parliament continued to do it. The Prime Minister could have been even more stubborn than he has been up to now. He could have said, "I will not wait for the decision of the Supreme Court of Canada." It was his decision to make. I think, when he decided that he would wait until after the Supreme Court of Canada had decided whether or not this resolution was legal, he showed that on occasion he can be reasonable.

This is not ordinary legislation. In the normal course of events, when we deal with a particular bill about which there is some doubt as to its legality, Parliament is not necessarily stopped by anyone going to the court and asking to have the legislation declared invalid. In fact, an individual could not ask the courts to make a decision on a bill that had not been passed. However, the provinces are in a different situation, in that they can have a reference to the appeal courts of the provinces and eventually to the Supreme Court of Canada. The same applies to the federal government.

On a previous occasion, at the suggestion of Senator Lamontagne, who was the joint chairman of the joint parliamentary committee dealing with Bill C-60, Prime Minister Trudeau referred to the Supreme Court those provisions of the bill dealing with the abolition of the Senate and its replacement by a House of the Federation. Senator Lamontagne had suggested it would be safe for the government to refer those provisions to the Supreme Court. Mr. Trudeau decided to go to the Supreme Court, and was told by the Supreme Court that it could not abolish the Senate and replace it by a House of the Federation under the provisions of Bill C-60.

I do not see why we should get excited about what is taking place now. In doing what he is doing now, the Prime Minister is simply being prudent. Moreover, he is simply helping Parliament to make a proper decision.

● (1500)

If this matter is *ultra vires,* then one must consider whether to support or oppose the resolution, to vote "yes" or to vote "no". I am very happy that we came to the conclusion that a final decision would not be made by the House of Commons or the Senate until the Supreme Court of Canada had ruled on the matter. As far as I am concerned, it is not necessary at all for Parliament, the House of Commons or the Senate, to look into the amendments with which we may be dealing, both in the house and the Senate, next week. There is no amendment that would have any bearing on the constitutionality of the resolution. Of course, it is a device to save face, and all sides were called upon to make certain concessions.

However, by accepting this agreement, we have imposed on this chamber rules of debate which are not normal and which are perhaps unfair. But we must go along with the agreement, and perhaps we on this side have a moral obligation not to call a vote. If it is the wish of the majority, we will let it go on division, but I am very unhappy that the Senate would adopt such an order and that we have agreed to deal with this matter in this way.

My only consolation is, once again, that the Prime Minister has recognized—though he would not admit it publicly and though he tries to cover his position on this resolution in that last silly paragraph—that in a federal state such as Canada the Supreme Court of Canada is the final arbiter between the two levels of government, and that in the Parliament of Canada the House of Commons and the Senate will not be called upon to make a final decision before the Supreme Court of Canada has ruled on the legality of the resolution.

Hon. Senators: Hear, hear.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have listened with great interest to the views of the Leader of the Opposition. He has made reference to the fact that this is an extraordinary situation, and, indeed, it is. The motion before us reflects to a very great extent the rather historic agreement achieved by the national party leaders a few days ago. I wonder whether there have been any other times in the history of our country when such an accord has been achieved.

The Right Honourable the Prime Minister, the Leader of the Official Opposition and the Leader of the New Democratic Party have agreed on a procedure which they have urged upon their followers for the passage of this particular order of the house through Parliament. I say "through Parliament" because the leaders of the parties really gave a commitment, as was confirmed by the Leader of the Opposition in the Senate today, with respect to the type of actions they would expect and hope for from their followers in both the House of Commons and the Senate.

Before the unanimous agreement, the debate in the other place had been a very rancorous one. I must say, honourable senators, that the Senate can take pride in the fact that more than one editorial observer has stated that the quality of the debate in this chamber during this constitutional discussion has been of a high standard—better, some have written, than the debate in the other place. I was particularly interested in the views of one of Canada's leading columnists who wrote the other day that, while he very much regretted having to write it, the quality of the Senate debate on the Constitution has been outstanding. This is to the credit of all those who have participated in this discussion, whether they sit in opposition or

on the government side. Certainly, a great deal of credit goes to the senators who served on the Special Joint Committee of the Senate and the House of Commons on the Constitution because their work was of an excellent quality.

For the past six months this country has debated the proposals on the Constitution. The discussion, which has gone on for considerably longer than six months, has been at times difficult, heated and rancorous. So it was that parliamentarians of both houses and, I suspect, most of the Canadian people, welcomed the agreement which was announced by the three parties a few days ago. The other place has achieved agreement on certain matters. The first one is that no final vote on the resolution will take place until the views of the Supreme Court of Canada are made known. I am sure that honourable senators will agree that that is a good idea. I realize that, in its first stages, it was perhaps advanced by the opposition, which points out the value, once again, of having an opposition in our parliamentary system. It is one of the values which flow from debate which goes forward in this and other chambers.

The parties in the other place have agreed that all amendments will be dealt with in the form of omnibus amendments to be tabled next Tuesday. It is my understanding that the omnibus group of amendments will be presented by the opposition parties by 6 o'clock next Tuesday, and that at 10 o'clock on that day the government amending proposals, if any, will be made known. Also, there has been an unprecedented agreement on the part of our national leaders that a three-day debate will take place in the House of Commons with all questions relating to amendments put on Thursday evening, April 23. The agreement came as a surprise to many who had assumed that we had a parliamentary impasse and that parliamentarians could not get together to work out an accord. Perhaps the agreement demonstrates again one of the strengths of the system. If there is one thing we have discovered, it is that the parliamentary system works best through good will and co-operation.

Senator Frith: And at times it is unwilling co-operation.

Senator Perrault: Of course, there are times when the parties must be accommodating, flexible and patient. We have had a good relationship with the official opposition in the Senate. Despite the contrary views expressed from time to time, we have had an excellent working relationship with opposition senators during the entire debate on the Constitution in this chamber. After six months of debate and discussion in committee, in this chamber, and in the other place, it is obvious that a parliamentary consensus has been developed to make provision for the orderly disposition of the resolution on the Constitution and, perhaps, the Constitution issue itself.

The procedural approach is unique, in that members of the other place—after their leaders had spoken out and had also spoken to us—by a free vote, unanimously endorsed the agreement reached by the leadership of our national parties. We are not calling for unanimity in this chamber. The Leader of the Opposition has expressed his viewpoint and he has said that perhaps, on division, this proposal can proceed.

Because of the key role of the Supreme Court of Canada in this new procedural equation, we recognize that a significant time factor exists. Yesterday in this chamber I made this comment, as it is reported at page 2288 of *Debates of the Senate:*

> On April 7, 1981, pursuant to a hearing before the Chief Justice of Canada, and attended by the lawyers for the Attorney General of Canada, and the Attorneys General of the provinces, concerning administrative arrangements, it was ordered that the appeals from the judgments of the Manitoba and Newfoundland Courts of Appeal be heard together on April 28, 1981. The former appeal was initiated, as honourable senators know, by the Government of Manitoba, and the latter by the Government of Canada.
>
> As the judgment in the matter now before the Quebec Court of Appeal has not been rendered, the question is hypothetical.

Of course, we now know the decision.

• (1510)

Later on I was asked a question by the Leader of the Opposition and by Senator Smith concerning the reference to the Supreme Court of Canada. Honourable senators, the view of the Government of Canada is that the Supreme Court will undoubtedly wish its decision to be relevant to the prevailing circumstances at the time of its hearing of the Manitoba and Newfoundland appeals, and would not want to find itself in the same circumstances as those objected to by the Chief Justice of the Manitoba Court of Appeal, namely, deciding on a hypothetical case. Thus, it is the view of the government that the Supreme Court will want to take into account the developments which the Attorney General of Canada will file before the court, as previously mentioned.

As earlier reported, the Attorney General of Canada will file in court the resolution as tabled in the House of Commons and the Senate on February 13, 1981, as well as any amendments passed by both houses before April 28.

This is the government's position with respect to the importance of having the Supreme Court apprised of the view of Parliament before the court begins its deliberations on April 28.

I believe that parliamentarians of all parties have come to a recognition of the importance of this date of April 28. We have now achieved agreement on the importance of the views of the court. Parliament's decision next week will most certainly assist the court in its deliberations.

Honourable senators, our purpose here is to implement an all-party agreement to place the subject matter of the motion for a Joint Address before the Supreme Court, and not to have a final vote on it until the Supreme Court has rendered its decision.

I do not intend to say more. The facts have been set out. There has been a long and productive negotiation with members of the official opposition. They have made a number of suggestions about the improvement of this house order without

demanding or receiving any unreasonable condition from the government, and we, for our part, have acted in the same manner. I hope honourable senators will support this house order so that, hopefully, during the coming week, we can move on to the next phase which will be a conscientious consideration of the amendments presented, not only by the opposition but also by the government.

Senator Flynn: Would the leader, if possible, reply to my question concerning the two days after a decision has been rendered by the Supreme Court?

Senator Perrault: I thank Senator Flynn for reminding me. I had intended to answer his question with respect to what might well be a final two-day debate—and it could be less, Senator Walker, if the court rules adversely. I think Senator Walker is quite right in his suggestion.

The view is that, perhaps, it would be better to leave that matter as flexible as possible. It would be our intention to work out an agreement with the official opposition on this point. It may be that, in the light of developments, it will require more or less time, but we would want to achieve an accord with the official opposition on this point without engraving on bronze or etching in stone a position now that may be quite inflexible in the light of events.

Hon. Hartland de M. Molson: Honourable senators, I have not the least intention of adding anything to what has been said so well in this chamber, but Senator Flynn did mention my name and that of Senator Manning.

Of course, this reminds me that, as an independent, I have no part of any agreements that have been made between the house leaders here, in the other place or anywhere else. I believe the same situation applies to Senator Manning and, perhaps, others in this chamber. Honourable senators will know that for some time I have been flogging the horse that when, in the course of time, an individual arrives in this august chamber he should forget his party duty to always vote as he is told, and that he should vote only for what is best for Canada, regardless of what whips or house leaders may say. I realize that I am on a losing wicket in that regard because I do not find general agreement.

When we talk about agreements between leaders and agreements between whips to either do things or not, I cannot resist the temptation to say that that does not apply to any senator who, in his own good judgment, chooses to go his own way and say his piece, as he wishes, in dealing with the main motion or the amendments. He should vote in any way he chooses. He is appointed to this chamber not to be the voice of the party, but to be the voice of some part of Canada, and he should vote with that in mind.

At times I have found it very disturbing—and, perhaps, I am not alone—that there is such subservience, and a great sense of gratitude, to the party leader who appointed the lady or the gentleman to this chamber. I view the matter quite differently. When we are appointed to this chamber, we are called upon to do a job and the outlines of that job are made clear to us. While we may feel honoured and pleased that we have been selected for the appointment, I do not think we should go around for the rest of our lives bowing and saying how grateful we are to somebody who was good enough to give us this nice job. If that is what the Senate is, I don't like it. I do not really want to be part of that kind of setup. When an issue concerning the whole country comes up, as I said before, the only duty we have here is to vote as we think the whole country would like to see that issue resolved.

With regard to this particular matter of the moment concerning procedure, I should like to mention that, in the many years I have been in the Senate, one of the qualities of the Senate which has always impressed me is the great courtesy exhibited by the leaders, the Speakers and fellow senators to all other members of this chamber. In this case, I must say that the Deputy Leader of the Government was good enough to speak to me yesterday. He told me that he had spoken with Senator Manning and had received his agreement, and he asked me how I felt about this situation. Honourable senators, we all know that he did not have to ask me; it was just plain courtesy, good manners, and a very appropriate way of dealing with a member of this chamber.

I informed him that I felt the proposal was a good one, and that it was the right way to proceed. I also told him that I had, over the last period of time, spoken to the Leader of the Opposition, and that I felt that he wanted to see a rational settlement of the method of handling the matter but that I had, certainly, no impression whatsoever that he wanted to obstruct or delay the rational passage of this measure. I also told him that, under the circumstances, particularly if Senator Manning is of the same frame of mind—since he is the only one I know of who has declared his position—then I would be perfectly happy to go along with it.

I repeat that I appreciate the way in which the Deputy Leader of the Government has acted in this regard, and I appreciate the fact that the Leader of the Opposition has given me a chance—in fact, I think he forced me—to make some remarks.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, I would like to obtain further clarification regarding a technical aspect of the motion before us this afternoon. In paragraphs 1 and 5, reference is made to Friday, April 24, 1981 between 10.00 a.m. and 12.00 noon. In paragraph 5 reference is made to—

Senator Frith: Excuse me, which paragraphs are you talking about?

Senator Leblanc: Paragraphs 1 and 5. Reference is made to the Friday sitting from 10.00 a.m. to 12.00 noon. In paragraph 5 the same reference is made, namely a sitting from 10.00 a.m. to 12.00 noon.

Yet in the explanations provided yesterday by the Deputy Leader of the Government we were told that the Senate would then sit on Friday, April 24, from 10.00 a.m. to 1.00 p.m. And again this afternoon you also said that we would sit until 1.00 p.m., since you were made to specify whether it would be a.m. or p.m. So I would like to know whether it is the text of the

motion itself that says up to 12.00 noon or the explanations which say up to 1.00 p.m.

Senator Frith: That is not necessarily so. The idea was to spend the time between 10.00 a.m. and 12.00 noon debating the amendments. And at 12.00 noon we would proceed with the vote, the question being put to the Senate. Reference was only made to 1.00 p.m. specifically to indicate that it is expected that at that time we will be ready to adjourn. this does not necessarily mean that we must keep on sitting here if our work is over with before 1.00 p.m.

Senator Leblanc: Well, it may be clear in your mind but it was not that clear in mine. It actually states in paragraph 1 of your motion:

> The debate on the said motion and any amendments proposed thereto as herein provided, shall be adjourned to Thursday, April 23, 1981, and may be debated—

The debate will then proceed.

> —between 2.00 p.m. and 6.00 p.m. and between 8.00 p.m. and 10.00 p.m., and on Friday, April 24, 1981—

The debate will then proceed, as it implied.

> —between 10.00 a.m. and 12.00 noon.

So this means that the debate will come to an end but that the Senate will not necessarily adjourn.

Senator Frith: No. The idea is for the debate to proceed. That is to say that the debate will go on between the hours of 2.00 p.m. and 6.00 p.m. and between 8.00 p.m. and 10.00 p.m. Not necessarily from 8.00 p.m. to 10.00 p.m. but between these two hours. And then on Friday, April 24, 1981 between 10.00 p.m. and 12.00 noon. At 12.00 noon the question will be put and it is then expected that we will go on until 1.00 p.m.

I can tell you that the first draft of the motion did not use the words "between" but rather did set specific times. This is why finally we insisted on using the words "between" in order to get some flexibility and be able to carry the debate between the specified hours provided for in the time frame.

Senator Flynn: I think I could explain that we had initially agreed that the Senate would sit Friday morning from 10.00 a.m. to 1.00 p.m., with the questions being put at 12.00 noon. That is what led to the confusion I believe. When we say from 10.00 a.m. to noon, some seem to think that the sitting would adjourn at noon. That is not so and we have to keep on sitting so that the question can be put. I do not know who changed—

Senator Lamontagne: We were just talking about the debate.

Senator Flynn: Yes, I understand. If we had said that the Senate would be sitting from 10.00 a.m. to 1.00 p.m., as agreed, we would not have had all this confusion. It is not serious, but this is how it must be understood.

Senator Frith: It should also be mentioned that paragraph 5 provides that every question shall be put no later than noon on Friday, or more specifially:

> —shall be put, in that order, no later than 12.00 noon.

I understand that if I speak now I will close the debate.

Senator Flynn: Not necessarily.

The Hon. the Speaker: You have not yet introduced the motion.

• (1520)

[*English*]

Senator Frith: I agree it is not necessary for me to speak but, in my view, it is desirable for me to mention three things. The first point touches on the reason for the two days. The understanding that Senator Flynn and I finally reached was that we would leave ourselves flexible to go anywhere from House of Commons—as they would say in NASA—plus two, plus one and a half, plus one or whatever, and we would have certain overlapping if we decided we wanted it.

Secondly, I want to thank Senator Molson for the comments he made. If I may strike a small blow for those of us who do have party affiliation in this chamber, I have never felt I voted with the party out of unending gratitude for the fact that party had appointed me, but, rather, because I declared what party I wanted to have affiliation with.

Senator Walker: You were doing so well.

Senator Frith: I am saying this, not on my own behalf, but I hope that all senators feel, notwithstanding any party affiliation, that in the final analysis they are always free to vote as they choose to, and we have seen evidence of that independence during this debate.

My final point is to make some comments on paragraph 10. I understand—

Senator Flynn: You would not leave it there.

Senator Frith: As Senator Flynn says, I would not leave it there, and I do not want to leave it there because his view is that it is a silly paragraph, and I can understand why, on its surface, it would create that impression. The reason for paragraph 10's dealing with the assertion that the order is not to be taken as a precedent for suspending the separation-of-powers principle is as follows—and I admit it is not a fully satisfactory way to express it.

First, I accept what Senator Flynn says, that in a federal system, on the question of division of powers, there is no question that the court has the final say. What is unique in this situation is that an essentially political decision has found its way into the courts, and the result has been—and this is probably best expressed in the 17th century, I believe it is the 1682 Bill of Rights—that there is an important principle of division of powers—

Senator Roblin: 1688.

Senator Frith: Whatever it is. The principle, in any event, is that there is a separation and an important separation in our system—

Senator Flynn: I have never doubted that.

Senator Frith: —between the executive, legislative and judicial, and that the legislature is not formally, and ought not to be subject to the judicial in the exercise of its legislative

functions. It is the result of its legislative functions that are subject to the courts' decision, of course. That is the whole body of constitutional law.

The reason that was put in is that if this were taken as a precedent in this sense, namely, that apart from the ability of a provincial government to refer its legislation, if it wishes to do so, to its Court of Appeal, or the federal government, if it wishes to do so, to refer its legislation to the Supreme Court of Canada, other governments or, particularly, individuals would be able to prevent Parliament from functioning, and then we could have outrageous and totally undesirable consequences. An individual could stop Parliament—

Senator Flynn: Nobody could stop it.

Senator Roblin: No.

Senator Frith: —from considering, and this is how it would work. I understand the point of view taken on the other side.

Let me explain from my personal experience. Before I came to the Senate, I was retained to attempt to change Parliament's intention to pass Bill C-58 on *Time, Reader's Digest* and border broadcasting. I had some grave doubts and prepared a full brief as to the legal deficiencies of that legislation, in addition to its political deficiencies. Tax legislation was being used to produce other results, and it was not really tax legislation. Under the law, as it stood before Parliament considered the question, my client was operating at considerable profit. I am talking about purely practical consequences. If, in that situation, I had been able to bring an action or apply to 10 courts, because there was an aspect of this that was provincial—

Senator Flynn: You were not.

Senator Frith: Just a minute. If I had had a precedent like this, and if I had been in a position to say to the courts—I may not have succeeded in all of them—that Parliament was in the midst of a political decision which had been taken before the courts and the decision was rendered that Parliament should not continue its debate because a court had pronounced it illegal, my position, as counsel for my client, could have been as follows: I will launch all of those 10 actions, and hope that the opposition will keep the thing alive until out of all of those courts I get one judge who says it is illegal—

● (1530)

Senator Flynn: No.

Senator Frith: Then I provide that ammunition to the opposition, so that the opposition would be in the position of saying, as was said here, "A court has declared this to be illegal, and therefore Parliament should not continue."

Senator Flynn: No.

Senator Frith: "No" is not the answer.

Senator Flynn: "No" is the answer.

Senator Frith: It is your answer. Let me finish my point. I do not expect it to be agreed to. Those are the reasons why we felt something should be said. The only difference is that I understand the position taken by Senator Flynn, that the court has the final decision in a federal system. He is not able to see any merit in my point, but there it is. That is the reason why, in my view—

Senator Flynn: The difference is that in your case it was an individual, and he could not take action before Parliament had made a decision, whereas here we have the process of reference by a provincial government, which is entirely different. You would not have been able to reach first base with your action. That is why you did not take it.

Senator Frith: Honourable senators, I want to get this on the record. I do not expect it to be agreed to.

Senator Flynn: If I were you, I wouldn't put it on the record.

Senator Frith: But you are not me, and I shall put it on the record.

Hon. Douglas D. Everett: May I ask the honourable senator a question? I am sorry to intervene, but it was also my understanding that an individual could not make a reference to the court; that it was only a government that could do so, and that, in fact, an action had to be brought on the subject of an act. It is not within the competence of an individual to make a reference to the court.

Senator Frith: That is precisely the point. That is exactly the point, because in this case the provincial legislature referred federal legislation, and the reason why we put in clause 10 was simply to say that we did not want anyone to think that it creates a precedent for anything different from exactly what Sentor Everett has said. That is the reason why it is put there. I am not putting it there in the hope that everyone will stand and cheer and agree with it. I am simply saying that it was not put there totally without purpose.

Senator Perrault: Question.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Lamontagne, P.C.—

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Senator Flynn: On division.

Motion, as modified, agreed to, on division.

CANADA POST CORPORATION BILL

SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Denis for the second reading of Bill C-42, to establish the Canada Post Corporation, to repeal the Post Office Act and other related acts and to make related amendments to other acts.

Hon. Allister Grosart: Honourable senators, Senator Flynn may have anticipated what was in my mind. I was very close to saying I would let it stand. We have been talking about

agreements here. There was an understanding that this would be brought forward, and on that understanding I tried to accommodate the management in the Senate. My disposition, after sitting here for the past hour or so, when that undertaking was not kept, was to reserve my remarks to a time when perhaps the Leader of the Government would not find it necessary to read us yesterday's speeches and the Deputy Leader of the Government would not find it necessary to regale us with reminiscenses from his days at the Bar.

However, because there are other honourable senators who wish to speak—and that was made clear at the time it was said that this item would be brought forward—I will continue to accommodate the work of the Senate, but not with any great enthusiasm.

The bill before us was described by the distinguished sponsor, Senator Denis, as one not having any great complexity. But I would be inclined to disagree with him on that—and he will understand that I have disagreed with him on other occasions. In my opinion, it is a very complicated bill. It is one which has had a long and controversial history. The idea of this substantial change in the handling of the affairs of the Post Office goes back many years. It is actually 20 years since it was first proposed by the Glassco Commission, and it has been before Parliament in one way or another for many years. In its latest reincarnation—if I may call it that—the bill, as it is now before us, is substantially the bill that was proposed by the Postmaster General of the Conservative government in 1978. It has undergone many changes, and the Honourable John Fraser might hardly recognize the bill. Many of the changes have been improvements; some have not. Some of the suggested amendments that have been pressed upon the government, particularly on the minister, by both opposition parties in the other place, and particularly by those who will be affected by some of the provisions of the bill, have not been incorporated in the bill now before us.

The purpose of the bill—again as stated by Senator Denis—is to improve Canada's postal service. The improvements required are many, in many aspects of the operation of the postal service. I need hardly say that over the past few years great dissatisfaction has developed among the Canadian public over the service that has been given, particularly with regard to the service provided today at today's rates—the so-called 17-cent rate—and the former service and former rates. The classic story today appears to be that perhaps 17 cents is not too expensive for a letter to go from Halifax to Vancouver, because it will take 17 days, at least, to get there, so it is only one cent per day.

There are those complaints, and we are all aware of them. They have been detailed and brought to the attention of Parliament over the years.

The purpose of the bill is to make an improvement in the service. It is clear from the provisions of the bill that it is the hope, at least, of the government that this new approach to the postal service will then make the new corporation revenue dependent sooner or later; so that we will at least have a diminution, and hopefully an end, to the huge deficits which have been piled up by the Post Office, amounting to approximately $500 million each year for the last few years.

A third hope for the bill, of course, is that it will do something substantial about the very bad state of management-labour relations in the Post Office. There is some indication that the major unions involved believe that the passage of this bill—the changeover from the departmental operation of the postal service to a crown corporation operation—will improve management-labour relations. I have heard nothing to indicate why there might be that hope, but perhaps those responsible for the union on the labour side feel that it will, and we should have some hope that their hopes will be satisfied in the years ahead.

● (1540)

There are many problems in the minds of those who have examined this bill, and who have been interested in the affairs of the Post Office over the years, one of which is the question of parliamentary control, which is obviously of concern to Parliament itself. It seems to me, from my reading of the bill, that the control of postal rates now passes out of the hands of Parliament, for example. I may be wrong in that, but that is what my reading of the bill tells me. We have had problems in the past over increases in postal rates without the approval of Parliament, and it seems to me that this bill, in its present form, takes away from Parliament that control. Instead, it leaves the control of postal rates and many other things in the hands of, or subject to the discretion of, the new corporation, which is in turn subject from time to time to directives—rather ill-defined in the bill—from the government.

It is difficult to say where control lies if we read the provisions of this bill literally. The definition of the scope of the activities of the corporation is very unclear. It is absolutely amazing to me that we would be asked to pass a bill which gives this new crown corporation a monopoly of many aspects of the postal service, but that does not define the word "letter," for example. This could cause all kinds of problems. It was proposed to the government that one of the fundamentals of a bill of this kind is the definition of the scope of authority that is being given to a crown corporation. The government, for some reason that I do not know and cannot find out, has refused repeatedly to define "letter".

Senator Hicks: It defines "mail".

Senator Grosart: I will come to that in a moment.

It does not define "letter," and though it defines "mail," it does not, strangely enough, define "undelivered mail". It defines an undelivered letter, but does not say what a letter is.

The problem, of course, is that because the corporation is given the authority to define "letter," it is given the authority to extend the scope of its activities far beyond anything that Parliament may have contemplated. It can define a letter in any way it wishes, and take over important communication activities that are now in the private sector. That is my interpretation of the situation we have under the provisions of this bill as it now stands before us.

I am concerned also about the question of financial control. There is a major exception, for example, to one of the provisions of the Financial Administration Act, which should apply to this bill, as it does to others. I will mention that in some detail in a moment. I should say at this point that I hope that all of the matters I am now dealing with will be considered in committee and that answers may be provided there.

To continue, there is a serious omission as to the authority of the Senate, in one of the provisions of this bill, which has not, as far as I know, been brought to the attention of this chamber.

Perhaps because I am suggesting that the bill go to committee, for the fullest possible discussion of these matters, I will, if I may, for the convenience of honourable senators who may wish to follow the course of my remarks, go through the provisions of the bill *seriatim,* and make some comments on them as I go.

As I have said, there is no definition of "letter" in the interpretation clause. There is an attempt to exclude certain methods of communication from the definition provisions, which are found in clause 15. To begin with, clause 14(1) says:

> Subject to section 15, the Corporation has the sole and exclusive privilege of collecting, transmitting and delivering letters to the addressee thereof within Canada.

The use of the word "letter" there indicates that this is the essence of the scope of authority of this new corporation.

There is an exclusion of certain types of mail, and then comes a group of exclusions which are the obvious things. You can, for example, carry a Christmas card along with a Christmas present that you are giving to someone. That is not a letter within the definition of the bill. There are other similar ones.

An exclusion has been inserted, in an attempt to satisfy those who are in what is generally called, I think, the courier business, because as the bill was originally drafted it was very doubtful that anyone could successfully continue in that business. It is an exclusion to permit couriers to continue to operate that seems rather strange to me. It comes in clause 15(e):

> letters of an urgent nature that are transmitted by a messenger for a fee at least equal to an amount that is three times the regular rate of postage payable for delivery in Canada of similarly addressed letters weighing fifty grams;

Here we have a post office system which we would hope would be competitive as regards efficiency in any field, but, on the contrary, we are told that the post office cannot be competitively efficient unless the competition charges three times the rate that the post office charges. This does not make me feel that we are going to have the kind of efficiency that many of us hoped for as a result of this change from department to crown corporation status.

The powers of the corporation concern me, as well. In clauses 16 and 17—and I am dealing only with clauses that illustrate my comments on the principles of the bill, which is what we are concerned with on second reading—the corporation is given certain powers. Clause 17(1)(a) provides for regulations:

> prescribing, for the purposes of this Act and the regulations, what is a letter and what is non-mailable matter and undeliverable mail, other than undeliverable letters, and providing for the disposition of non-mailable matter, undeliverable mail and mail on which sufficient postage is not paid, including the disposition of anything found therein;

The very fact that somebody—the minister, I presume—finds it necessary to allow this corporation to make these definitions means, really, that the corporation, by its own regulations, can actually make new laws. It can decide what the scope of its activities is, completely beyond and after Parliament's decision.

An attempt to give some control is provided, I suppose, by clause 20, which is headed "Directions". This clause provides:

> (1) In the exercise of its powers and the performance of its duties, the Corporation shall comply with such directions as the Governor in Council or the Minister may from time to time give to it.

"Minister" is described in the interpretation clause as:

> —such member of the Queen's Privy Council for Canada as is designated by the Governor in Council to act as the Minister for the purposes of this Act;

The ministry has this power to give any directive it likes, with no limitation whatever. It can impose any directive on the corporation. So what is the change? One wonders whether there is a change from having a Postmaster General running a department to having a minister running a department; a minister who can give any directive he chooses to the corporation. Is this a major change? I do not know.

• (1550)

Honourable senators are well aware of the fact that the Financial Administration Act contains within it a very important section which deals with the question of the type of contracts that can be awarded without tender. I believe the general rule applies to tenders under $5,000. Does this mean that this corporation has a specific exemption under the Financial Administration Act? I know that there may be an explanation, one which no doubt refers to rural carriers, amongst other things. There might be some problems caused by putting up for tender rural carrier contracts as they become due. That specific exemption could be defended. However, what concerns me is that this provision may be sweeeping in its consequences. The corporation may be exempt in terms of the important principle of control over government contracts. There is no mention of any limitation for any specific purpose. This corporation has a power that is denied the government itself, whether it be the Department of Public Works or any other department. Why? Again, I hope there will be an explanation.

I am concerned, as I am sure all honourable senators are, with the fact that this bill disclaims in clause 38 any liability whatsoever to the public on the part of the corporation or its

employees for any damage or loss to mail in transit. Perhaps that can be explained in committee; I do not know.

There is also provision for the corporation to submit an annual report. The Deputy Leader of the Government in the Senate, I am sure, will be interested in this because he has taken care, over the years, to see that the Senate's interests are looked after in these matters. The marginal title is "Reference of Annual Report to Committee." Clause 33(2) reads:

> Every annual report laid before Parliament pursuant to subsection (1) stands permanently referred to such standing committee of Parliament as is established for the purpose of reviewing matters relating to transportation.

Of course, in the House of Commons estimates are required to be referred to standing committees of the house. In the case of a crown corporation, annual reports are referred to a standing committee of Parliament. If we are to be included, this subclause should read: "such standing committees of Parliament as are established—" I say this because this particular bill was referred to the Committee on Miscellaneous Estimates, but there is a provision in the bill that, in future, matters pertaining to it will be referred to the Committee on Transport in the other place. It so happens that we are referring this bill to our Committee on Transport and Communications, and I would hope that there would be an amendment of this subclause to make it clear that such matters will be referred to committees of Parliament.

I believe there has been an objection made, on behalf of the Province of Ontario, to clause 3, which reads:

> This Act is binding on Her Majesty in right of Canada or a province and on any agent thereof.

I have made several inquiries of legal friends as to the significance of this clause. The general answer I have received is that the addition of the words "or a province" is quite unnecessary.

Senator Flynn: I agree with that.

Senator Grosart: Although Senator Flynn was not one of the eminent authorities I consulted, I am glad he concurs in that opinion.

I would like to refer, if I may, to another clause which I think requires explanation. I have asked several people who are conversant with the bill, as it stands, to explain this clause to me, and they have not been able to do so. Perhaps some honourable senator will be able to make sense of it, though I am not saying it does not make sense. I am referring to clause 12, which reads:

> The fact that an act of the Corporation, including any transfer of property, is contrary to this Act, the by-laws of the Corporation or any direction given to the Corporation under section 20—

That is, the government directives.

> —may not be asserted against any person dealing in good faith, directly or indirectly, with the Corporation.

I merely say that it would be useful to have an explanation of this clause in committee.

I should like to return to the subject of the powers granted to the corporation under this bill. Sometimes the corporation seems to be given adequate powers; sometimes it is given inadequate powers; and at other times it is given powers far beyond anything which is necessary or desirable. I am referring to the old question of the discretionary power of the minister. Clause 5(1)(b) declares that an object of this corporation is:

> to manufacture and provide such products and to provide such services as are, in the opinion of the Corporation, necessary or incidental to the postal service provided by the Corporation;

My objection is to the words "in the opinion of the Corporation,". In effect, those words state that the corporation can manufacture any product it likes or provide any service it likes, if, in the opinion of the corporation, that product or service is necessary and incidental to the postal services. Surely we should ask the minister to delete that phrase, "in the opinion of the Corporation," so that it would read, "and to provide such services as are necessary or incidental." In this way, anybody who felt aggrieved, in any way, by an action of the corporation could at least challenge the authority of the corporation in the courts, to prove that its action was necessary and within the authority given it by Parliament. However, the insertion of this phrase means that the court has no authority over matters of this type. If the corporation should say, "In our opinion, it was necessary to go into the business of building automobiles," nobody could object to that in court. Under that provision, as I understand it, the corporation could invade many of the trade areas of its competitors, and say, "We have to provide a service, in our opinion, and that is the end of it."

• (1600)

In this place we have objected—successfully, I am glad to say, on earlier occasions—to the inclusion of that sort of expanding authority given to ministers. The old phrase used to be: "The Governor in Council has the power to make regulations which, in the opinion of the minister, are necessary to the implementation of the act." Over the years in this place we have been responsible, to quite an extent, for taking that phrase out. Now it is back in here, and I hope that in committee the minister, or his officials, can be persuaded to change it.

I have said that I am concerned about the financial control.

Senator Hicks: That begins in clause 31.

Senator Grosart: Senator Hicks is quite right that the question of financial control starts at clause 31. Clause 31(1) provides:

> Subject to subsection (2), the accounts of the Corporation shall be audited jointly each year by two auditors appointed by the Governor in Council for a term of two years.

The question arises: Why not the Auditor General? I am told that the Auditor General would have no objection whatsoever. It would obviously be a very great saving, if the Auditor General were given the authority to audit the books of this

corporation; and that would mean that there would immediately be installed a system of comprehensive auditing. I will not go into the details of that, but it is a type of auditing that has been recommended for all crown corporations by the Public Accounts Committee of the House of Commons and by the Auditor General himself. There is no provision of any kind here for comprehensive auditing, and the suggestion that the Auditor General should perform the audit of this corporation has apparently been rejected.

Honourable senators, those are a few of the matters that occurred to me in a rather short reading of the bill. It seems to me that, even though the bill has been before committee in the other place, it has not had the kind of scrutiny that I would hope it would receive in our committee.

I am quite sure that Senator Godfrey, for instance, will have one or two comments to make—and I will leave them to him—with respect to two important recommendations made by the Joint Committee on Regulations and other Statutory Instruments which do not appear in the bill because, I believe, they were rejected by the minister.

Honourable senators, I am glad that the Senate management has agreed that this bill should go to committee, and I trust that, with respect to these and other questions, satisfactory answers and changes, as necessary, will be forthcoming.

Hon. Henry D. Hicks: Honourable senators, I have listened with interest to the sponsor of this bill and to the remarks just completed by Senator Grosart. I agree in large part with both of them. I join with Senator Grosart in expressing the wish that the committee will give consideration to the points in the bill that he has referred to.

As has already been said, we have been waiting for this bill for a long time. I certainly do not object to it, but, like some others, I am not sure that the creation of a crown corporation will, in itself, bring about the great improvements in postal service and in the economy of operating the Post Office which some people hope for. I hope it will, myself, but I cannot really find the reasons why one can confidently expect this to occur, unless it should be in the area of labour-management relations, to which reference has already been made.

There are two or three clauses of this bill to which I should like to refer briefly. The first is clause 25, which says:

> 25. The *Surplus Crown Assets Act* does not apply in respect of the Corporation.

That is a rather general and sweeping exclusion, but I, for one, am glad to see it in there because, while the National Postal Museum is not in itself mentioned in this bill at all, this provision will enable the National Postal Museum to dispose of surplus material, which was the situation envisaged by those philatelists who supported the creation of the National Postal Museum a few years ago. I have been a member of the museum's advisory board since its inception. Already we are finding that people are not willing to designate philatelic material to the museum because they feel the museum has vast surpluses which it is unable, under the present laws of Canada, to dispose of. So this provision, I think, will make the postal museum a much more living organism within the Post Office, and I think it will make it much more popular with philatelists, who will be more willing to see that materials which the Post Office needs are given to, or sold to, or made available under some arrangement to, the National Postal Museum.

I have also observed in the bill that no reference is made to real estate. I understand that agreement has not yet been reached between the Post Office Department and the Department of Public Works on whether post offices and postal property all over Canada will become the property of the new crown corporation. I think that is an important matter and one which Parliament ought to be more informed upon before passing this legislation. I am sorry one cannot discern that from the bill as it is now before us.

I also want to refer briefly to clause 51. Senator Grosart observed that the bill does not define a letter. Clause 51 seems to me to create another difficulty. It reads:

> Every person commits an offence who, without the consent of the Corporation, engages in the business of selling postage stamps to the public for the purpose of payment of postage.

I don't know how that will be interpreted, but I hope it will not be interpreted so that it is illegal for the room clerk or the desk clerk of a hotel to have stamps available for guests who may be staying at the hotel. That is a service which is provided by most hotels all over the world, and I would not like to think that we would be arresting or bringing before the courts the desk clerks in hotels of Canada for selling postage stamps to visitors to this country and to those hotels.

Senator Muir: Would the same thing apply to stamp machines?

Senator Hicks: Well, stamp machines will no doubt be operated by the crown corporation itself. But drug stores, I think, again pose the same kind of problems I have referred to in relation to hotels. It may be that this matter can be dealt with by regulation, but I am not so sure that it can, and I think it deserves some examination by the committee to which this bill is referred.

I note that a person—a good person, I think—has already been tentatively designated as the president of the corporation, and I wish him well in the endeavours that will be his in trying to make this new crown corporation work, and work better than the Post Office Department has been doing in recent years in Canada.

Finally, I have just one other observation. I view with whimsicality, I guess—

Senator Frith: "Whimsy," I would think.

Senator Hicks: "Whimsy," all right; that is a better way of putting it. I view with whimsy the dropping of the title Postmaster General. This has been an honourable post since well before Confederation in the various parts of Canada. Some other countries in which their post offices are run by crown corporations nevertheless designate an official as Postmaster General, so that that ancient and honourable designation is not lost. Perhaps the president could also be known as

the Postmaster General, or perhaps the title could be given to the minister responsible for the corporation. I urge those who are concerned with the operation of the new crown corporation to manage their affairs efficiently, without depriving us of this ancient, honourable and respected title of Postmaster General.

• (1610)

Other than the few reservations I have indicated, I wish the bill well. I hope that it will achieve the objects for which the government of the day and preceding governments have hoped.

Hon. John M. Godfrey: Honourable senators, I had intended to speak on this bill on second reading and would have done so had there been the regular two days' notice. Frankly, I have not had the chance to do the homework which I feel is necessary to speak on this topic.

My interest in this bill stems from the fact that the enabling clauses of the bill were referred to the Standing Joint Committee on Regulations and other Statutory Instruments. The committee sat and made certain recommendations, some of which, as Senator Grosart explained, were not accepted. Anything which I can say at second reading stage, I can say equally well in committee. However, due to the fact that the committee meeting will not be tomorrow morning—as was the case on other occasions, when the committee met the morning following second reading, to which I objected—I will now have a chance to prepare myself properly, as will other senators, to take part in the proceedings of the committee next Thursday. Even though I am not a member of the committee, I shall be there.

Senator Flynn: You will be welcome.

Senator Godfrey: I believe it is very important that the Senate not adjourn for three weeks before disposing of this motion.

[*Translation*]

Hon. Fernand-E. Leblanc: Honourable senators, I find myself in a position somewhat similar to that of Senator Godfrey because I would also like to make a long speech on Bill C-42 now under consideration, and particularly on section 31 which concerns the appointment of auditors. I know that the Canadian Institute of Chartered Accountants submitted a brief to the committee of the other place and that this brief was not examined at all. Of course, this brief made recommendations concerning the appointment of auditors. While I am not a member of the Committee on Transport and Communications which will study this bill, I plan on attending the meetings of this committee to express my views and perhaps also to make my own recommendations on this subject, which I believe to be very important.

I know that Senator Denis referred yesterday to the auditors, mentioned in section 31 of the bill.

I believe that it is rather important to examine all the provisions of section 31. However, so as not to delay second reading of this bill, I shall abstain from making my nice long speech this afternoon.

[*English*]

Hon. Sidney L. Buckwold: Honourable senators, I should like to make a brief comment on this bill with regard to a matter which has been drawn to my attention by a firm involved, as a special courier, in the delivery of letters. I refer to clauses 14 and 15. Clause 14 gives to the crown corporation:

> the exclusive privilege of collecting, transmitting and delivering letters to the addressee thereof within Canada.

There are several exceptions to clause 14, which are outlined in clause 15. Clause 15(1)(e) reads, in part:

> letters of an urgent nature that are transmitted by a messenger for a fee at least equal to an amount that is three times the regular rate of postage payable for delivery in Canada—

The concern expressed by the particular individual who is engaged in this specialized business was that this clause would not be interpreted in such a way that these people could remain in business. Such businesses provide an essential service.

I rise only to draw this matter to the attention of the committee, so that it will be reviewed carefully and so that any concerns in this regard may be put to rest. I, for one, feel that this service is important and that it should be available to those who need it. I certainly hope that the new post office corporation will provide the kind of mail delivery which was provided when Senator Denis was Postmaster General. Certainly, if he were still Postmaster General, employer-employee relations would be such that there would be peace in the Post Office, there would be next-day delivery, and the postage rate would still be three cents. We miss him.

The point I am trying to make is that we must ensure that these alternative services are not prejudiced and that they do not face the future possibility of being put out of business. These businesses provide an essential service which is not likely to change immediately insofar as the immediate delivery of urgent mail is concerned.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I rise with regard to the comments made by Senator Buckwold on the problems faced by the private couriers. It is rather ironic that the Postmaster General, who will give that monopoly to the new crown corporation, is at the same time the Minister of Consumer and Corporate Affairs in charge of combines legislation. Perhaps during the committee hearing somebody could ask the minister about the conflict, if not of interest, at least of responsibilities.

Hon. Azellus Denis: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if Senator Denis speaks now, his speech will have the effect of closing the debate.

Senator Buckwold: Just before Senator Denis speaks, may I apologize to Senator Grosart who, I understand, raised the same point? Unfortunately, I was out of the chamber at the time he made his point. I certainly did not want to upstage or

downgrade anything Senator Grosart might have said; I merely want to get my point across.

[*Translation*]

Senator Denis: Honourable senators, since Senator Buckwold is practically the only one who had praise for me, I will answer him first and tell him that I am grateful for his kind words. I would have liked Senator Grosart to refer to that successful period when I was Postmaster General. It does not seem right both to criticize and praise the Post Office Department, especially at this time.

[*English*]

Senator Buckwold knows that the monopoly on the delivery of letters is being given to the corporation in order that there may be a uniform delivery service throughout Canada, including the isolated areas of the country. I am sure that Senator Buckwold also realizes that if the better parts of the country are served by couriers, there will be no profit areas left to the corporation. The situation could arise where, for example, the courier service in Montreal is very good and the crown corporation postal service in Toronto is very bad. The purpose of having messengers charge three times the postal rate is to leave the crown corporation some profitable areas in order that it may reduce its deficit. That is all I can tell him in that regard. There has been no change in this situation.

● (1620)

I thank Senator Grosart for his favourable comments. Having heard what he said, I was beginning to think that I was a good sponsor, but then he started to complain about, and to show some dissatisfaction with, the past and present Post Office Department services. This is an argument in favour of the new society and is proof that there must be change. Senator Grosart stated that government should have more control, but a couple of sentences later he stated that they do not have control over other things.

In order to protect the public, the government must have a certain amount of control over the new society. The new society has ample opportunity, under the provisions of this bill, to ask the minister responsible to exercise more control.

As far as the definitions of "letter" and "tariff" are concerned, those are contained in the regulations, and decisions could be made from day to day. Under the regulations, if a member of Parliament or a person is not satisfied, he can lodge a complaint within 60 days. The regulations, including the interpretation of "letter" or an increase in the tariff, will be published in the *Canada Gazette*, and this is stipulated in the bill. This affords to anyone the opportunity to make a complaint to the minister or even to the Governor in Council. Therefore, the public is protected.

Most of the matters we have discussed are contained in the regulations. Those regulations give the power to make changes, as long as those changes are published in the *Canada Gazette*, which then gives the public an opportunity to complain.

Under this bill, government expenditure is reduced to a limit of $500 million. Formerly, there was no limit on the amount of money which could be spent in the course of operating the Post Office, but now it cannot exceed $500 million. Now, the Governor in Council, before authorizing large expenditures, must take into consideration the protection of the public.

As far as employees of the Post Office are concerned, they have been asking for this kind of change for two or three years. As Senator Grosart has said, they are not satisfied at the present time and they hope that the bill will be passed as soon as possible. If this bill is not passed as soon as possible, then we will be responsible for the anxiety caused to those employees by having to wait another six months or a year before the passage of this bill. Because of the recent changes in government they have had to wait until now for the presentation of this bill. I believe that it is our duty to give those employees, those syndicates, and those unions an opportunity to do good work because what they are asking for is their affair and their business. At the same time, government is protected.

Honourable senators, this is a good piece of legislation which will please, at the same time, both the employees and the public.

My good friend Senator Leblanc raised the matter concerning two auditors. Honourable senators, I would suggest that it offers more protection to have two auditors than to appoint the Auditor General. Is the Auditor General independent, or is he influenced by government? There will be no question that the two auditors who will be appointed will be independent; they will be employees neither of the Post Office nor of the government. Both auditors will be replaced every two years, which is an added reason in favour of this provision. Having two auditors instead of having only one is an added safeguard. One can make a mistake, and although two can make a mistake, they will not make mistakes so often.

Senator Godfrey has expressed concern over the recommendations which have been made, but I am sure that, during the committee meeting he will receive satisfactory answers to his questions. However, this matter has already been studied during 13 or 14 days of committee hearings. I believe the House of Commons committee studied the matter for eight days, during the course of which they made over 60 amendments. However, if the matter is referred to committee for further study, perhaps the experts would explain the reasons why they did not include this recommendation.

Honourable senators, much work has already been done by the minister in connection with this bill, and I hope that, with the assistance of his experts and after careful study in committee, they will decide to incorporate another amendment.

Motion agreed to and bill read second time

REFERRED TO COMMITTEE

Hon. Azellus Denis moved that the bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—EFFECT OF JUDGMENT OF SUPREME COURT OF NEWFOUNDLAND—MOTION BY SENATOR FLYNN WITHDRAWN

On the Motion:

That in view of the decision rendered by the Supreme Court of Newfoundland on the legality of the constitutional resolution now being debated in Parliament and the fact that the Supreme Court of Canada has agreed to hear an appeal from the decision of the Court of Appeal of Manitoba on the matter, and further, that the Prime Minister has indicated that he would not ask the Parliament at Westminster to consider the resolution before the Supreme Court of Canada has ruled as to its legality, the Senate considers that the debate on the motion for an Address to Her Majesty the Queen respecting the Constitution of Canada, and the motion in amendment thereto of the Honourable Senator Yuzyk, is inappropriate and should be adjourned until after the Supreme Court of Canada has rendered a final decision on the legality of the contents of that Address.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I ask leave to withdraw Motion No. 1, standing in my name, in view of the fact that the order we adopted previously covers the point.

Senator Langlois: It is even better.

Senator Flynn: I will not argue that at this time.

The Hon. the Speaker: Is is agreed, honourable senators?

Hon. Senators: Agreed.

Motion withdrawn.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Thursday, 23rd April, 1981, at two o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until Thursday, April 23, 1981 at 2 p.m.

THE SENATE

Thursday, April 23, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication has been received.

RIDEAU HALL
OTTAWA
GOVERNMENT HOUSE

April 23, 1981

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 23rd day of April, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

Hon. Jacques Flynn (Leader of the Opposition): Will the Leader of the Government indicate the bills that will be given Royal Assent tonight?

Hon. Royce Frith (Deputy Leader of the Government): Royal Assent will be given to Bill S-17 and Bill C-64, which amends the Auditor General Act.

Senator Flynn: Thank you. I thought those bills had already been assented to.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages, for the calendar year 1980, pursuant to section 34(2) of the Official Languages Act, Chapter O-2, R.S.C., 1970.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the auditors on the Consolidated Financial Statements of Petro-Canada for the year ended December 31, 1980, pursuant to section 75(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the Chairman of the Immigration Appeal Board for the year ended December 31, 1980, pursuant to section 69(2) of the *Immigration Act (1976)*, Chapter 52, Statutes of Canada, 1976-77.

Report on Security Certificates under the *Immigration Act (1976)*, for the calendar year 1980, pursuant to section 39(2) of the said Act, Chapter 52, Statutes of Canada, 1976-77.

Report by the Tariff Board, pursuant to the Inquiry ordered by the Minister of Finance respecting the GATT Agreement on Customs Valuation, Part I, Proposed Amendments to the *Customs Act*, Reference No. 159, and background documents (*English and French texts*), together with the transcript of evidence presented at public hearings (*English text*), pursuant to section 6 of the *Tariff Board Act*, Chapter T-1, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume III, Annual Statements of Life Insurance Companies and Fraternal Benefit Societies, for the year ended December 31, 1979, pursuant to section 8 of the *Department of Insurance Act*, Chapter I-17, R.S.C., 1970.

Agreement between the Government of Canada and the Government of Australia concerning the peaceful uses of nuclear energy. Ottawa March 9, 1981. In force March 9, 1981.

Report relating to matters transacted by the Registrar General of Canada as Registrar under the *Trade Unions Act* during the year ended December 31, 1980, pursuant to section 30 of the said Act, Chapter T-11, R.S.C., 1970.

Capital Budget of Canadian Arsenals Limited for the fiscal year ended March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-994, dated April 9, 1981, approving same.

Report on operations under the *Regional Development Incentives Act* for the month of February 1981, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of Air Canada for the year ended December 31, 1980, pursuant to section 17 of the *Air Canada Act, 1977,* Chapter 5, Statutes of Canada, 1977-78.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board) tabled:

Report on the administration of the *Western Grain Stabilization Act*, together with the report on the state of the Stabilization Account, for the year ended December 31, 1979, pursuant to section 45 of the said Act, Chapter 87, Statutes of Canada, 1974-75-76.

TRANSPORT AND COMMUNICATIONS

CANADA POST CORPORATION BILL—STATEMENT BY CHAIRMAN OF COMMITTEE

Hon. G. I. Smith: Honourable senators, as Chairman of the Standing Senate Committee on Transport and Communications I would like to inform you that the committee met this morning to consider the Canada Post Corporation Bill, and that I have been instructed to report the bill today, if possible. The necessary documentation is now being prepared and later this day, together with the Leader of the Government, I shall be asking permission to revert to Reports of Committees so that I may present the report.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, if the committee reports the bill without amendment, then on behalf of Senator Denis, the sponsor of this bill, who is unable to be here today, I shall ask leave to proceed to third reading later this day.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow I will move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, 12th May, 1981, at—

Honourable senators, I am reading the wrong motion. Please ignore what I have just said.

I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, April 24, 1981, at 10 o'clock in the forenoon.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, on a point of order, I do not see why we have this motion before us, since we have already decided that we shall sit at 10 o'clock tomorrow morning.

Senator Frith: In view of the Senate's order, I believe that the honourable senator is quite right and that this motion is superfluous.

Hon. G. I. Smith: On the point of order, honourable senators, I could not help but notice the date in the abortive notice first read by the Deputy Leader of the Government. I wondered if there was some difficulty about that date, contrary to what we were led to believe last week.

Senator Frith: Honourable senators, I had proposed to move that when the Senate adjourns today it do stand adjourned until Tuesday, May 19, 1981, at 8 o'clock in the evening, as previously understood. I had prepared a motion to adjourn until May 12, in the event that the Senate wanted to spend additional time on the Post Office bill. If we felt that we wanted to give that bill more attention, it occurred to me that it would not be appropriate for us to take an additional week's adjournment. The motion of which I shall give notice is for an adjournment until May 19, 1981, at 8 o'clock in the evening.

Senator Flynn: A trade-off.

Senator Frith: No, it is not a trade-off at all.

Hon. Martial Asselin: Another trade-off.

Senator Frith: I must insist that it was not a trade-off, honourable senators; it was just that I saw a lot of concern with regard to the Post Office bill.

Senator Asselin: Shame.

Senator Frith: I felt that I should not subject myself to possible criticism regarding not giving honourable senators, who were eager to give the bill further attention, a week they could otherwise have in which to do so.

Some Hon. Senators: Hear, hear.

Senator Asselin: We do not accept your trade-off. You will not have any trade-off with us.

Hon. Allister Grosart: Regarding the remark made by the Deputy Leader of the Government that he had anticipated the possibility of further discussing Bill C-42, my comment is, in the famous words, "Now he tells us."

Senator Frith: Yes, now I tell you because I had to see what would happen in the committee.

Senator Flynn: The motion should be put now.

Senator Frith: I have just given notice that the motion will be moved tomorrow. I had to give one day's notice.

Senator Flynn: That is fine.

QUESTION PERIOD

[*English*]

INDUSTRY

IMPORTATION OF JAPANESE AUTOMOBILES

Hon. Jack Austin: Honourable senators, I have a question for the Minister of State for Economic Development. I did not

get to my feet immediately because, out of courtesy, I like the opposition to ask the first question.

Senator Asselin: We wanted to give you a chance.

Senator Austin: It is very kind of the opposition to allow me to ask the first question. I wish to ask the minister a question with respect to trade with Japan in automobiles. What is the policy of the government with respect to the possibility of restricting imports of Japanese automobiles into Canada?

As I understood the statement made by the Minister of Industry, Trade and Commerce in the other place yesterday, he said that Canada wanted equivalent treatment, in terms of a reduction in imports, to that which the United States is seeking from Japan. Apparently, he is also saying that our policy is entirely tied to the American policy: if they succeed in reducing Japanese car imports into the United States, we want the same treatment; if they do not succeed, we have no separate policy for reducing imports into Canada on our own.

I am rather puzzled and should like to know whether we are concerned with respect to the import of Japanese automobiles into Canada or whether we are tied to some form of U.S. action. What is our policy?

● (1410)

In particular, is Mr. Gray alluding to the possibility of raising auto prices to Canadian consumers by reducing the availability of foreign automobiles to the Canadian consumer?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, most of the question posed by the Honourable Senator Austin must be taken as notice. However, I do have some information on the general subject. We have had discussions with the Japanese over the past week. These discussions were held in Tokyo with senior Japanese officials. It would not be helpful to comment further publicly on what are described as "delicate talks" which will continue between our governments.

My colleague, the Minister of Industry, Trade and Commerce, is monitoring the developments very closely.

I can report that we have received a report from the Canadian delegation which visited Tokyo last week. The Japanese are fully aware of the problems faced by the Canadian automobile industry and the importance we attach to the Japanese authorities' taking action to restrain automobile exports to the Canadian market in parallel with any action taken regarding the American market. We would expect that the Japanese would take similar but not necessarily identical action for the Canadian market as may be taken for the United States.

It was agreed during the consultations held in Tokyo that there was a need to continue discussions on this matter between Canada and Japan in the near future.

As I stated earlier, the remainder of Honourable Senator Austin's question will be taken as notice.

Senator Austin: Honourable senators, I should like to point out to the Leader of the Government that Canada has a particularly favourable trade balance with Japan. In my part

[Senator Austin.]

of the country, British Columbia, we have a high percentage of that favourable trade balance. It would be inappropriate in the extreme in our relations with the Japanese to trade off, at the cost of Britsh Columbia's primary sector, advantages which would be conferred somehow on the automobile manufacturers in central Canada.

I should like to ask the Leader of the Government to bear in mind the present regional economic advantages, and ask him to ensure, before Canadian consumers are asked to subsidize automobile manufacturing in central Canada, and the high wages paid to the automobile industry workers, that efforts are made to ensure that the automobile industry in Canada is rational and competitive.

Senator Perrault: Honourable senators, the important views of Senator Austin will be brought to the attention of the minister responsible.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, just before we entered the chamber today, the Honourable Senator Guay asked whether there was any further information on the subject of the Garrison Dam. I do have some further information to give to Senator Guay and other honourable senators, including Honourable Senator Roblin.

Canadian and American officials are meeting today in Washington to commence a process of consultation on the Garrison diversion project. The Canadian delegation includes representatives of the Department of External Affairs, Environment Canada, and the Department of Fisheries and Oceans, as well as the Government of Manitoba. They will be taking this opportunity to express to the United States once again Canada's objection to the Garrison diversion project as currently designed and authorized, and to explain the basis of our concern.

We are looking forward to hearing the presentation of the representatives of the United States, and to learn how they intend to meet their international obligations under the Boundary Waters Treaty.

We are hopeful that this meeting will be a useful step in resolving this longstanding issue.

THE BUDGET

PREPARATION—CONSULTATION WITH LABOUR AND INDUSTRY ORGANIZATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question was asked by the Honourable Senator Smith on October 29, 1980, concerning consultations with the Canadian Labour Congress about the budget. The answer to that question is as follows:

The Minister of Finance, throughout the year, but particularly just prior to a budget exercise, receives briefs and sugges-

tions from a great number of groups in the country. The October 28 budget was no exception. A meeting was scheduled with the Canadian Labour Congress, which had requested a meeting with the Prime Minister, not the Minister of Finance. Upon receipt of the referral, the representatives of the Canadian Labour Congress cancelled out. The Minister of Finance did, however, meet with a group representing small business in Canada on a number of economic issues.

● (1415)

FINANCE

INTEREST RATES—PROFITS OF CHARTERED BANKS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator McElman on March 11 concerning chartered bank profitability and interest rate spreads.

It was reported in the *Globe and Mail* on March 10, 1981 that Canada's major chartered banks had recorded during the quarter ended January 31, 1981 one of their best profit performances in history. The total operating profits of the big five increased by 56.9 per cent over the same quarter in 1980. The Royal Bank recorded the largest increase, 76 per cent; the Bank of Nova Scotia recorded the lowest increase, 24 per cent.

The banks, in their statements to shareholders, have attributed most of the gains to an improvement in domestic margins, and comparisons of prime lending rates with the banks' cost of funds confirm this. The spread between the prime rate and interest rates on personal savings accounts was about five percentage points during the quarter, in comparison with an average of three percentage points in fiscal 1980. However, nearly half of the increase in profits can be attributed to the increase which took place over the period in bank assets.

Bank analysts believe that the overall gain for fiscal 1981 will, in percentage terms, be much below the increase recorded in the first quarter—possibly in the 20 per cent range. The outcome, however, will depend very much on interest rate behaviour during the remainder of the year.

During the quarter ended January 31, 1981, bank revenues recorded a substantial increase which resulted in before-tax and after-tax increases in profit. This followed two quarters when bank revenues remained static or declined. In comparison with the same quarter last year, nearly half of the increase in revenues and profits is a direct result of the expansion in bank assets. The remainder appears to result mainly from the widening which has occurred between the banks' lending rates and their costs of funds. This widening tends to occur when rates rise, but after a lag, and particularly when rates fall, there is a marked narrowing of this spread. Bank analysts expect this spread to narrow as the year advances. Bank revenues and profits reflect these market conditions—that is, the increased variability of interest rates—and will become more stable to the extent that interest rates stabilize.

Honourable senators, I would note that our analysis indicates that the chartered banks' recent profitability has increased but not to levels which can be considered to be excessive. The Minister of Finance has stated that he will continually monitor the situation and, if action is required, he will be prepared to consider it.

Honourable senators, I must apologize for the long reply, but the question is of some importance and is of interest to many honourable senators, and I felt that it should be delivered orally.

FISHERIES

GULF OF ST. LAWRENCE—CLOSURE OF HERRING FISHERY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on April 9, 1981, concerning the closing of the herring fishery in the Gulf of St. Lawrence. If this could be made part of today's record, honourable senators may wish to consider the explanation given and ask a series of questions based upon that reply.

(*The answer follows:*)

The advice received from the Canadian Atlantic Scientific Advisory Committee indicated that while further analysis of the status of the Southern Gulf of St. Lawrence herring fishery would be carried out in May, when all data from the 1980 fishery would be available, there is accumulating evidence that the actual biomass is in the lower part of the possible range. Indeed, the scientists are sufficiently concerned about the biomass level and the potential collapse of this stock to advise extreme caution in the establishment of the TAC for this stock and particularly the establishment of the quota for the "edge" purse seine fishery which takes place at this time.

Herring and similar relatively shortlived pelagic species are subject to very considerable annual fluctuations in numbers and thus assessment of stock status requires that the most recent data possible are used in the analysis. In fact, the assessment on which the present advice is based was carried out as soon as preliminary fisheries data from 1980 were available, although this was not complete and further analysis will be necessary when more complete fisheries data are available.

I might note that the availability of such data would be greatly improved by greater cooperation from the fishing industry in providing information on their operations.

It is not completely accurate to suggest that the new management measures will take away the livelihood of seiner operators. Discussions are presently taking place with the seiner operators affected by these measures in order to find a solution to this difficult problem.

CANADA-UNITED STATES RELATIONS

GARRISON DAM PROJECT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I have a question respecting the statement on

the Garrison. I gather from the minister's statement that the delegation going to Washington is largely a technical one. Will there be an opportunity for them to meet on this matter with the interested members of Congress? We have had some success in dealing with the State Department and technical people, but not so much success with the members of Congress who, I feel, are the prime target. Could the minister say whether he thinks that is going to happen?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I can say that contacts have been made at the political level as well. However, the question will be taken as notice, and it may be possible to bring a more detailed itinerary to the chamber. Based on the information which has been made available to me, I think Canadians can feel optimistic about the outcome of these talks.

THE PUBLIC SERVICE

EMPLOYMENT OF THE DISABLED AND THE HANDICAPPED

Hon. Robert Muir: Honourable senators, may I ask the Leader of the Government if he has any response to the questions I posed regarding the disabled and the apparent difference of opinion between the Honourable Jean-Jacques Blais and the Honourable Lloyd Axworthy?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that material has not yet been received. We are awaiting its arrival with keen anticipation.

● (1420)

Senator Muir: The honourable gentleman asked me if I would provide him with the information as to when this was supposed to have been noted in the records. At the hearing of the Committee on the Disabled and the Handicapped, held on Wednesday, April 8, 1981, the witness was the Honourable Jean-Jacques Blais, who said, as reported at page 17:8 of the proceedings of the committee:

> However, I will not be able to meet your recommendation that suppliers' affirmative action programs be subject to contractual undertakings. I might point out that our Canadianization program, to which I referred previously, while successful, is not achieved through contractual undertakings, but through persuasion and effective communication in the marketplace.

Senator Perrault: I thank the honourable senator for his helpful information. However, I am hopeful that a more complete statement can be brought to the chamber explaining the official position.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—PROCEDURE RESPECTING DEBATE

Hon. Jack Austin: Honourable senators, I should like to address a question to the Deputy Leader of the Government. Could he tell us what the order of the debate will be with respect to the Constitution and, particularly, at what time amendments will be brought before the chamber, and what time will be permitted for debate on such amendments? I am particularly interested in hearing the opposition members argue the position of their party on the suspensive veto and how that would work in this chamber.

Hon. Martial Asselin: In the committee you voted against the supremacy of God. Do you remember that? I was there.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in answer to the question asked by Senator Austin regarding, first, the Constitution resolution, the order of the Senate which honourable senators will find on page 1132 of the *Minutes of the Proceedings of the Senate* for Wednesday, April 15, 1981 contemplates that we will use most of our time this afternoon and this evening to discuss that resolution. It is understood—I may be corrected if I am wrong—that no honourable senator needs to feel limited by the fact that the amendments that are before the other place technically are not yet before us. In other words, any honourable senator who wishes to speak on the amendments that are being debated in the other place should feel free to do so. So we can use up our time more or less in anticipation of those items, because we know that according to our order we will be moving substantially those amendments. In fact, according to our order we will move exactly the amendment that is accepted by the other place—

Hon. Jacques Flynn (Leader of the Opposition): No, no. I think the Deputy Leader of the Governement is trying to suggest something that he really does not mean. He did not say that last week, and I hope he will retract it immediately.

Senator Frith: The order provides—

Senator Flynn: No, no. Look at what you said last week. Let us not argue.

Senator Frith: I am not seeking to argue anything. I am simply trying to point out what the motion says. I do not want to argue anything. Paragraph 4 says:

> The Order to resume the debate on the main motion shall be called at 10.00 a.m. on Friday, April 24, 1981 and, notwithstanding any other motion in amendment thereto, the Leader of the Government in the Senate shall forthwith be given the floor to move any amendments to the said Address adopted by the House of Commons on Thursday, April 23, 1981, pursuant to the Special Order adopted by that House—

That is all I meant to say. If I said something different from that, then I did not intend to do so.

Senator Flynn: I think you said that I would have to move exactly the same.

Senator Frith: No, no. Let us be very clear about that. The Leader of the Opposition is not bound in any way to move any amendment; no, not at all. I meant that the Leader of the Government would—

Senator Flynn: Then I withdraw.

Hon. Raymond J. Perrault (Leader of the Government): We were speaking for ourselves. You may choose to differ from your leader.

Senator Flynn: I stand corrected once more.

Senator Frith: In terms of standing corrected, as between you and me, I would say it is two to one in your favour—at this point anyway.

Senator Flynn: I am not sure about that.

Senator Frith: In any event, honourable senators, that is what the order provides. The relevance of that is that no honourable senator, in speaking today on the Constitution resolution, needs to feel limited by the resolution in its form before us, and he or she should feel free to speak about the amending package as it has been tabled in the other house.

The next step will be at 10 o'clock tomorrow morning when, pursuant to paragraph 4, the Leader of the Government will be given the opportunity to move the amendments adopted in the other place; following which the Leader of the Opposition will be given the opportunity to propose any amendment he wishes. I then expect that the Leader of the Government and the Leader of the Opposition will be the first to speak to their proposed amendments. Senator Yuzyk's amendment will still technically be before us at that point.

● (1425)

We will, therefore, spend the time between 10 a.m. and 12 noon tomorrow discussing those amendments, but, again, we can discuss them also, to the extent that we know about them, today.

If I may take the opportunity to say what I think will be happening today and tomorrow, it is that if Senator Smith is ready with his report, then before we get to the resolution on the Constitution we will hear his report and deal with third reading of the post office bill. When we have disposed of that, there is a bill, Bill C-50, that Senator Buckwold will be sponsoring, and he is ready to proceed with it, but Senator Flynn and I have agreed that we want to give the maximum time to the Constitution, so I have proposed that that stand on the order paper, and we will continue to stand it and not deal with it at all, unless we have the time. If we do have the time, we will give it second reading.

Then we will proceed to the Constitution resolution, dealing with it in the manner we have just discussed. I will be yielding to Senator Lang, and when he has spoken we will proceed and probably use all of the time available to us to discuss the Constitution. Only when we have run out, so to speak, will we deal with other business. That is how I see the proceedings for the rest of today and tomorrow. If there is something I have not made clear, I will be glad to try to do so.

Hon. Jean-Paul Deschatelets: Honourable senators, my question has to do with the vote on the amendments tomorrow. Could you tell us clearly how you intend to proceed? Will there be a specific vote for each specific amendment, or one vote for several amendments? It is not very clear in this order of the house.

Senator Frith: The wording of the order is meant to establish only omnibus amendments in the same form—

Senator Flynn: No! No!

Senator Frith: That is, there are only three amendments that are before us for voting. There will be the omnibus amendment of the government, the omnibus amendment of the opposition—

Senator Flynn: No! No!

Senator Deschatelets: The Deputy Leader will realize, then, that if I am against one amendment, and in favour of another amendment, and if the two are put together, I will have to vote against. This is the position I will be in.

Senator Frith: That is my understanding of the order that was agreed to in the other place, the same as here.

Senator Flynn: I disagree entirely with the position taken by the Deputy Leader of the Government. I suspected that he would try to pull that. I should not say that. I thought he was preparing the ground for what he is saying now, just a few moments ago.

There is nothing in this order that would permit the majority here to impose on us the necessity to vote an omnibus amendment. There is nothing of that kind here. In the house, all right, but that is their problem. It is not our problem, and the amendments have to be voted the way they are presented, and if they are presented separately, they are going to be voted separately. If you are trying to impose closure on us in this way, you had better think again.

Senator Frith: Perhaps we are going to end up with a two-two score, because I am not attempting to "pull" anything, or to have anything happen except what is in the order. The order provides that no amendments or sub-amendments may be proposed to the said motion except those moved by the Leader of the Government and the Leader of the Opposition in the Senate on Friday, April 24, as provided herein. The Leader of the Government can move the adoption of amendments already adopted in the other place. We have already covered that.

> —no amendments may be moved to such amendments, but the Leader of the Opposition may, immediately after the said motion of the Leader of the Government, move any amendment to the said motion for an Address; and both the amendments of the Leader of the Government and the amendment of the Leader of the Opposition may be debated at the same time but without further amendment.

Paragraph 5 says:

> Every question necessary to dispose of any amendments moved by the Leader of the Government or by the Leader of the Opposition in the Senate or the motion in amendment by the Honourable Senator Yuzyk, if it is still before the Senate, shall be put, in that order, no later than 12.00 noon on Friday, April 24, 1981.

I am certainly not suggesting that we propose an amendment and that no other amendment is available; but the

amendment that is proposed by the Leader of the Opposition, according to paragraph 4, I take it, need not be an omnibus amendment. It is nevertheless one amendment only.

● (1430)

Senator Flynn: The deputy leader has a convenient memory. When we discussed this motion, I mentioned that there was certainly an error made by using the singular in that paragraph when, in the following paragraph, the plural was used. I mentioned that, and there was no correction made by either the deputy leader or the Leader of the Government. There was never an understanding; there was never a discussion to the effect that we would have only one question on all the amendments that we wished to move. I will ask my deputy leader to support my statement that, in the discussions we had, there was never any question that we would be limited to one vote on all the amendments that we wish to propose.

Senator Frith: There is clearly a misunderstanding—

Senator Flynn: There is more than a misundertanding.

Senator Frith: No, there is not anything more than a misunderstanding. There is a misunderstanding. The intention was to make this order resemble as closely as possible the order in the other place.

Senator Flynn: That is something else.

Senator Frith: In my opinion, one of the absolutely key elements of the order in the other place was the omnibus amendment provision. It was clearly my understanding—

Senator Flynn: No!

Senator Frith: Don't say no to what my understanding was.

Senator Flynn: I say no.

Senator Frith: The honourable Leader of the Opposition is telling me no as to what my understanding was. Let me say what my understanding was; we already know what his is.

Senator Flynn: I challenge your sincerity.

Senator Perrault: Listen and grow in wisdom.

Senator Frith: I am sorry that the Leader of the Opposition challenges my sincerity. Whether it is challenged or not, here it is. It was clearly my understanding—and, I thought, everyone's understanding—that we were attempting to make this order resemble as closely as possible the order in the other place. It was my understanding, secondly, that a very important part—an absolutely vital part, in my opinion—of the order in the other place was the concept of omnibus amendments made by the government, the opposition and the New Democratic Party. In my opinion, that is why we used the word "amendment."

Senator Flynn: No.

Senator Frith: I repeat, in my opinion that was why we used the word "amendment", and it was very definite that we were operating with a view to keeping as closely as possible to the order in the other place.

Senator Perrault: Hear, hear.

[Senator Frith.]

Senator Frith: That is why, when I gave notice of the motion, I said that we were trying to keep it as close to the form of the order in the other place as possible.

My understanding of clause 4—I suppose we will have to have a ruling on it and I am sorry about the misunderstanding—

Senator Flynn: Sorry! Spare me!

Senator Frith: There is no doubt that we do not have the ability to move any more than one amendment; the opposition has the right to move one amendment; and the amendments that are voted on, according to clause 5, are the government's amendment, the opposition's amendment and Senator Yuzyk's amendment.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am not certain that I can shed too much light on this convoluted and arguable matter, but it is perfectly clear that the government and the opposition start from different points of view in the whole development of this procedural resolution that we have before us.

As the Deputy Leader of the Government has quite correctly stated, it was his object all along to secure a resolution from this chamber which was identical in all respects to what had been agreed to as the procedure to be followed in the other chamber. However, I think it is equally correct to say that it was the clear objective of the Leader of the Opposition to do no such thing. The question was how far would we in the opposition be able to go to meet an objective with which we did not agree, but which we were willing to discuss, because we wanted to come to the largest possible measure of agreement as to how we should proceed with this matter here.

Perhaps it is not appropriate for me to dwell too much on what was said in our private discussions, but if I can by inference deal with the position taken by the deputy leader, let me say that many of us on this side of the house objected, as a fundamental matter of principle, to the fact that the government was insisting that only the Leader of the Opposition can move amendments on this side of the chamber. Many members of the caucus to which I belong wish to produce amendments of their own. I do not know whether all of the independent members of the chamber might give up their right to move amendments, but it seemed to us to be a fundamental abrogation of the rights of a member of this body to prohibit him or her from moving amendments.

Some Hon. Senators: Hear, hear.

Senator Roblin: I have to admit that we conceded that point. I have to admit that it was our judgment that, in view of the time element that was involved here and the agreements that had been made elsewhere, we should concede that point. Therefore, we moved a step in the direction of the government by agreeing to the proposal that only the leaders could produce amendments, even though we received very strong and vigorous protests from members of our caucus as to the propriety of entering into such an agreement. However, for better or for worse, we did agree and we are prepared to stand by that agreement. We took that step to meet the view of the govern-

ment that we should do here exactly what was done in the other chamber.

The second proposal that was made to us was that we on this side would only produce as amendments what was produced as amendments by our counterparts in the Progressive Conservative Party opposition in the House of Commons. It was said to us that the Progressive Conservative caucus in this house was to produce, through the mouth of its leader, the resolutions and amendments—and nothing but the resolution and amendments—introduced by the opposition in the other house. To that we took exception. It was our view that no doubt in many respects we will be producing resolutions which are similar to those in the other place, but we in no way wish to be bound.

We could not concede the constitutional propriety of agreeing that the opposition in this house should be bound to do precisely what was done by the opposition in the other house, because it was not our view that such a process was in conformity with our understanding of the role of the Senate or, indeed, of any independent democratic body, as we are so fond of telling people we are.

We said to the government, "You can do what you like." We could see, from a procedural point of view, their problem if they did not produce amendments consistent with those in the other chamber. We had no difficulty with that. However, it did not seem to us that we should be bound in the same way here, nor was it ever agreed by me—and it was certainly not agreed by my leader, as you have heard most emphatically from him—that any resolutions that we produce should be dealt with as a basket case. I think that is a rather appropriate expression to use at this stage in our proceedings, because a basket case is certainly what this constitutional debate has become at the present time. At no time did we agree to that proposition. It may have been assumed that we agreed to it. Obviously, this assumption was made, because the Deputy Leader of the Government is a man of probity and he would not have said that that was his view if he did not sincerely believe it. I give him full faith and credit in that respect. I accept his assurance without any doubt, but I have to say that it is not my view of the matter.

The point is underlined because I said to my leader, having read over this resolution, that the word "amendment" in paragraph 4 is in the singular and it ought to be in the plural, if my understanding of the procedure was correct. Accordingly, the Leader of the Opposition made the point—and you can find it at page 2307 of the Senate *Hansard* of April 15—that the word "amendment" should be in the plural so as to avoid any possibility of doubt or the kind of debate we are having here. No objection was taken to that. No one said to us, "That is not right. You have got the wrong end of the stick." As far as I could see, that was accepted by those on the other side of the house as being a correct, accurate and acceptable statement of the position.

You can imagine, then, my interest, if nothing else, when I read the *Hansard* of that day in which that correction had not been made, and in which the word still exists in the singular form rather than in the plural form. It seems to me that it would be quite wrong for us to agree that we had given any undertaking that the basket approach to amendments would be appropriate.

I have to say that, apart from any procedural matter, I have the strongest objection in principle to dealing with amendments to the Constitution in this way. Honourable senators on the other side of the chamber may want to deal with a miscellaneous group of amendments which have no relation to one another, logically or inherently, except that they are part of a very lengthy constitutional resolution, but how on earth can members of this house express an opinion? We are shackled.

• (1440)

If, for example, this package contains amendments dealing with the powers of the Senate, rights of women, the amending formula and all these various matters which have no logical, intrinsic connection one with the other, how in the name of goodness can people logically and in good conscience stand up and vote yes or no. It is not a question of giving a bill second reading when one is confronted with the dilemma of deciding whether there are more pluses or minuses, and voting accordingly. We are dealing with the Constitution of the country and with most fundamental principles. If we are being asked to consider resolutions on fundamental principles that have no relationship one with the other, all together, hugger-mugger in a basket, I believe it derogates from the probity of the people who sit here. I, for one, would not be prepared to support such a proposal.

I fully agree with the position taken by the Leader of the Opposition, that we are unaware of any understanding that this side of the house was obliged to submit resolutions in a basket and vote on them holus-bolus. We take the view that it is a matter of good judgment, common sense and prudence in discussing the affairs of the country, and in dealing with the wide group of disparate matters which one can expect will be moved from this side of the house, that we should be able to test in this chamber, separately and one at a time, these matters of principle as they are discussed. I believe that to do anything else makes a joke of the entire proceedings.

Senator Perrault: Honourable senators, one might have hoped that the Deputy Leader of the Opposition would have spoken in these terms of outrage and concern to his own caucus, to the leader of his party or to this chamber several weeks ago, days ago or even hours ago. Senator Roblin should be reminded once again of the unique situation we have here. This unusual situation has been admitted by all the national parties and their leaders.

Senator Flynn: No.

Senator Perrault: The Right Honourable the Prime Minister, the Right Honourable the Leader of the Opposition and the Leader of the New Democratic Party have agreed that in view of this unique situation, in view of the fact that any address to Westminster from the Senate and the House of Commons must go forward in identical form, because it must be a joint address, and in view of the many days and weeks of

debate and discussion regarding the constitutional proposals, together with a decision to hear from the Supreme Court of Canada before any final vote, a unique format was warranted in order to expedite the passage of this measure through Parliament. More specifically, it was agreed that the amendments passed by Parliament should be made known to the Supreme Court by April 24. It was agreed that the Supreme Court must know the ideas of Parliament before it renders its judgment.

Honourable Senator Frith spoke very eloquently on this point several days ago when he reported upon the historic agreement achieved by the political parties and the leaders of the parties. This is not a matter of a wilful Prime Minister or the government unilaterally imposing a procedure upon both houses of the Parliament of Canada. We have an agreement made by the Leader of the Liberal Party, the Leader of the Conservative Party and the Leader of the New Democratic Party on behalf of both chambers of Parliament. We have been informed of that—

Senator Asselin: No, impossible.

Senator Perrault: —through representatives of all the parties in the other place. Yet today we have a situation where the leadership of the official opposition in the Senate is telling us that this agreement is contrary to all principles of democracy, where the opposition leaders feign outrage and condemn a procedural agreement which their own national party leader has affirmed is suitable, and to which every Progressive Conservative member of Parliament in the other place has agreed. Here is a party which the other day entered into a solemn agreement that two hours would be set aside to dispose of the various amendments in grouped form and now claims that the entire procedure is wrong and undemocratic and that it tramples on the rights of Parliament. Where were these speeches a few days ago—

Senator Flynn: They are there in *Hansard*, if you would just read them.

Senator Perrault: —when we had our discussion on the resolution? There is an element—

Senator Flynn: I said that last week.

Senator Perrault: —of absurdity here.

Senator Flynn: Only in what you say.

Senator Perrault: The opposition has initiated a spurious debate. A few days ago, the government in this place stated that it would not wish to restrict the right of the official opposition to move its package of amendments. We agreed that the package need not to be the same as the package in the other chamber.

Senator Roblin: Bravo; so it doesn't need to be the same.

Senator Perrault: The Leader of the Opposition knows that. We did not agree to some procedure which would trample on the rights of the opposition in this house. We did not say that the opposition here must march in lock step with the views of the Progressive Conservative members in the other chamber. But we did agree that, in view of the time available to us and in order to make certain that these matters were given fair consideration, amendments proposed both by the government side and the opposition side would be grouped together in order that they may be debated and in order to make known the mind of Parliament. These are the facts.

[Senator Perrault.]

Senator Flynn: Come to the point and try to be objective and practical.

Senator Perrault: I was party to the negotiations, and the Leader of the Opposition is aware of that fact.

Senator Flynn: You are aware of what I told you in your office.

Senator Perrault: Not once did the honourable senator ever express this view during any of the negotiations. We talked in terms of amendments—

Senator Flynn: Never.

Senator Perrault: —and in terms of the omnibus package produced by the government.

Senator Flynn: No, I never said that. I challenge you. I say you are lying.

Senator Perrault: Honourable senator, you disgrace the rules of Parliament by popping up like a jack-in-the-box.

Senator Flynn: I do not care; I should not have to listen to your saying things which are lies.

Senator Perrault: Please maintain your calm. Let us have some order.

The Hon. the Speaker: Order, please.

Hon. Allister Grosart: His Honour is on his feet. Sit down.

Senator Perrault: There is no disorder on this side.

The Hon. the Speaker: Honourable senators, I suggest that we calm down and discuss this very important point in an orderly fashion.

Hon. G. I. Smith: Honourable senators, I have—

Senator Perrault: Honourable senators, I had the floor. Is the honourable senator raising a point of order?

Senator Smith: What are you saying here? I did not get up to speak to you.

The Hon. the Speaker: Is the honourable senator rising on a point of order?

Senator Smith: I rose because I thought the honourable senator was finished.

The Hon. the Speaker: If the honourable senator is not rising on a point of order, then the Honourable Leader of the Government should be allowed to continue.

Senator Smith: I want to make it very clear that I thought that the honourable senator had finished, otherwise I would not have risen.

Senator Perrault: I took my place because His Honour the Speaker was on his feet. If the honourable senator has a point of order, I would be pleased to sit down.

Senator Smith: I am not asking you to sit down. I thought that you were finished.

Senator Grosart: Or that it was time that he was finished.

Senator Perrault: Honourable senators, in my view, the negotiations with the official opposition in this place have proceeded with uncommonly good grace. There have been none of the disagreements such as have emerged this afternoon, to the surprise of all of us on this side. We are proposing, in view of the fact that these omnibus packages must be produced at 10 o'clock tomorrow morning, and the vote must be at 12 o'clock, that the most efficient way of handling the matter is to have the amendments grouped as has been done in the other place.

Senator Flynn: No.

Senator Perrault: You may disagree with your party's philosophy, but there is still this accord which was achieved by the leader of your national party.

Senator Flynn: No.

Senator Perrault: But in this place the opposition is saying that such a proposal is undemocratic, and that it tramples on people's rights. The position taken by the Leader of the Opposition here is clearly illogical and ludicrous.

Senator Flynn: What a joke, coming from you.

Senator Perrault: What we want is an orderly debate. We would like to listen with interest to the amendments proposed by the Leader of the Opposition and get on with the job.

Senator Flynn: I would like to correct two things. As reported in *Hansard* at page 2307, I said the following:

> Of course, I must say right away that we on this side of the House had not given any mandate to that effect. Legally we do not consider that we are so bound—

That statement is very clear. When the Leader of the Government said that he spoke of the omnibus amendment, he never used that word in the conversations that we had—never; a clear "never".

● (1450)

Senator Perrault: That is not accurate at all.

Senator Frith: Honourable senators, to try to further clarify the situation, there is no question that during the conversations the Leader of the Opposition, as pointed out here in the chamber, made it very clear that he was not bound by the order of the other place or by the decision that was made. Clearly, the position taken by the Deputy Leader of the Opposition, regarding some aspects of the agreement made in the other place, was also quite sound. I remember it exactly that way.

The difference that we have is clearly, in my view, a total misunderstanding on something we took for granted. I assumed that when we used the word "amendment" we meant amendment. I assumed we were bringing it together with the all-party agreement in that omnibus sense. However, Senator Flynn seems not to have that understanding.

I do want to take the opportunity to remind honourable senators that the position I took here in the chamber was consistent with the position that I am now taking. I quote from my introductory comments on the motion for the Senate order, at page 2281 of *Hansard*, where I said:

> Honourable senators, the purpose of this motion is to implement in the Senate the all-party agreement that Parliament should not vote on the motion for a joint address until the Supreme Court of Canada has ruled on its constitutional acceptability—

We referred to that purpose. I then said:

> Next, I wish to explain the key elements of the all-party agreement that was reached a couple of weeks ago. The first element is that the Supreme Court should have before it the form of the resolution to be voted upon—
>
> Next, the procedural corollaries to the purpose, and to those key elements, are as follows: In the House of Commons the foregoing historic agreement found expression in a unanimous house order that meant an end to amendments except omnibus amendments proposed on behalf of each party by the party's house leader. Each member of the House of Commons, for this exceptional occasion, subordinated his or her individual right to propose amendments to the right of his or her party to do so; so that he or she had to work out his or her individual wishes in the party caucus for eventual expression in the house by the party leadership.

Senator Flynn has an honest misunderstanding about what happened; obviously, I have too. I want to underline that I did not, in any way, I hope, mislead honourable senators as to what my understanding was when I said, quite clearly, that the very thing that Senator Flynn feels he was not agreeing to was, I thought, what he was agreeing to. That was the point I was trying to make at that time.

How can we settle this matter? We cannot debate it forever, when there is a misunderstanding. There must be a way of settling it. If Senator Smith has a compromise solution to this problem, let us hear it before I propose anything else.

Senator Smith: I think I have a solution. I do not profess to understand what has passed between the four participants in this debate so far. However, I got one clear impression as a result of the agreement in this house, and that was that we were committed to finishing the debate by a certain time, but I did not get any impression that this had to be achieved in a certain way, so far as amendments were concerned.

Whether I was right or wrong in that impression, may I suggest that, after all, as I understand it, the main objective of all concerned is to finish the debate by a certain time. Can we not proceed on the basis the Leader of the Opposition suggests, namely, that we deal with the separate amendments, as opposed to the omnibus amendment, as long as we can stick to the fundamental issue of finishing by 1 o'clock tomorrow? Is that not all we need?

Senator Roblin: That is all we need.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have a personal problem to submit to the Deputy Leader of the Government. Of course, I was not here last week and I find that the arrangements which the Deputy Leader of the Government claims to have made with the Leader of the Opposition are very surprising.

In any event, I suggest that one or the other of the parties has misunderstood; they have misunderstood one another. But here is my personal problem: if you force me to give an omnibus vote you are going to affect some of my personal privileges, and here is why: it is quite possible that the government may include in its package, in its omnibus amendments, certain amendments which I would support, which I would like to support, but that the package as a whole may not interest me. Should he want to proceed that way, the Deputy Leader of the Government would force me to vote against principles which I would support in relation to a certain item contained in the package. The same thing goes for other members of the opposition.

It is quite possible as well that the Leader of the Opposition may include in his package certain amendments which I do not like, which I would not support, but that I find nothing repugnant in the package as a whole. You are then forcing me to forego my privilege to vote according to my conscience and you are forcing me to vote for the package which will be presented by the Leader of the Opposition. We have never been in such a situation. I have been in the House of Commons and the Senate for nearly 20 years but never have I seen such a situation. I have never seen the privileges of the members of the House of Commons or of the Senate affected in such a way. That is why, conscientiously, I fail to understand how it can be that you, the Deputy Leader of the Government and the Leader of the Opposition, have thought of denying me this personal privilege.

Senator Frith: Senator Asselin was perfectly right when he explained the situation which derives from the agreement made in the other place.

Senator Asselin: I am not talking about the other place, I am talking about this place.

Senator Frith: Oh yes, here, agreed.

Senator Asselin: We are not sitting in the House of Commons, we are sitting in the Senate and we have to take our own decisions.

Senator Frith: You are quite right. As I said here in English on Tuesday, and in French on Wednesday, there are exceptional circumstances, and the privileges referred to by Senator Asselin were suspended in the other place.

Senator Asselin: I cannot accept that my privileges be suspended.

Senator Frith: That is exactly what I said. That is why I do not understand how come this question was not raised during the debate and before the vote. I did say that there were exceptional circumstances and that we were, so to speak, suspending our privileges, as the honourable senator says. We made our own decision. It was not the decision of the other place; it was our decision to comply with the same principles. That is why, as I explained here and not there, that we find ourselves in the situation described by Senator Asselin.

Senator Asselin: That is not possible.

Senator Frith: It is more than possible. It is not something we made up, that I can assure you!

Senator Asselin: On a point of order. My leader cannot take away my privileges as a senator. I have the privilege to vote on an amendment or another, according to my conscience. Now, you are forcing me to vote against my views and my conscience.

Senator Frith: That is what the Senate has decided.

Senator Asselin: I cannot accept that. Those are my privileges. My privileges have been suspended, and I cannot accept it. I cannot understand how my leader could have accepted—

Senator Frith: Honourable senators, let us say that I put the motion and that the Senate decided.

Senator Langlois: Let him blame his leader.

Senator Frith: I put the motion and, as I clearly said, the results are just as described by Senator Asselin. It eventually became an order of the Senate. I am not the one who made the order. What does this mean then? You say no, that it was not an order? But it was an order! However, I have explained that this does not go against the explanation I gave in English on Tuesday and which I repeated in French later. This explanation can be found as I gave it twice. Have these facts been invented by someone?

Senator Asselin: I do not know, I was not here.

Senator Frith: Well, what do you want if you were not here? I explained this clearly, I hope. I said that what we were going to do was to apply the principles approved in the other place, since these are quite exceptional circumstances, as I clearly explained.

● (1500)

[*English*]

> In the house of Commons the house order meant an end to amendments. Each member of the House of Commons, for this exceptional occasion, subordinated his or her individual right.

[*Translation*]

And then I said that this was what we wanted to do here. It is unfortunate if this is not clear and if Senators Asselin and Flynn do not see my explanation in that light. In any case, it is true—

Senator Asselin: It is a shame, it is absurd. You are not going to persist in trying to have us admit that—

Senator Frith: No, it is not absurd. It seems to me that there is nothing absurd at all. It is only that these are very exceptional circumstances, as I have explained twice—not once, but twice.

[*English*]

Senator Perrault: Your leader agreed to it.

Senator Asselin: No, he said that he did not.

[*Translation*]

Senator Frith: In any case, what can you say? You say no! For my part, what I want to say is this: this idea has been explained twice in *Hansard,* in French and in English. Even though I explained twice the same principle which is now causing us a problem, there seems to be some misunderstanding; we must therefore try to settle this matter. However, I believe that all this is quite clear in *Hansard.*

Senator Flynn: Do you have a conclusion?

Senator Frith: There are two possibilities.

[*English*]

Senator Grosart: Honourable senators, it seems clear that there is a misunderstanding here. I would think there would be general agreement that if there is a misunderstanding, there was no agreement.

Secondly, we are confronted with what is an order of the Senate. There are differences of opinion as to what that order actually says. I was not a party to any of the discussions, so I cannot, in any way, say who said what at any particular time, but I am surprised to hear it repeated over and over again that something that was decided by the party leaders was binding on the Senate or on members of those parties in the Senate. I do not believe that that is so. I am not bound by any agreement made by any leader of any party, any place.

I rise—if the time comes when I can have the attention of the Deputy Leader of the Government—to suggest that it is important that there now be agreement as to how we shall proceed. I have to say that, in my view, the whole problem has been caused by ineptitude and, perhaps, inexperience in the handling of this matter.

Some Hon. Senators: Oh, oh.

Senator Perrault: That is disgraceful.

Senator Grosart: I beg your pardon? I am perfectly entitled to say that I think the matter has been ineptly handled.

Senator Buckwold: By whom?

Senator Grosart: By the leadership of the government in the Senate. There is nothing new in this. This has been said over and over again with respect to bills. What is everybody getting so excited about? I say that it has been handled ineptly. The reason I feel it has been handled ineptly is that the suggestion was made earlier that the normal way to proceed was for us to wait until we received a message from the House of Commons. That is the normal practice when a proposition is before Parliament that there be a Joint Address to Her Majesty. The decision was made that we would not proceed that way. I repeat that I think it was inept to make the decision not to proceed in the normal way, and that that ineptness has caused the problems that are before us now.

I suggest that it is possible to resolve the matter. I see no objection to dealing with these motions one by one, expeditiously, and under whatever agreement may be necessary to meet the time limit. Then, if it is the wish of the leadership of the government in the Senate, we should match up, if I may use that phrase, the decision taken in the Senate on the resolution with the decision taken in the other place. Of course, I can see that that is desirable. I fully understand that.

Having dealt with these motions, even with a limitation on debate on each one, we would deal with each motion separately and then have an umbrella motion, if you like, which would deem the Senate to have passed a similar motion to that passed by the House of Commons.

I have not discussed this with my leader, and he may not agree with me, but I think it is of the utmost importance that this matter be resolved. I would even suggest, if it is necessary, that the Senate adjourn at this point so that discussions can take place in an attempt to resolve this matter in a way that would be a credit to the Senate; and I believe that that is possible.

Senator Frith: Honourable senators, I will not make any comments on the adjective used to describe how we came about this. It is not the adjective I would use. There were long and careful negotiations undertaken, and I must say that they were undertaken in good humour. Senator Flynn, in particular, as well as Senator Roblin, Senator Perrault and myself worked long hours over the period of a week or so to settle this matter.

I believe that the purpose—

Senator Grosart: I rise on a point of order. When I used the adjective "inept", I was not referring to what went on in the discussions. I was referring to the original decision which I and others protested. That is all.

Senator Frith: I understand. As I said, the decision and the wording of the order were meant to reflect two things: to adopt, as far as possible, the decision made in the other place; and to reflect the agreement reached by Senator Flynn, Senator Roblin, Senator Perrault and myself. It went through many versions. I tried to explain clearly what its consequences were when I introduced the motion, and I believe that the order expresses that intent and that it does so clearly. I believe that the only way out of this difficulty, since we treat an order of the Senate the same as a rule, is to have a ruling on it from His Honour. We can debate further to try to persuade His Honour as to how he should rule, but in my view the wording is clear and I have nothing to add to my position that there is an intention to establish both here and in the other place, the principle of omnibus amendments with all the undesirable, or, at least, unusual consequences that flow from it. This is an exceptional situation in which the three parties reached this agreement.

The agreement that was reached in the other place we tried to implement here. One of the key elements, as I explained, was this omnibus feature, and I believe that that is what the order means and what His Honour will rule it provides.

Senator Smith: Honourable senators, I rise on a point of order. I wish to raise one point with respect to a comment made by the Deputy Leader of the Government to the effect that the only way to deal with the order was to have a ruling from the Chair. While I quite agree that an order should be treated in the same way as a rule, it seems to me that it is perfectly proper—and there is no reason why it should not be done if it is desired—to amend that order so that we can lay out some course of action to enable us to get out of this difficulty, about which I make no comment as to who or what is to blame.

Surely, our main task now is to find a way to get out of this difficulty and to comply with what I still think is the fundamental objective of everybody, namely, to finish this debate by a certain time tomorrow. If we can amend the order in a way which will meet the general wishes of the Senate and not impede the effort to reach that objective of time, then it seems to me that that might be considered as an alternative to asking for a ruling from the Chair.

● (1510)

Senator Frith: The reason I do not wish to amend the order is because I believe the order accomplishes what it was meant to accomplish, namely, as nearly as possible the implementation of the all-party agreement in the other place, which included the omnibus principle.

Senator Flynn: Not here.

Senator Frith: Senator Flynn does not agree with me on that, but I have to be honest by saying that is what I understood we were doing, and that is why I do not want to amend because I think it says what it is supposed to say.

Senator Flynn: You were afraid to tell me that.

Senator Frith: Not at all.

Senator Smith: Honourable senators, in further discussion of the point of order, I am not suggesting, by my course of action, that the Deputy Leader of the Government is wrong or that the order is wrong. In fact, when I suggest amending it, I must implicitly be suggesting that it is right; but, right or wrong, it does not seem to meet with general approval. All I am suggesting is that instead of arguing whether it is right or wrong, can we not amend it by agreement so that we can get on with what we need to get on with, that is, the attempt to reach the end of the debate by 12 o'clock or one o'clock tomorrow, whichever it is? I am not clear in my mind what time it is. That is not any aspersion on the deputy leader, my own leader or anybody else, but merely an effort to suggest the way in which we may resolve the difficulty.

Hon. Heath Macquarrie: Honourable senators, as one who is not involved in any discussions and, therefore, I am procedurally as virgin as the driven snow, I was impressed by the suggestion of the very senior legislator, Senator Grosart, that when this honourable house gets into any difficulty there is a very useful venue, and that is to have free and informal discussion, like the British used to say, "behind the curtains," rather than pushing it towards something. I think Senator Grosart's suggestion is a very wise one, and the wisdom of this senior legislative body is something that we could trust in this regard.

Senator Frith: Honourable senators, there is no question that more than one amendment could be proposed. There is no question about that.

Senator Flynn: Then there is a misunderstanding. I was going to suggest following the idea put forward by Senator Smith, that all the amendments would be dealt with, not in one vote but at the same time, and we would ring the bell only once. If the Leader of the Government wants to put the amendments which have been adopted by the other place separately—for instance, the supremacy of God, in one question; the equality of women, in another question; and so on—we would vote from 12 o'clock on without interruption. The vote would be called, and we would vote on each question as proposed. The Leader of the Government would separate his amendments the way he wishes, and I would move my amendments one by one the way I wish. The question would be resolved without the interruption of the bell ringing for each vote, and we would be able to deal with the amendments in a very orderly fashion. That was my understanding.

Senator Frith: Honourable senators, I guess the misunderstanding is wider than I thought. I could not believe there was any question about any misunderstanding. I am saying what I said, and Senator Asselin shakes his head as if I did not say it and perhaps this was made up by somebody, but look at what it says in paragraph 2:

> No amendments or sub-amendments may be proposed to the said motion except those moved by the Leader of the Government—

Senator Flynn: That's right.

Senator Frith: And I am still quoting:

> —and the Leader of the Opposition in the Senate of Friday, April 24, 1981, as provided hereinafter.

Senator Flynn: I do not know if Senator Frith understood what I meant.

Senator Frith: I did not.

Senator Flynn: I said the amendments will have to be moved by the Leader of the Government and by the Leader of the Opposition, but it will not be an omnibus amendment by the Leader of the Government. If he wants it to be so, that is his own business.

Senator Olson: He says what he has to move.

Senator Flynn: Yes. Suppose I have five amendments. We will vote on all those amendments without having the bell rung between each question.

An Hon. Senator: Separately.

Senator Flynn: Yes. You can take a stand on any question, and by one o'clock we will be through. That is the objective. That you should want to vote on apples and oranges at the same time seems ridiculous. It may be that in the other place

they wanted to do that; but that is no concern of ours. If the deputy leader and the Leader of the Government do not want to accept my proposal, I will ask His Honour to rule on this question, but I must point out that nowhere in the order is there any mention that there will be an omnibus amendment.

An Hon. Senator: Nor in the other place.

Senator Flynn: You do not change the rules of normal practice—that of being able to move separate amendments, for example—without spelling out the fact, and you cannot interpret the order that was passed as changing that fundamental principle of orderly parliamentary debate. If that were to be the decision, I think I would simply despair of this place.

The Hon. the Speaker: Honourable senators—

Senator Perrault: Honourable senators—

The Hon. the Speaker: I want to give my opinion on it, but if you have something to say, please proceed.

Senator Perrault: Honourable senators, may I briefly add this: I do recall, in the course of our discussion in the chamber, that the Leader of the Opposition made what he felt was a valid point, and I know those who support the opposition must have felt the same way. He said, "We want to have the option to have in our package of amendments perhaps different features than those advanced by our party in the other place." All honourable senators recall that discussion.

Senator Flynn: Sure.

Senator Perrault: It was construed, at one point, that the effect of the house order under discussion was that the opposition amendment package here would have to duplicate the Conservative initiative in the other place. The government agreed that variations should most certainly be permitted in the Conservative motion. Certainly it was assumed by most honourable senators that the Conservative senators in caucus would meet together to determine and to decide the amendments that they felt to be appropriate—

Senator Flynn: No.

Senator Perrault: —and because of time constraints and debating constraints, that these would be voted upon as a package.

Senator Flynn: "Time constraints"? I am suggesting to you that we can deal with it in half an hour.

Senator Perrault: We have listened to you very carefully, and certainly the Deputy Leader of the Government has described our understanding of the situation, and that remains our understanding. We felt that it was a rare accord achieved in the spirit of goodwill in a unique parliamentary situation.

Senator Flynn: Hah!

Senator Perrault: I want to assure honourable senators—

Senator Flynn: I agree with you that there was goodwill then, but there isn't any more.

Senator Perrault: What surprises me is that a procedure which has been approved by his own national leader—

Senator Flynn: That is not the question.

Senator Perrault: —and a voting procedure which has been endorsed by the party in the other place—

Senator Flynn: That is not my concern at all.

Senator Perrault: Honourable senators in opposition surely attend the national caucus meetings of their own party, yet we have the surprising situation where they have disowned the agreement—

Senator Flynn: Blah, blah, blah!

Senator Perrault: —they have condemned the procedures—

Senator Flynn: Blah, blah, blah!

Senator Perrault: —and surely it is a cause for some mystification, to say the least.

Senator Asselin: So this place deserves to be dissolved and abolished.

Senator Roblin: Of course, we have not disowned what is going on in the other place. It is not our business to disown it, either in caucus or out of caucus. It is their business. We are just concerned with our interest here. If His Honour is going to take the matter under review, there is a textual interpretation which I respectfully direct his attention to in clause 5, where it says:

> Every question necessary to dispose of any amendments—

The word "amendments" is in the plural.

> —moved by the Leader of the Government or by the Leader of the Opposition—

That might have some bearing on the question of the number of amendments that might be expected to be moved by the Leader of the Opposition. It does not say he can only move one.

Senator Frith: The word in the preceeding clause is used in the singular twice.

Senator Flynn: I corrected that.

Senator Roblin: That is why we corrected that.

Senator Frith: Where?

Senator Flynn: In my speech.

Senator Roblin: The deputy leader asks where we corrected that. It is found at page 2307 of *Hansard* of April 15, in the second-last paragraph from the bottom. It says:

> Those are the essential points. There were a few diverging opinions about the text, perhaps Senator Macquarrie did notice them as well, including at the top of page vii the fact that the Leader of the Government may propose "amendments", but that the Leader of the Opposition may propose "an amendment". Obviously, this is a grammatical mistake, but I believe that the plural should be used both for the Leader of the Government and for the Leader of the Opposition.

Senator Perrault: Those are the component parts of the amendments.

Senator Roblin: That is what the argument is all about, is it not? I believe Senator Smith has given us a practical suggestion. The main thing the government wishes to do is to make sure the Senate stays in step with the House of Commons and has the numbers to do that. The second thing they want to do is to ensure that no one drags his or her feet and that we settle the matter within the time frame previously agreed to. No one is walking away from that. What we are really saying is that we would like the opportunity to present our several amendments seriatim, one at a time, and vote on them one at a time in an expeditious manner at 12 o'clock tomorrow; and if it takes another 12 or 15 minutes beyond 12 o'clock, I should expect that to be the maximum. I do not see anything wrong with that, and I hope that His Honour the Speaker might find that to be a sensible arrangement.

● (1520)

The Hon. the Speaker: I would ask the honourable senator a question for my own enlightenment? He has spoken of a correction that has been made. Where can I locate that correction?

Senator Roblin: I am speaking of a correction that was requested. I refer you to page 2307 of *Debates of the Senate* for Wednesday, April 15, 1981. It was a request made by the Leader of the Opposition in his reply when the matter was first discussed. No objection was made to his request for a correction at that time.

Senator Deschatelets: Would the honourable senator please read it?

Senator Roblin: I have just finished reading it, but I will read it again. Towards the end of the first column on page 2307, where it starts to get interesting, it says:

> —the Leader of the Government may propose "amendments", but that the Leader of the Opposition may propose "an amendment". Obviously, this is a grammatical mistake, but I believe that the plural should be used both for the Leader of the Government and for the Leader of the Opposition.

No response was made to that. No objection was taken to it at the time, and I should think it was quite natural for the one who made the statement, and those who listened to him, as I did, to assume that the proposal was accepted; and I was rather surprised to find that the correction was not made when *Hansard* came out originally.

What is the point I am trying to make? My point is that we on this side of the house foresaw the nature of this discussion here today, in the sense that our position would be the one that is expressed here, and we would wish to make sure that the resolution accommodated the position we are trying to take. Had we been told on April 15 that we were going to meet some opposition to that, I daresay there would have been more argument on it at that time; but apparently our position, from our point of view, appeared to be accepted. So we were quiet; we were satisfied; we sat down. Now we find that such is not the case.

Hon. George van Roggen: Honourable senators, I would ask you to bear with me for a moment while I try to deal with this matter. It appeared that we were on the verge of resolving the business of this week in an amicable fashion, as apparently is happening in the other place. It seems to me that the principal point being made by the opposition is that indeed the order refers to a single amendment, in the case of the amendment to be moved by the Leader of the Opposition in paragraph 4—and indeed it does. They make the case that later, in the course of the debate, the Leader of the Opposition said exactly what Senator Roblin has just read to us—namely, he took objection to this word being in the singular rather than the plural.

Senator Roblin puts great weight on the fact that no response or objection was made from this side of the house when that was said. If we are to place much weight on response or objection being made to a statement, then we might look at what responses and objections were made by the Leader of the Opposition—or, for that matter, members on the other side—to Senator Frith's description a day earlier of what this order was designed to do.

It was not an order designed simply to limit debate to a given time, namely, noon of Friday, tomorrow. That would have been an easy order to draw. It was an order much more complex than that. In his statement on April 14 explaining the order to this house—I am reading from page 2281 of *Hansard*—he had already referred to some of his remarks on that day. But I want to refer to further remarks that he made, which I do not think he has yet touched on. They go over to page 2282.

While I do not think the order is ambiguous—and, if it were, Senator Flynn would not have been constrained to raise objection to the use of the word "amendment" in the singular—if the document—I do not want to get into too deep an argument with my legal confreres in this chamber—

Senator Flynn: You had better not.

Senator van Roggen: If the document is ambiguous, as he claims it is, perhaps we need to go to the surrounding evidence that exists. His surrounding evidence is one remark that "amendment" should have been plural, and that the government side did not respond to that. Let us consider what they did not respond to when this whole process was being explained by Senator Frith on the day before. They made no response to all of Senator Frith's repeated assertions that this was a most unusual circumstance—

Senator Perrault: Right.

Senator van Roggen: It is a very exceptional order, an order to meet very exceptional circumstances.

Senator Flynn: Come on!

Senator van Roggen: It is all there.

Senator Flynn: There was no text before us at that time. Try to be decent.

Senator van Roggen: I am being perfectly decent, thank you. I am saying—

Senator Flynn: Slave of the majority!

Senator van Roggen: I do not need any instructions from the Leader of the Opposition.

Senator Flynn: I should not have to listen to stupidity of that kind.

Senator van Roggen: I am perfectly capable of being decent, just as much as the Leader of the Opposition.

Senator Flynn: Go ahead.

Senator van Roggen: Senator Frith has read some of these remarks. He has explained that this had to be an exceptional order when it was drawn up and agreed to, that it was an order to meet very exceptional circumstances. Then, honourable senators, towards the bottom of the second column on page 2281 it says:

> —I shall not read every word of the motion. Essentially, the first paragraph sets aside those two days next week for dealing with the motion. The second paragraph provides that in this chamber, as in the other place, no amendments or sub-amendments may be proposed to the said motion except those moved by the Leader of the Government and the Leader of the Opposition in the Senate.

A most exceptional provision. There is no question about that, I would say to Senator Asselin:

> The third provision is that the question on the amendment to the motion moved by Senator Yuzyk on March 26, 1981, not be put—except as herein provided—and we provide for that; that the order to resume the debate be called at 10 o'clock in the forenoon on Friday and, at that time, the Leader of the Government in the Senate be given an opportunity to propose to the Senate a motion in the wording adopted by the other place on the previous day.

Again, a reference to the other place and their procedure:

> We will then proceed to have the Leader of the Opposition propose any amendments in an omnibus form. Those amendments may be debated at the same time but without further amendment.

Where is the objection from the Leader of the Opposition at that time? Where is the objection from the other members of the opposition at that time? If we are to pay so much attention—

Senator Flynn: From which page are you reading?

Senator van Roggen: I am reading from page 2282.

Senator Flynn: Poor guy.

Senator van Roggen: It is the whole of the explanation of this order; the whole discussion in this chamber—

Senator Flynn: Pitiful.

Senator van Roggen: —was on a special order, imposing special restrictions on us, much more than just the limitation of debate, so that we would have the vote on a given day, and so that we would come as close as possible to the procedure in the other place. I was here that day and I was certainly left with the impression that that was the objective we were seeking.

Senator Asselin: You are happy with that?

Senator van Roggen: Whether I am happy or not, the leader of my party, the leader of your party, and the leader of the New Democratic Party in the other place, arrived at an exceptional deal between them.

Senator Asselin: But we are not in the other place.

Senator van Roggen: It does not bind us, but it was a deal made by the three party leaders—not by the house leaders. We should keep that in mind.

Senator Flynn: The Honourable Senator van Roggen has quoted selected parts of the debate on that date. He should have read what I said following that. I said:

> I confirm that the intention of the government is to have an agreement here that will reflect the agreement made in the House of Commons, but I also wish to confirm that we have not necessarily agreed to what is being proposed in this motion and that we reserve our right to contest the proposal, at least in principle, if not in practice.

Later, on page 2282, I said:

> This having been said, with the proposal duly corrected and placed on the order paper tomorrow, honourable senators will be able to assess exactly what is proposed, the position of the government, and, with the reservations that we have made, the position of the opposition.

There was no agreement. You say that we did not have any reservations, but we did have reservations. I did not want to start the debate and antagonize the deputy leader. We were at that time consulting on the proposed text, and we made several observations.

● (1530)

I may say that there were several changes made to the text in the course of our discussions. There were three or four proposals. The last one was not exactly the same as the first, but the intention, as far as we are concerned, was very clear: that we were not bound by what was done in the other place. Secondly, the idea of an omnibus amendment was never mentioned, and was never accepted. If you, Senator van Roggen, want to follow the line of the government, with the object of imposing closure on us, I think it is shameful.

Senator van Roggen: You say the word "omnibus" was never mentioned. It was mentioned right here in this house.

Senator Flynn: In the other place, but not here.

Senator van Roggen: Right here in this house.

Senator Flynn: Yes, but about what was done in the other place. Where do you find it in the text? I said that we had reservations.

Senator van Roggen: I would be very interested in hearing from Senator Frith if the changes which you negotiated with him subsequent to April 15—

Senator Flynn: Why do you want to impose closure on us? Why? What are your motives? Why do you want that?

The Hon. the Speaker: Order, please.

Senator Grosart asked to speak before.

Senator Flynn: Why? Why do you want to prevent us from—

Senator Grosart: Honourable senators, it seems to me most important that we resolve this matter. Some suggestions have been made. I do not think that they are suggestions that would cause anybody to lose face on either side. This has been going on for a very long time, and I feel confident that we can reach a conclusion.

Senator van Roggen took one side, but did not mention, of course, one aspect of it, which is that we are dealing with motions from both sides, so that to worry about whether something was in the plural or singular does not matter very much, because the principle that we have been debating applies equally to the government amendments.

Just to clarify, could I ask the Leader of the Government or the Deputy Leader of the Government, what objection there would be—assuming that we would have what are called omnibus amendments on both sides—to taking a vote *seriatim* on the component motions? My understanding is that that is all we, on this side, asked for. Then the purpose of matching what has happened in the other place could still be achieved, very easily.

What objection would there be to accommodating the Leader of the Opposition when there is an admitted misunderstanding as to what was decided? I ask again, what objection can there be to accepting this suggestion, that as the omnibus amendments come before us, a vote is called on each one, without debate or any restrictions? I would be fully in favour of that, and I believe the Leader of the Opposition would also be. We would just vote on them, as the Leader of the Opposition has said, with no bells or divisions. We would vote on each and resolve the whole problem. Why not?

Senator Perrault: Honourable senators, that suggestion is totally contrary to the order which was passed by a majority, on division, the other day in this chamber. Then both the government and the opposition spoke in terms of an omnibus package of measures.

Hon. Richard A. Donahoe: Not in the order, you didn't.

Senator Perrault: Let me continue. The reason for some of the puzzlement, perhaps, in parts of this chamber, is this. When I spoke on April 15 on this matter, I said:

> After six months of debate and discussion in committee, in this chamber, and in the other place, it is obvious that a parliamentary consensus has been developed to make provision for the orderly disposition of the resolution on the Constitution and, perhaps, the Constitution issue itself.

[Senator Flynn.]

But now listen to the words of the Leader of the Opposition. Listen to what he said, as reported at page 2306 of *Hansard*:

> We are dealing here with quite an exceptional and unusual situation, one which will not recur very often, at least I hope not.

Then he went on to say:

> The recent settlement reached in the Commons had changed our perspective. Now it has been suggested to us in the other place, as we usually call it, that agreement should apply to us as well. . . . But I must admit that the Leader of Opposition in the House told me that we should implicitly comply with the conditions agreed to in the other place to dispose of this resolution.

Then he said:

> Of course, I must say right away that we on this side of the House had not given any mandate to that effect. Legally we do not consider that we are so bound, but perhaps to a certain extent we consider that we are morally bound.

Senator Flynn: Not to the omnibus proposals. Come on!

Senator Perrault: Please, with your usual patience, hear me out.

Senator Flynn: No. I will not listen.

Senator Perrault: Here we had a Leader of the Opposition, who accepted the fact, after being contacted by representatives of his party, that this was an unusual situation, and urged upon the Conservative members of this Senate the practice being followed in the Commons today, and that is for each party to advance its proposed amendments in omnibus fashion with the house leadership, government and opposition, moving the amendments. He conceded in this statement, which I have quoted, that in view of a unanimous all-party agreement achieved in the other place his perspective had changed. Where is that changed perspective today?

Senator Flynn: Quote the paragraph before that.

Senator Perrault: Honourable senators, I invite any honourable senator to read Senator Flynn's entire speech.

Senator Flynn: Quote the paragraph before that.

Senator Perrault: There is no doubt about the spirit and intent of the agreement which we achieved, and today, obviously, certain members of the opposition are trying to unlock that accord, whatever their motives may be.

Senator Flynn: I want to quote from page 2306 a passage that the Leader of the Government did not quote:

> We agreed that two things had to be agreed to. First, that the Senate would not come to a decision before the House of Commons; second, the duration of the Senate debate after the Commons decision. On that point, we had come to some agreement which was not finalized but which was accepted by both sides.

That was the essence of our understanding, and again I say that the word "omnibus" was never used.

Senator van Roggen: It was used in the other place.

Senator Flynn: It was not used in the other place either.

Senator van Roggen: Not in the order, but in debate.

Senator Flynn: Since when do you change the rules without mentioning it? I ask you again: Why do you object to the decision of the Senate being made in an orderly fashion and quickly on each and every amendment that we want to propose? Why, if it is not for partisan motives, and simply to avoid embarrassment to the government? Shame!

Senator van Roggen: We should stay with the agreement that was made. That is my point.

Senator Flynn: Very well, I stick to my agreements, and the agreement is as I have described it.

Hon. Paul Lucier: I hope the amendments are as important as this argument. We have been at this for two hours, and have not accomplished a thing yet. I would like to ask a question that I hope Senator Flynn or Senator Grosart can answer for me. Every time you vote you must assume that you have a chance of winning it, or you would not be putting amendments forward. What if one of them is different from what has been passed in the House, and they have adjourned? Where do we go from there?

Senator Flynn: Do you suggest that the Senate should never say anything different from what the House of Commons is saying? If so, then maybe you don't belong here.

Senator Lucier: Whether I belong here or not is not really your choice. What I am suggesting is that you answer a simple question. If an amendment goes through here that is different from the ones passed by the House, what happens then? It is a simple question. I do not know how that has anything to do with how I got here or whether I should be here or not.

The Hon. the Speaker: Senator Grosart.

Senator Grosart: The question was addressed to me, and I think there is a simple answer. The answer is what would happen if the vote here on the omnibus bill was different to what it was in the other place. The question, I think, is irrelevant. We can all understand that the government has a majority here. The government, no matter what the vote might be, can bring in a motion to pass an amendment exactly the same as that in the House of Commons at the final stage.

● (1540)

I repeat my question to the Leader of the Government, which he has not answered. What harm would be done if we just split this as we would an omnibus bill? We have had many omnibus bills here, and, when we go into committee of the whole we can move an amendment to one clause in a bill. Surely that is more cohesive than a group of motions put together for an exceptional purpose. I agree with everything that has been said to the effect that this is an exceptional situation, but I would like to suggest that, at this point, what was said earlier does not really matter now. The important thing, it seems to me, is the recognition that there has been a misunderstanding. I do not believe that there was a deliberate attempt on either side to mislead, deceive or misunderstand. However, we are talking about an agreement amongst senators, gentlemen and ladies, and there has been a misunderstanding. A simple solution is offered. I will repeat my suggestion to the Leader of the Government, that he adjourn the Senate at this moment and see if the four very reasonable people here can reach a decision. I believe that a decision could be reached in the corridors or elsewhere in half an hour. After all, it is teatime.

Hon. Sidney L. Buckwold: Honourable senators, this has been going on for some time. As a backbencher, I suppose I speak for all of us in expressing the hope that we can resolve what obviously is some confusion or misunderstanding on an order of this house. Earlier in the proceedings we asked for a ruling from the Chair. I believe His Honour was on his feet, ready to give that ruling. Perhaps that would be the solution at this time. His Honour was asked to rule on whether in fact this was a legitimate order of the house, and, if so, to rule on it. I am wondering whether that could be the next step, so that we can get on with the more important part of this debate.

The Hon. the Speaker: If you will allow me, honourable senators, if ever you require me to make a decision, unless you convince me that I am wrong, the only thing I can decide on is the order as I read it here. Unfortunately, I cannot refer to things which are not reflected in this order—such as, what happened between the Leader of the Opposition and the Leader of the Government, what happened in the other place, the possible outcome of a debate to the effect that, "Well, this is what we had in mind," or even—and I regret this, Senator Roblin—the grammatical error, which is a little more serious than it first appears. If I come to a decision, I will explain exactly what I understand to be in this order.

Do we agree, honourable senators, that I have to decide on the meaning of the order as it appears here, and not on the basis of discussions that took place between the representatives of the political parties and what happened in the other place? If you ask me to do that, I will tell you to find somebody else. I cannot make a judgment on that basis, because I am not aware of the facts. The only thing I know for certain is what is written here. I can read it and I can tell you what I understand from it. Therefore, I want to indicate to you that any debate outside this order, though it might be a very interesting debate, is one that I unfortunately cannot take into account in my decision.

[*Translation*]

Senator Asselin: Mr. Speaker, before you rule I think that our representatives both on the government and on opposition side ought to make an effort. Whatever decision the Chair may take, I have the impression of course that one side of the house will not be satisfied and that the debate will grow more acrimonious. I feel that the whole thing will end up in the air.

I call upon the generosity of our leaders on both sides of the house. As it has been suggested by other honourable senators, let them meet for a few moments while we continue the debate

here, then they can come back with a solution. If they cannot agree then we will ask the Chair to make a ruling.

But before we ask Mr. Speaker to rule, I think an effort should be made in that direction. Since Senator Langlois pointed out that I was not here last week I admit it is true, but I think I am seldom absent from the Senate. I can put my attendance record up against anyone else's here. One thing for sure is that if the Leader of the Government and his deputy were to meet with the Leader of the Opposition and his deputy chances to reach an agreement would be better.

[*English*]

Senator Frith: Honourable senators, the issue does not really require a ruling until a motion in amendment is proposed. The question then is whether it is in order. I make this suggestion. The meaning of the order will have to be interpreted when Senator Flynn proposes a motion that is thought to be out of order because it is contrary to the provisions of the order, and that will not happen until tomorrow. In the meantime, we will have an opportunity to see if we can work something out. I think we have debated this matter thoroughly; each senator has said virtually everything that he wanted to say about it.

Senator Roblin: And more!

Senator Frith: Perhaps a little more, and I suggest that we leave it at that. We will have two opportunities to talk in the meantime. Let us get on with it and cross that bridge when we come to it. We can hope, in the meantime, that we may be able to find a way around the difficulty.

Senator Flynn: I think that is an excellent suggestion, and it will give His Honour time to prepare a ruling, if one must be made.

The Hon. the Speaker: Do we all agree on this?

Do you rise on a point of order, Senator van Roggen?

Senator van Roggen: I am not continuing the debate with our honourable friends opposite. I only wish clarification on the remarks His Honour has made. I wholly support the view His Honour has expressed—

Senator Asselin: Do you challenge His Honour's ruling in advance?

Senator van Roggen: Just let me speak; I will only be a moment. I understood His Honour to say that he could only deal with what was written here in our proceedings. I wanted to be clear in my mind that, by that statement, His Honour meant not only the order itself but also the statements made publicly in this chamber, as reported in *Hansard*, immediately surrounding the order, which I think are relevant. I may have understood from His Honour's words that he thought he could only look at the order itself. I would simply like to put forward the view that, while he cannot consider what went on in private between the Leader of the Opposition and the Leader of the Government, or between the deputy leaders, or agreements made in the other place, it is proper for him to consider the order itself and the debate relative to that order which took place in this chamber.

[Senator Asselin.]

Senator Grosart: I rise on a point of order. His Honour has already clearly ruled, if I heard him correctly, that he will only deal with the order as it stands. It is improper for any senator to discuss the decision made by His Honour.

The Hon. the Speaker: In order to clarify my thinking, I will say that if there is an agreement made among all members of the house as to the interpretation of the order, then, of course, I have to take that into account. If, however, you ask me simply to refer to the debate dealing with matters on which there was no agreement, even if there were some statements made in the house, those statements do not necessarily modify any decision of mine. An agreement could modify it. If you can show me that, for example, paragraph 3 was interpreted by everybody in the house as meaning a certain thing, I will take that into account. However, I cannot go further.

NATIONAL DEFENCE

CLOSURE OF DEW LINE SITES—LOCATIONS

Question No. 48 on the Order Paper—**By Hon. Jack Marshall:**

List the location of the 21 DEW Line Sites in Canada which the U.S. Government proposes to close, as was recently announced in their government policy paper.

Reply by the Minister of National Defence:

The government policy paper referred to in the question was a military posture statement submitted to the U.S. Congress during the former Carter Administration, and it recommended that the DEW Line be reduced from 31 sites (21 of which are located in Canada) to 13 sites. However, no specific radar locations were identified for closure.

The question of DEW Line site closures was also aired during daily question period in the House of Commons on 2 March, 1981 and is contained in *Hansard* of that date pages 7769-70.

● (1550)

NATIONAL FINANCE

REFERRAL OF APPROPRIATION BILLS TO COMMITTEE—POINT OF ORDER

Hon. Douglas D. Everett: Honourable senators, I apologize for taking up the time of the Senate on a point of order, but since we are recessing I would like to deal with it briefly.

The contents of Bill C-59, the Borrowing Authority Bill, were referred by the Senate to the Standing Senate Committee on National Finance on March 12. The committee had a hearing on March 19 and reported back to the Senate. The bill then came to the Senate on April 7 and was discussed in the chamber on that day and on April 8. The discussion involved Senators Grosart, Roblin and Frith. The question arose as to whether or not the bill should then be referred to the committee when, in fact, the content had been referred.

I would like to quote a statement made by Senator Grosart, reported in *Hansard* of April 8 at page 2262, which reads as follows:

> The reason I suggest that it be referred to that committee is because it has become the usual practice—one might say custom, convention or tradition—of the Senate that any bill dealing with finance be reported to the Senate by the committee before the Senate deals with it.

While the bill was before the committee, Senator Grosart said that "the Senate should not consider a bill until it has been reported by the National Finance Committee."

I am sure that Senator Grosart did not mean to have that interpretation apply to the estimates. It has long been the custom of the Senate to refer the estimates to the National Finance committee, where they are considered, and the committee then reports back. Once the appropriations bill which arises out of the estimates comes to the Senate, it is not referred to the committee but is passed without reference, unless the appropriation bill is at variance with the estimates. So I trust that Senator Grosart and Senator Roblin were not suggesting any change in that well-established precedent.

FOREIGN AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Leave having been given to revert to Notices of Motions:

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Cameron be substituted for that of the Honourable Senator Frith on the list of senators serving on the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

CANADA POST CORPORATION BILL

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. G. I. Smith: Honourable senators, I have the honour to present a report from the Standing Senate Committee on Transport and Communications.

The report was read by the Clerk Assistant, as follows:

> The Standing Senate Committee on Transport and Communications to which was referred Bill C-42, intituled: "An Act to establish the Canada Post Corporation, to repeal the Post Office Act and other related Acts and to make related amendments to other Acts", has, in obedience to the order of reference of Wednesday, April 15, 1981, examined the said Bill and now reports the same without amendment.
>
> Your Committee also wishes to report that the Minister appeared before the Committee and responded extensively to a substantial number of questions.
>
> During the course of the Committee's hearing, in response to certain points raised, the Minister undertook to review certain aspects of the bill, including clauses 5, 54 and others, with a view to including possible amendments in any early amending legislation, such as an omnibus amending bill. The specific matters the Minister undertook to review are contained in the Committee's proceedings of this day.
>
> Respectfully submitted,
>
> GEORGE I. SMITH
> *Chairman*

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Senator Frith: With leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Allister Grosart: Honourable senators, I rise because this was a rather unusual meeting of the Standing Senate Committee on Transport and Communications. The precedent which was established there is worth calling to the attention of the Senate.

The committee met under the able chairmanship of Senator Smith. In attendance were senior officials, including the deputy minister and the minister. Members of the committee raised objections to some of the provisions in the bill. We suggested to the minister that he might undertake to follow the practice which ministers have accepted in other committees, namely, to give the assurance to the committee that certain objections would be taken into consideration either when the omnibus bill dealing with amendments is brought in or when amendments are brought in in the near future.

Senator Smith referred in his report to two specific clauses which I would now like to mention briefly because they are matters of importance. I am sure that Senator Frith would agree that it was the consensus of the committee that these important matters would be taken into consideration by the government.

Clause 5 outlines the objects of the new crown corporation. Subclause 5(1)(b) allows the corporation:

> to manufacture and provide such products and to provide such services as are, in the opinion of the Corporation, necessary or incidental to the postal service provided by the Corporation;—

Objection was taken to the phrase "in the opinion of the Corporation". It was suggested that the inclusion of the phrase would make it impossible for any person who was aggrieved to complain or to seek redress in the courts on the grounds that the corporation had gone beyond its authority as outlined in

the provisions of the act. If this phrase were to stand, a valid defence would appear to be that whatever decision was taken by the corporation was based on the mere opinion of the corporation and that no further justification was necessary. It was suggested that the courts would not normally go beyond that defence. It was suggested, therefore, that the phrase be taken out and that the paragraph should read, "to manufacture and provide such production services as *are* necessary and incidental".

Clause 54 is perhaps more serious. We discovered in committee that this clause gives very extensive powers of regulation to the executive on the initiative of the corporation. We found, for example, that new statutory offences could be created on the initiative of the corporation by regulation through Order in Council. If the alleged offender were charged with committing an indictable offence and found guilty, he could receive a penalty of up to five years' imprisonment. There is also a summary conviction clause. The objection raised was that these offences could be created merely by regulation, as opposed to statute of Parliament. We objected to this because of the possibility of a Crown Corporation creating a new offence, one which would not be an offence at the time the act was passed.

● (1600)

I pay tribute to the minister, who listened sympathetically and understood this procedure that we have adopted in other committees. He said he was perfectly willing—and I am paraphrasing him, of course—to apply the principle that consideration be given to these two suggestions from members of the committee, and to others.

Since this is an unusual bill, and an unusual step to be taken which would change the whole system of postal service as it has existed since 1867, I would suggest that honourable senators, who may be interested, may wish to read the proceedings of the committee.

Once again, I emphasize that a committee such as the Standing Senate Committee on Transport and Communications can have a real influence on legislation.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I support what Senator Grosart has said.

Speaking of paying tribute, I would like to pay very sincere tribute to Senator Grosart for what he did to make it possible for the committee to complete its study during one lengthy meeting today. It was because of his very careful homework that we were able to feel, at the end of the meeting, that we had given the bill proper study, and which, otherwise, would have taken a good deal longer. That, plus the work of the chairman and the co-operative attitude of the minister, produced the result that we have today.

Honourable senators, if I can have three minutes, I would like to put on record what Senator Denis would have said on third reading, had he been here today.

[*Translation*]

For over a century, the Canada Post Office has served the smallest towns and the largest cities, the isolated rural routes and the small communities so much so that our postal service has become a tradition; a tradition which links families, friends and organizations. Our postal service, or tradition, if you want, is the thread which has formed this vast and diversified country into a national fabric.

Our postal service is a communications system which interlinks all Canadian homes and connects Canada with all the countries in the world. The farthest point in the world is no farther than the nearest post office.

Senator Flynn: How sentimental!

Senator Frith: It is the greatest personal communications system ever designed.

The key word here is "personal". Generally, people do not like governments. They are too broad, too impersonal, too intimidating. However, everyone knows his Post Office. Even in the smallest town, no one may be mistaken. The post office is there, flying a Canadian flag and it is the meeting place of the whole community.

The Post Office draws people closer to each other. It is the strength which unites the community and gives everyone a sense of belonging.

However, our postal service is going through a period of evolution—and it is not too soon. Thus, the time has come for our postal service to start afresh, to change, to innovate. It must cope with the realities of the closing decades of this century.

The world in which we live is changing dramatically, especially in the field of communications technology. The Post Office Department must face the situation and adjust its methods to the requirements of our time.

Honourable senators, the time has come for our postal service to become independent, to show leadership and to manage its affairs more efficiently than a government department could do in the business community. Once it has become a crown corporation, our postal service will be able to better control its expenses, to better cope with the needs of its customers and the requirements of the market place and to be in a better position to develop new revenue sources.

Despite its importance, this quest for greater efficency is not all there is to it. We cannot ignore the fundamental principle of service to the nation as well as the need for creating a federal presence in the community. As always, the public interest must remain the foremost concern of the post office. These principles have been entrenched in the mandate of the new corporation.

Honourable senators, throughout the debate on Bill C-42 in the Commons, as well as in the Senate and during the committee hearings, we have discussed in depth what the establishment of this crown corporation will mean for postal users and corporation employees. To summarize my views on the new Canada Post Corporation, I would say that the corporation's main aim and concern will be to satisfy the needs of the public. From that it would logically appear that Canada will have a postal service that will ensure the reliable, timely, orderly and

cost-efficent delivery of mail by people who enjoy their work and who are proud to serve the public.

Bill C-42 provides the structure that will make this possible. By granting passage on third reading of this bill, we will be providing the Canada Post Corporation with the means to fulfill its role.

With leave of the Senate, and on behalf of Senator Denis, a former Postmaster General, I would like to move third reading of this bill.

Senator Flynn: Was that Senator Denis's text?

Senator Frith: As I understand it, this text was prepared by Senator Denis, in cooperation with his advisers in the Post Office.

Senator Flynn: Touching!

Motion agreed to and bill read third time and passed.

[*English*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith:

That an Address be presented to Her Majesty the Queen respecting the Constitution of Canada; and

On the motion in amendment thereto of the Honourable Senator Yuzyk, seconded by the Honourable Senator Tremblay, that the motion be amended in Schedule B of the resolution by inserting immediately after Clause 28 the following:

"28.1 Notwithstanding anything in this Charter, the rights and freedoms set out herein are guaranteed equally to men and women."—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I yield to Senator Lang.

Hon. Daniel A. Lang: Honourable senators, this is not the most auspicious time to be addressing this chamber. Perhaps, the atmosphere is not the most favourable for the reception of what I have to say. However, I think it must be said now since our time is running out.

I may say before I start, honourable senators, that I would like to warn the whips that they had better be careful as I get further into my speech; they may have some difficulty holding the quorum that now exists.

We are nearing the end of a long and very important debate. I suppose it is probably one of the most important debates that we will experience in our careers on the Hill. We have heard excellent speeches in this chamber; we have heard the matters debated in the media; and we have had the benefit of references to the Manitoba, the Newfoundland, and the Quebec courts. Unfortunately, I have not had the benefit of reading the judgment of the Quebec court. I found it almost impossible to acquire an English translation of the judgment. In order to get one, it was going to cost me something like $10,000, if the translation were to be done expeditiously.

● (1610)

Honourable senators, I do not wish to weary you today with a repetition of what has gone before me in this debate nor with too long a dissertation, but if I do seem somewhat overly long at times I hope you will realize that I have attempted to frame my remarks to shorten them rather than lengthen them. The subject is massive in its scope, and to winnow out the essential parts is a difficult job.

I am going to speak this afternoon under two heads, first of all, that of substance, and, secondly, that of the procedure involved in the passage of this resolution.

With respect to the matter of substance, I am going to confine myself to some thoughts on the Charter of Rights. On the matter of procedure, I shall discuss differing views on the nature of our Confederation, and I hope I can contribute something to the legal disputation that underlies those same differing views. I suppose that technically this afternoon we are debating an amendment to the resolution in connection with human rights. Therefore, I shall speak first of all to the question of a charter.

Charters of Rights and Bills of Rights have today become articles of conventional political wisdom. This is understandable considering the trauma following the atrocities committed during World War II. Thereafter, the United Nations pressed for such guarantees on a global scale. Here, as in other countries, special interest groups took up their causes, special interest groups such as those which appeared before the joint committee. Politicians applaud and support the objectives of most of these groups, but their real success has been in their ability to raise public consciousness and sympathy.

Notwithstanding that, I have the most serious reservations as to whether charters of rights or bills of rights do, in fact, secure to special interest groups, or indeed to individual members of the public, any rights that they do not now have by Canadian heritage or have not already earned themselves through building public awareness and acceptance.

True freedom lies in the heart of man and not in statutory legal inscription. Russia, and many other despotic states in Asia, Africa and elsewhere, have Charters of Rights; England, Australia and New Zealand do not.

I am also concerned that the codification of rights, particularly in an entrenched charter, can stultify the evolution of those rights over the long term. Most of the beneficial recent changes in social attitudes have been brought about by activists for just causes. Among their most effective weapons has been their ability to lobby politicians successfully.

Does a statutory charter, particularly an entrenched statutory charter, henceforth relieve politicians of this pressure and allow them to respond by in fact saying: "You had better take it to the courts." Special interest groups may find themselves deprived of their best sounding boards, governments and politi-

cians. They will find that judges do not take kindly to lobbying.

To espouse a Charter of Rights has great populist rhetorical appeal, and politicians, of course, love their rhetoric, but it also inclines them to adopt the posture of a benefactor whose largesse is bestowed from above and falls gently on to the people. I do not need to remind Canadians that their real freedom has deep historical roots in the Magna Carta, *habeas corpus* and our long common law and civil law traditions, as well as many, many others. But, fundamentally, freedom lies in the basic belief that every individual has all rights unless such are circumscribed or removed by duly constituted legislative or judicial authority. Governments derive their rights from the people; not the other way around. When governments proclaim that they are "giving rights to the people" I, for one, become very suspicious.

Today we have a federal Bill of Rights, and provinces have Bills of Rights. These are ordinary statutory enactments subject to judicial interpretation, but also subject to relatively easy amendment in the event of hardships resulting from judicial interpretation. Many cases before the courts in this area are hard cases, and hard cases make bad law, but that bad law can be quite readily changed by statutory amendment. However, it is a different matter when a Charter of Rights is entrenched in a Constitution. Constitutional change to rectify hardships will be almost impossible, for practical purposes, and ameliorations will have to await possible further adjudication, either through appeal or subsequent litigation in the same subject area.

Of necessity, a Charter of Rights must be cast in words of vague generalities, incapable of exact meaning until judicial interpretation is given to a specific section and with respect only to the specific set of facts then before the court. The accumulation of jurisprudence under this Charter of Rights will take years and years.

The proposed charter will remove fields of jurisdiction from both the federal and provincial governments and place that jurisdiction with the courts.

To give you an idea of the types of litigation we can contemplate, it is interesting to note the kinds of cases currently running through the United States legal system under the U.S. constitutional Bill of Rights. I shall name a few just to give you examples: Pro- and anti-abortion cases; affirmative action cases, the most well known being the *Baacke* case; sex discrimination cases, particularly in the armed forces and sports; the rights of a suspect in search cases; discrimination in hiring practices, particularly in government hiring practices; cruel and unusual punishment and the death penalty; obscenity, pornography and freedom of speech; rights and responsibilities towards the mentally ill; pro- and anti-birth control cases; group rights to public support of its schools and allocation of taxes for that; union and management rights and hiring practices; environmental lawsuits; jurisdiction in interstate commerce; cases alleging police brutality; welfare investigatory practices; zoning by-laws and discrimination exemplified in single family dwelling requirements; confidentiality of press sources; and use of religions in the schools.

This is going to be a mammoth load for our judicial system to assume. I remind honourable senators that the heavy legal costs in the United States involved in the cases I listed above, apart from those borne by the United States government—that is, the costs to a litigant himself generally against the state—are underwritten by the special interest groups who thereby promote and sponsor their cause.

It is well to bear in mind that judicial interpretation under the proposed charter will, as often as not, involve the interpretation and even negation of federal or provincial legislation.

• (1620)

In this regard it is interesting to note that judicial decisions in the United States under their Bill of Rights and, particularly, in the sphere of interstate commerce, have produced a very pronounced swing in their constitutional balance towards Washington. Perhaps for interstate commerce here in Canada you could read "mobility rights".

One other matter that should be borne in mind is how this expanded role for the courts will affect each individual judge. The courts will, for many years, be in uncharted waters and, until a whole new body of judicial precedent accumulates, judicial decisions being in the amorphous area of rights will be highly subjective, and the social background, preconception and moral suasion of each judge will come into play. Judges will not be determining the law, but making it. Their decisions will not only be judicial, but will also have legislative effect and, indeed, political overtones, and with, as often as not, a federal bias, or provincial or regional bias.

Our courts can quite easily become politicized. We are standing into danger on that score in the current references and appeals arising over this resolution. As in the United States, we may see emerge activist judges and courts, liberal judges and courts and conservative or traditionalist judges and courts. This trend can eventually polarize even the members of a single court, as it has done from time to time in the Supreme Court of the United States.

Bearing in mind that the appointive power over Supreme Court judgeships is entirely federal, it would seem probable that eventually somebody, such as the Senate in the United States, will be required to vet judicial nominees to assure that they meet the political and ideological criteria of the government of the day. I suggest the distinction and reputation of our judges will suffer accordingly.

Recently the Chief Justice of Canada spoke out against choosing judges of the Supreme Court on a geographical basis rather than on the basis of excellence. To that concern will be added a concern that the selection of individual judges will become affected as much by the presumed constitutional and political effects of their supposed interpretations of the charter as by the excellence of their legal and personal qualifications.

I will conclude this by saying that, to my mind, the motivation of the government in pressing for the entrenchment of this charter in a Constitution, a charter that encompasses not only

areas of federal jurisdiction but also provincial jurisdiction, does not primarily arise from concern for people's rights. We already have a federal Bill of Rights, albeit confined to areas of federal jurisdiction. To my mind, the primary motivation must be to entrench a centralist bias in our judicial system using the interpretative process now to be expanded into the new fields of federal and provincial constitutional responsibility encompassed in this charter. Such a bias will not be impeded by the exclusive federal prerogative over judicial appointments.

Honourable senators, may I now turn to questions of procedure and the underlying conceptual differences regarding the constitutional nature and structure of this country?

The Prime Minister remarked last fall—I believe it was immediately following the failure of the First Ministers' Conference—that there appeared to be two different views of Canada. He repeated this assertion within the last few days, and I must say that I believe him to be correct in his statement. I must infer, however, that those two views are from, on the one hand, the statements of the eight dissenting premiers, and, on the other hand, the statements of federal ministers and, indeed, from this resolution itself. To both of these, of course, must be added the speeches in both houses of Parliament.

I would classify one view, namely, that of the eight premiers, as the traditional compact theory of Confederation. I would classify the other view, namely, that of the government, as legalistic centralism. In my opinion, both are wrong, and I will attempt to give my reasons.

I do not intend to deal at length with the compact theory. It is well known to all honourable senators. It is a theory that is premised on the idea that Canada is merely ten provinces that have entered, at one time or another, into a treaty, one with the other, to seek their mutual advantage. That idea flies in the face of historical fact. More than that, it disregards the vision of a new country which animated the Fathers of Confederation, and which is so eloquently reflected in their speeches and the debates of their time.

The compact theory would impose, through its concept of universal unanimity, a rigidity and inflexibility that could paralyze us constitutionally and eventually lead to segmentation. I am somewhat relieved to see that the eight premiers in recent weeks are moving away from such a position.

The government's view of the Constitution of Canada, as exemplified particularly by the procedures it has now embarked upon, is almost as potentially dangerous to this country, I suggest, as the compact theory, particularly if these procedures are carried to their logical conclusion.

Baldly stated, the government's position is that to amend the Constitution as it affects the provinces, the Parliament of Canada need only pass a resolution for a Joint Address to Her Majesty, and having transmitted it to Westminster, the Parliament of the United Kingdom must pass it into the law of England unchanged. It is maintained that amendment has always been thus obtained in the past.

This, of course, overlooks the constitutional evolution of this country from its inception in 1867 to date. It overlooks 100 years of judicial constitutional interpretation; it disregards deliberations and reports of Imperial Conferences; it misreads the effect of the Statute of Westminster; and it disregards the pronouncements of our most eminent statesmen, including Laurier, Borden, King, St-Laurent, and many, many more who have been quoted in this chamber.

Senator Flynn: And Trudeau.

Senator Lang: It denies the existence of constitutional customs, conventions and usages that have been built up over that period. Above all, it disregards the constitutional rights of the provinces in our federal system. It says, in effect, that the provinces will be much better off under the new Constitution when no future federal government can do this to them again.

Senator Roblin: Touché!

Senator Flynn: The Lamontagne theory.

Senator Lang: I will not quote from the abundance of eminent authorities that stand against the government's perception of our Constitution. Many of them have already been quoted in this debate and are found in our law books and our historical books. Our constitutional papers are full of quotations antithetical to the government's view of Canada.

I would like to pass on to another point. There is a legalism here that affronts my common law background. It is a legalism that would read the B.N.A. Act literally and maintain that today, under section 56, the Queen could disallow federal bills after assent by the Governor General. Of course, that is just what section 56 does in fact say. But that is not constitutional law today; nor is any alleged literal jurisdiction of the U.K. Parliament over Canadian constitutional matters the constitutional law of today—and I hope to bring that out further.

• (1630)

If the resolution before us were instead a bill, many parts would be *ultra vires* of federal constitutional jurisdiction. The application of the charter to provincial laws would be *ultra vires*; the repeal of section 92(1) of the B.N.A. Act, respecting provincial constitutional amending powers, would clearly be *ultra vires*, notwithstanding its reappearance in modified form as section 53 of the Constitution Act. The inclusion of the Senate under section 54 of the Constitution Act is most likely *ultra vires* under the 1979 Supreme Court of Canada reference with regard to this chamber. The amending formula, as it affects provincial powers, would be *ultra vires*. Most of these are admitted by the government to be unconstitutional.

However, we are not dealing with a bill, but a resolution, and it is maintained that Parliament can pass any form of resolution it so wishes, as a resolution has no *de jure* effect. On the other hand, in a recent government paper entitled *The role of the United Kingdom in the amendment of the Canadian Constitution,* it is stated that it is "the convention that United Kingdom authorities do not exercise political discretion with respect to requests from the Government and Parliament of Canada for amendment of the Constitution of Canada."

Indeed Prime Minister Mackenzie King said in 1943 that such amendments are made automatically and without question on request.

If that is correct, then passage into law by the U.K. Parliament is a mere formality, much like Royal Assent. Is not Parliament, in passing an ordinary bill, acting *de jure* even though the bill awaits Royal Assent? If the answer to that question is yes, then it must follow that in passing this resolution, under these circumstances Parliament is acting *de jure* and the *ultra vires* provisions of the resolution stand to be struck down by the court. I do not think it is possible to maintain, on the one hand, that the U.K. Parliament's response must be automatic and unchanged, and, on the other hand, to say that the resolution has no *de jure* effect. That to me is double contradiction which cannot hold.

A few moments ago I mentioned that there appears to be a disregard for the nature and effect of the Statute of Westminster by the government and its advisers; or it may be there are some serious misconceptions. The Statute of Westminster was, in fact, a legal expression of the deliberations and conclusions of the Imperial Conferences of 1926 and 1930. It endeavoured to augment the autonomy of the dominions as proclaimed in 1926 by removing certain legal handicaps which to some degree still hampered their powers. The conferences and the Statute of Westminster proclaimed the culmination of the dominions' evolution from colonial status to full nationhood. That status, thus recognized, in my opinion is irreversible.

Section 7(1) of the Statute of Westminster reads:

> Nothing in this act shall be deemed to apply to the repeal amendment or alteration of the British North America Acts, 1867 to 1930, or any order, rule or regulation made thereunder.

One could regard that section as a reconfirmation of Canada's colonial status. If so, it would be a shackle. One could also regard it as a mooring line, and a very necessary one. I do so regard it, and I will tell honourable senators why. I must, however, assume that the government regards section 7(1) as a shackle, as the repeal of that section is provided for in this resolution.

If honourable senators will bear with me, I hope to demonstrate where the government's strict legalism, combined with an inverse perspective of Canada's constitutional development, can lead us.

Under full colonial imperialism both English common law and English statutory law applied to the colonies. As the colonies developed their own legislative and judicial capacity, a common law legal doctrine evolved to the effect that colonial statutes or judicial decisions were void if they were repugnant to English statutes or common law respectively.

This doctrine created difficulties, especially through decisions of the Supreme Court of Australia, which held certain acts of the legislatures invalid because of repugnancy to the law of England. In 1865 England passed the Colonial Laws Validity Act to remedy that state of affairs, by providing that such colonial laws should not be invalid on grounds of repugnancy to the law of England unless they were repugnant to some act of the English Parliament which expressly or by necessary intendment applied to the colony, and then only to the extent of such repugnancy.

That was the state of the law when the B.N.A. Act was enacted in 1867. Consequently any dominion or provincial law enacted thereafter that was repugnant to the B.N.A. Act might be declared invalid to the extent of that repugnancy.

That fact ensured that the B.N.A. Acts were the supreme law of Canada. In 1931, section 2 of the Statute of Westminster was enacted. By section 2(1) of that act, the Colonial Laws Validity Act was suspended at that point in time. It was not repealed. By subsection 2(2) and for the future the doctrine of repugnancy was abolished in its entirety.

This meant that thereafter—that is, after 1931—the Parliaments of the dominions were empowered to pass laws, valid, notwithstanding repugnancy to the law of England, and were empowered to repeal or amend any English act insofar as the same was part of the law of the dominion. These powers were extended to the legislatures of the provinces by section 7(2), and by section 7(3) the newly conferred powers were restricted to the enactment of laws in relation to matters within federal competence and provincial competence respectively.

Had section 2(1) of the Statute of Westminster repealed the Colonial Laws Validity Act rather than suspend it, the situation which existed before that act was passed in 1865 would have been restored. In other words, laws made in Canada before 1931—or for that matter in any other of the dominions—which were repugnant to the statutory or common law of England might become invalid or, at least, open to challenge. To avoid that situation, suspension only of the Colonial Laws Validity Act was contained in section 2(1).

• (1640)

Now, section 2(1) of the Statute of Westminster standing alone would have preserved the supremacy of the B.N.A. Acts 1867-1931 because the legal effect of the Colonial Laws Validity Act was maintained up to that point. However, section 2(2) of that act would have rendered future amendments to the B.N.A. Act vulnerable to negation by the enactment of repugnant provincial or federal legislation. To avoid this, and at the request of Canada, section 7(1) was inserted with the object of preserving intact the legal supremacy of the B.N.A. Acts not only before 1931, which had been done under the Colonial Laws Validity Act, but also thereafter including the B.N.A. Acts as they might be amended to the present time.

In other words, the supremacy of the B.N.A. Acts, in the law of Canada, has been maintained from 1867 to date, by the Statute of Westminster.

Now, if we draw this out a little further—and I hope I am not trespassing on your time, honourable senators, but you will see what sort of a conclusion we can be driven to—when and if the Constitution Act, 1981 is passed into law by the United Kingdom Parliament, as an English statute, you will note that under item 17 of Schedule I, and insofar as it applies to

Canada, section 7(1) of the Statute of Westminster is repealed. What is the consequence of such a repeal? Please note that I use the word "repeal" because under item 17 that is what takes place. Section 7(1) is not suspended, as was the Colonial Laws Validity Act under section 2(1) of the Statute of Westminster, and remember again that the new Constitution of Canada will be a statute of the United Kingdom Parliament. Lacking the protection afforded by section 7(1) of the Statute of Westminster, the new Constitution of Canada will be subjected to section 2(2) of the Statute of Westminster with the result that:

> No law . . . made . . . by the Parliament of a Dominion—

That is, in this case, the Parliament of Canada, or, because of section 7(2), by a province.

> —shall be void or inoperative on the ground that it is repugnant to . . . the provisions of any existing or future Act of Parliament of the United Kingdom—

And I say, including, if passed, that future act of the Parliament of the United Kingdom, the new Constitution Act for Canada.

Now, those broad powers contained in section 2(2) of the Statute of Westminster, are restricted in two important ways. The suspension only of the Colonial Laws Validity Act under section 2(1) of the Statute of Westminster means that the B.N.A. Acts, 1867 to 1930, remain supreme as the law of Canada, and the repugnancy doctrine protects them from negation by legislation of the federal government or the provinces. Section 7(3) of the Statute of Westminster restricts those respective powers to matters within the competence of the Parliament of Canada or of any of the legislatures respectively.

Let me now sum up. The B.N.A. Acts of the English Parliament—and remember that the B.N.A. Acts are English statutes—have, to paraphrase the words of section 58(1) of this resolution—the section that tries to achieve the supremacy of the Constitution in Canada—the B.N.A. Acts have been the supreme law of Canada, and any federal or provincial law inconsistent therewith, to the extent of that inconsistency, were of no force and effect.

This supremacy was made possible between 1867 and 1931 by the Colonial Laws Validity Act wherein it retained the modified repugnancy doctrine but limited it to English statutes such as the B.N.A. Acts that by express words or necessary intendment applied to a colony.

When the Colonial Laws Validity Act was suspended by the Statute of Westminster, this supremacy was sustained into the future by the exclusion of the B.N.A. Acts from the effect of the future complete abolition of the repugnancy doctrine contained in section 2(2).

If section 2(2) becomes operative through the repeal of section 7(1), then we have a constitutional anomaly, if not catastrophe.

If, as and when the Constitution of Canada, as contained in the resolution, is passed into English law by the United Kingdom Parliament, and section 7(1) of the Statute of Westminster is repealed, any province, or, for that matter, the federal government, can pass laws repugnant to the new Constitution, provided only that such laws are in relation to matters within their respective competency under the B.N.A. Act of 1931. In other words, the B.N.A. Acts, 1867-1930 only, remain supreme, and that because section 2(1) of the Statute of Westminster protects them.

That is an academic consideration, because, in fact, since 1931 there have been only four amendments to the B.N.A. Act which trench on provincial jurisdiction, and in each case the unanimous consent of the provinces went with those amendments.

It is a common law presumption that if a statutory enactment is repealed, the legal situation theretofore existing re-emerges. Thus, when section 7(1) is repealed, as is intended by this resolution, and not merely suspended, as was the Colonial Laws Validity Act, the amendments to the B.N.A. Acts from 1931 to date, including the proposed new Constitution of Canada are subject to being negated by valid repugnant legislation by either level of government acting within its particular area of competence.

The practical effect of all this is that the amendments to the B.N.A. Acts since 1931, which trenched on provincial jurisdiction, have all had unanimous provincial consent. For that reason they are probably secure from challenge in their anticipated exposure arising from the loss of the repugnancy protection which was created by the repeal of section 7(1) of the Statute of Westminster.

However, the proposed new Constitution is to be a United Kingdom statute, and admittedly it trenches on provincial jurisdiction, both in the Charter of Rights and in the amending formula. It has no such unanimous provincial consent, nor will it be shielded as the supreme law of Canada against repugnant legislation that might be passed in Canada by either the federal Parliament or the provincial legislatures acting within their respective spheres of competence.

The conclusion that one is driven to its that wheresoever the proposed new Constitution trenches on provincial jurisdiction, any province can pass valid legislation that has the effect of negating those sections that thus trench.

Section 58 of the resolution cannot secure supremacy for this new Constitution, because it is going to be contained in a United Kingdom statute. Its legal effect can be qualified by a province enacting a qualification applicable to itself, relying on section 2(2) of the Statute of Westminster, and provided it is enacted in conformity with section 7(3). When section 7(1) is repealed, as provided in this resolution, there is nothing to stop the passage of repugnant legislation. In other words, what I am suggesting is, that any province will be able to legislate itself out of any provision of the proposed new Constitution wheresoever it trenches on that province's rights and powers, and that legislation will be valid.

Now, honourable senators, if you want examples of legalism, I have given you one. I am not subscribing to it, but this is

where the government's approach can lead it to, and I am just going to leave that thought with the government and their advisers. I will be interested to see how they can avoid the inevitable conclusion that their legalistic logic will drive them to.

As I mentioned earlier, there are indeed two views of Canada's constituent powers, both extremely dangerous, and, in my humble opinion, both wrong. But between these two extremes there is a view of Canada's constituent powers which accords with the facts of our history and the law, and that is fair, just and proper according to the standards of human decency.

● (1650)

I would like to quote, if I may, a man who, in the 1930s, held much the same narrow, legalistic approach to constitutional amendment as the government is now pressing. I might add that he did so against some of the best legal minds and academic authorities of his time, but he was also a political realist. I have an idea that someone in this chamber previously quoted him in support of the position taken by the government, but I am not certain who it was.

The man I wish to quote is W. P. M. Kennedy, who was my professor of constitutional law at the University of Toronto in the late thirties. I might add that, at that time, the present Chief Justice of Canada was a junior lecturer under Professor Kennedy in the same course.

At page 528 of Professor Kennedy's book entitled *The Constitution in Canada* he states:

> The simple facts are that the whole problem of constituent powers is one full of political dangers; and it would seem evident that real progress towards the creation of a method of constitutional change to be exercised solely in Canada must proceed from at least substantial provincial agreement. Such a proceeding is statesmanlike in that it would avoid raising once more the old battle-cries over provincial rights, and it would tend to create conditions for constructive national purposes. For the moment, however, it is well to point out that the Statute of Westminster implies that the Parliament of the United Kingdom will legislate at the request of the Dominion and thus is preserved the traditional method of constitutional changes on addresses from the federal legislature. There is, of course, in law no necessity for the federal legislature to consult the provinces; and it is idle to think that the Government of the United Kingdom would, today, refuse legislation homologating such an address or delay action until provincial agreement were reached. Such action, however, on the part of a Canadian ministry would be extremely unwise, worse than a mistake—a blunder; but it is well to recognize its legal possibility.

There is a third, and, I suggest, a correct constitutional view of this country. It is set forth in the decision of the Newfoundland Court of Appeal wherein it quoted an address delivered at the Harvard Law School in 1960 by the late Honourable Ivan C. Rand. I am going to ask your indulgence to allow me to quote rather extensively from this address, not only because of the authority of its author, but because of the pertinence of the subject matter. I would like this to appear as part of the record of this chamber:

> The question may be raised of the political and legal force of resolutions passed by Imperial Conferences and confirmed by legislation. It cannot, in my view, be less than this; that they are to be treated as creating constitutional commitments of a permanent nature, which once approved and entered upon become irrevocable as self-executing conventions, placed, by that fact, beyond repudiation. They have not become the subject of juridical examination, but that might happen. Should, for example, the British Parliament, of its own initiative, purport to repeal the Act of 1931, what would be the position of Canadian legislation and of Canadian courts? The answer must be that the purported repeal would not be recognized. Once such fundamental agreements have been reached, certainly when embodied in legislation, they become as executed treaties between peoples to be modified only by the agreement of the parties to them; and they bind equally discretionary action by the Sovereign. They are definitive surrenders of political and constitutional powers analogous to the exhaustion of executive power over a subordinate territory: By the grant of self-government, apart from express or necessarily implied reservation, the executive authority is so far spent. The acceptance of the convention concludes resort to conflicting statutory power; if that were not so, the bonds of colonial relation embodied in statutes could never constitutionally be dissolved, there could be no termination of statutory enactment, a link of that nature would be perpetual; even express renunciation could be revoked. Actual or constructive revolution would then be the only means of establishing a status of independence. But treaties can effect finalities in the transfer of titles or the recognition of sovereignty; and there is nothing in the nature of such a convention that prevents a similar result in the creation of a constitutional title to independence by which a status is created, the modification of which is withdrawn from future parliamentary competence. The relation between kingdom and colony is founded on the idea of ultimate evolution to independence; and the statutory removal of legislative subordination becomes a formal renunciation of suzerainty; the disappearance of paramountcy becomes the recognition and investment of sovereign power. Similarly the legislative competence confered in 1949 on Canada to amend the Act of 1867 is an irrevocable power; and with provision made for amendment of the remaining provisions of that Act,—

Those, I suggest, would be the exceptions contained in section 91(1).

> —the powers so conferred will enable Canada to determine her Constitution as she sees fit in a manner binding in its prescribed mode of enactment. In that respect it is

to be contrasted with the absolute power of amendment given Parliament in 1949.

That is, apart from the exception.

Honourable senators will appreciate that Mr. Rand has said that the Imperial Conferences of 1926 and 1929, the Statute of Westminster, and section 91(1) are in fact self-executing conventions and are beyond repudiation—repudiation, I might add, by Canada or by the U.K. Parliament on Canada's behalf. Mr. Rand goes on, in the same address, to say the following:

> Legislatively, a unique situation has been created. The British Parliament has in effect become a bare legislative trustee for the Dominion; the constitutional organ for altering the provisions of the Canadian Constitution contained in the Act of 1867 remains so far the British Parliament; but the political direction resides in the Parliament of the Dominion; the former has conceded its residue of legislative power vis-à-vis Canada, to be no more than means for effecting the will of Canada. It might happen, although it is most unlikely, that the British Parliament should demur to a request for a legislative amendment, as, for example, involving important legislative effects not concurred in by one or more of the provinces; but that amounts to no more than saying that the Canadian people would not yet have agreed on the mode of modifying their internal constitutional relations. Once that means has been agreed upon, legislative independence, not only in substance but in form, will have been attained.
>
> In 1949 an important amendment was enacted by the British Parliament at the request of Canada by which the Dominion Parliament was endowed with authority, by its own enactment, to legislate, as it is expressed, in relation to the amendment from time to time of the Constitution of Canada, except—

Here follows the exceptions set out in section 91(1) that we all know. Having recited those exceptions, Mr. Rand concludes:

> Apart from those entrenched exceptions, the Canadian Parliament is now as supreme in relation to the same subject matters of the Act of 1867 as was its imperial predecessor.

One can conclude from these quotations that the real question has not been put to the courts in any of the three references to the courts of appeal in Manitoba, Newfoundland and Quebec. The real question, I submit, must be: What constituent power, if any, does the British Parliament hold today with respect to Canada?

● (1700)

Senator McIlraith set the groundwork to the answer in his scholarly address in this chamber on March 17. I will not repeat his arguments today, but merely sum up my understanding of his conclusion. First, the amendment from time to time of the Constitution of each province, except as regards the office of the Lieutenant-Governor, and with respect to those matters over which they have exclusive jurisdiction, has been vested in the legislature of each province respectively since 1867 under section 92(1) of the B.N.A. Act. Secondly, the amendment from time to time of the Constitution of Canada with respect to those matters over which it has exclusive jurisdiction has been vested in the Parliament of Canada since 1949 under section 91(1) of the B.N.A. Act, subject only to the limited range of matters excepted thereunder, namely, rights or privileges of any class of persons with respect to schools or as regards the use of the English or French language or as regards the requirement for at least one session of Parliament each year and a five-year limitation on the life of any Parliament.

Senator McIlraith concludes this by saying:

> It will be seen then that all that is left within the jurisdiction of the United Kingdom under clause 7 of the Statute of Westminster is the small range of matters outside the exclusive jurisdiction of the provincial legislature and outside the jurisdiction of the federal Parliament or in other words those coming within the exceptions of section 91(1) of the British North America Act.

And with respect to those exceptions Mr. Rand said, as I quoted a minute or so ago:

> And with provision made for amendment of the remaining provisions of that act, the powers so conferred will enable Canada to determine her Constitution as she sees fit in a manner binding in its prescribed mode of enactment.

One must conclude that both the B.N.A. Act and the Statute of Westminster are irrevocable by the British Parliament, as self-executing conventions placed by that fact are beyond repudiation. The British Parliament has surrendered its constitutional and political power; its executive power is spent and the supremacy of the British Parliament in these matters is gone. The classical theories of Dicey and Austen have no bearing in this context.

If that were not so the bonds of colonial relations, as the Honourable Mr. Rand said, embodied in statutes could never constitutionally be dissolved. The proposed new Constitution is to be a statute of the British Parliament which will create the perpetual link that even if expressly renounced by the British Parliament, that renunciation in turn could be revoked.

I ask, honourable senators: Is this patriation? No, honourable senators, this is not the way to go either in law or in politics. In law it is *reductio ad absurdum,* and in politics, as Professor Kennedy said, it is a blunder!

My contention is that the only vestige of jurisdiction left with the British Parliament is that set out in the exceptions to section 91(1) of the B.N.A. Act, and those exceptions are specifically dealt with as matters of common federal and provincial concern in sections 133, 93 and 50 of that act.

Subject to that, the resolution before us is asking the Canadian Parliament to surrender its and the provinces' constituent powers to the British Parliament and asking the British Parliament to re-assume those constituent powers and re-enact them in a new form in a British statute. I do not think this Parliament has the legal or moral right to make such a

request, and I do not think that the high traditions of the British Parliament should permit it to accede to such a request.

We can only turn once again to the fourth general principle of the white paper of 1965. It is undoubtedly the most definitive and contemporary authority; in my opinion it is in fact a constitutional convention. Therein it is stated:

> That the Canadian Parliament will not request an amendment directly affecting federal-provincial relations without prior consultation and agreement with the provinces.

And I repeat "and agreement". The two sentences that follow in no way derogate from that statement. The second sentence says:

> This principle did not emerge as early as others but since 1907 and particularly since 1930 has gained increasing recognition and acceptance.

To me the plain meaning of that sentence is that the principle did emerge and was recognized and accepted, and that recognition and acceptance has been increasing from 1907 to date. The final sentence states:

> The nature and degree of provincial participation in the amending process, however, have not lent themselves to easy definition.

In other words, it is not easy to define whether federal-provincial conferences are a precondition to provincial agreement, whether provincial agreement can be signified by the premier of a province alone, or by an appropriate minister alone, whether a resolution of the legislature is required, and so on.

In passing this resolution we would be requesting an amendment directly affecting federal-provincial relationships without agreement of eight of the ten provinces.

In order to do so the government is asking us to roll back 114 years of constitutional development, back past section 91(1) in 1949, back past the Statute of Westminster in 1931, back past the Imperial Conferences of 1926 and 1929, back past the B.N.A. Act of 1867, back to 1864 when Dr. Charles Tupper, the Premier of Nova Scotia, introduced a resolution into the legislature of that province requesting that delegates be appointed to confer with delegates who may be appointed by the Governments of New Brunswick and Prince Edward Island for the purpose of considering the subject of the union of the three provinces under one government and legislature. That is not my idea of Canada.

For all the reasons contained in my remarks, I cannot add my voice to such a request.

● (1710)

A few moments ago I referred to section 133 of the B.N.A. Act being one of vestigial remnants of U.K. jurisdiction because of the exception contained in section 91(1). In 1946 the Right Honourable Louis St. Laurent, in reply to a query in the House of Commons as to whether section 133, regarding the use of the English or French languages in Canada and Quebec, could be altered without provincial consent, said:

> Legally I say it can. The situation appears to me to be this. There are persons and nations who reach a high estate in the affairs of men, and the high estate they reach imposes upon them high obligations . . . I feel—and I believe my fellow Canadians of my race and my religion can feel—that a better guarantee than anything that might be found in section 133 is to be found in that respect, for those who have been formed under the principles of British freedom and British fair play, to protect what are our essential rights.
>
> It is not the manner of those who have themselves had, and whose ancestors have had, the formation that comes from that long history which has brought us to this point in the civilization of mankind, to do things which the conscience of humanity at large would regard as dishonourable; and the conscience of humanity at large would frown upon an assemblage in this house that attempted to take from me and from those of my race the right to speak the language I learned in my infancy as one of the official languages in which the deliberations of this house may be carried on. So it is of everything else that is not within section 92. If it is fair, if it is just, if it is proper according to the standards of human decency, it will be done; if it is unfair, if it is unjust, if it is improper, all members of this house will say, "It is not our manner to do such things."

On motion of Senator Bielish, debate adjourned.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

> An Act to establish the Canada Post Corporation, to repeal the Post Office Act and other related Acts and to make related amendments to other Acts.
>
> An Act to amend the Auditor General Act.
>
> An Act to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Hon. the Speaker: Honourable senators, it being 6 o'clock, pursuant to rule 12 I leave the Chair.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER REFERRED TO SPECIAL JOINT COMMITTEE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I ask leave to move a motion relating to the report of the Commissioner of Official Languages which was tabled in the Senate earlier this day. If leave is granted, I will explain why.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Duff Roblin (Deputy Leader of the Opposition): We will have to give leave to find out why.

Senator Frith: I am now applying the Grosart formula which says that when you ask for leave to move a motion you must explain why you are asking for leave.

Senator Roblin: I think that is quite in order.

Senator Frith: Honourable senators, the report of the Commissioner of Official Languages for the calendar year 1980 was tabled by His Honour the Speaker earlier today, and honourable senators will remember that the Special Joint Committee on Official Languages was established primarily although not exclusively, to study the reports of the commissioner.

I conferred with the Senate joint chairman of the committee, Senator Murray, and he asked me to move this motion and sent me a note saying the reason for asking for leave now is that the committee wishes to have an early opportunity to examine the commissioner on his report, perhaps even on May 14, because the other place will be back by then and, although the Senate will not be sitting, the committee, of course, would have the right to meet anyway.

Accordingly, honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(e):

> That the Report of the Commissioner of Official Languages for the calendar year 1980, tabled in the Senate on April 23, 1981, be referred to the Special Joint Committee on Official Languages; and
>
> That a message be sent to the House of Commons to acquaint that house accordingly.

Motion agreed to.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—DEBATE CONTINUED

The Senate resumed from earlier this day the debate on the motion of Senator Perrault that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada, and on the motion in amendment thereto of Senator Yuzyk.

Hon. Martha P. Bielish: Honourable senators, first of all, I would like to pay tribute to Senator Lang who spoke at length earlier today. He was scholarly and delivered his speech in absolutely top form. Now we are going to come down from the highest peaks to, perhaps, the lowest denominator in society and, instead of a scholarly dissertation, you are going to get the homemaker's viewpoint that has not been expressed in this chamber.

Senator Frith: But we do not accept that that is coming down.

Senator Bielish: Thank you. I will not argue with that view at all.

I rise to place before this chamber my position on the proposed resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada. I should like to express my appreciation to the members of the joint committee who worked so diligently, and to the citizens of Canada who made submissions to the Joint Committee on the Constitution in the form of briefs, letters and personal interventions, often on very short notice. It is ironic to note that the joint chairmen of the committee—the Honourable Harry Hays, from Alberta, and Mr. Serge Joyal, from Quebec—should have lent their credibility to a resolution so contrary to the interests of their respective provinces.

I regret to say that I deplore the procedure, the pressures and the constraints of time, and the imposition of the totally unrealistic deadlines by the Prime Minister and the government, thus closing out the possibility of an opportunity for any form of consultative process by many Canadians as well as by national or provincial organizations. I deplore the arrogance demonstrated and the unilateral action consistently applied.

I support wholeheartedly the amendment proposed by Senatory Yuzyk, seconded by Senator Tremblay:

> That the motion be amended in Schedule B of the resolution by inserting immediately after Clause 28 the following:
>
> "28.1 Notwithstanding anything in this Charter, the rights and freedoms set out herein are guaranteed equally to men and women."

I am proud that our party has consistently championed the cause of equality for women.

Honourable senators, it is unthinkable that a government which is signatory to the United Nations Decade for Women: Equality Development and Peace 1976-85, which accepts the World Plan of Action and which as recently as July 17, 1980 signed the Convention of the Elimination of all forms of Discrimination against Women, would not have originally

included a guarantee of the equality of men and women in their proposed charter.

A quote from the recent U.N. Convention on the Elimination of all forms of Discrimination against Women says:

> —the full and complete development of a country, the welfare of the world and the cause of peace require the maximum participation of women on equal terms with men in all fields.

In preparation for the Mid-Decade Conference on Women in July, 1980, in Copenhagen, the Honourable Marc Lalonde, the minister responsible for the status of women, printed a statement in the form of a booklet entitled *Toward Equality for Women*. It outlined the government plan of action and contained notices of legislative process already under way, as well as promises of agreement and statements that the government will research, explore, review, study, et cetera. Two years have gone by. Recently, I sent out a tracer to find out exactly how much had been done, but so far the information has not been made available. It is incredible that our government will sign conventions, and then neglect to ratify them or do anything about the accompanying responsibilities.

Also in preparation for the Mid-Decade Conference, Perdita Huston, regional director for the Peace Corps for North Africa, the Near East, Asia and the Pacific, in *Ideas Forum*, a UNICEF paper, said:

> We have now entered the second half of the U.N. Decade for Women in Development, an idea spawned by the need for leverage and advocacy for women's rights and status in the world today. The themes of the Decade: Equality Development and Peace are laudable, to be sure, but what progress has actually taken place since 1975?
>
> How do women fare in their reach for equality, in their desire to be part of the development of their societies, and how are they affected by, or contributors to, peace or the lack thereof?
>
> "Not so well," say the women I interviewed in six developing countries.
>
> "Not so well," say the women of other nations, developed or semi-industrialized.
>
> "Not so well," say the statistics. And we are left to ask, "Why?"
>
> Why, too, we might ask, is the leadership of UNICEF so crucial to an improved awareness of the inter-relationship between the roles and status of women and the status of children in today's world?
>
> The first theme: Equality. What does the equality of women in society have to do with the welfare of the child? The answer is simple. How can mothers and children be considered separately? From the time of conception, it is the mother who nourishes the child; from its birth she is responsible for its survival, its health, its psychological welfare, its emotional well-being, its education—of values and social consciousness. She is responsible for a great part of the child's vision of the world in which it must participate, to which it must contribute and in which it must survive.
>
> But if the mother is regarded by society, treated by law and custom, as an inferior or unequal human being, how can the child's view of the world be just?
>
> In sum, the equality of men and women is essential to children's view of, and participation in, a harmonious society. If children are to be our future leaders, equality must begin at home—within the family—and supported by national law and custom.
>
> Development is a process that brings with it enormous changes in the very substance of people's lives. It touches their values, their cultural norms, and their perception of one another. It can bring an opportunity for personal growth and social harmony, or, tragically, it can tear the social fabric asunder.
>
> "Family" is children, women and men. They cannot be separated by anyone's policies. And, if the family, as the basic social unit, is to survive, women must be brought into the mainstream.
>
> They must be given the opportunity to provide for the basic needs of their children. To do so they must become full participants in development programmes. To do that, they must become equal partners in the planning of development policies. If they do so, if the family becomes a solid social unit, we will have begun to achieve the first two goals of the U.N. Decade for Women: equality and development, and we have a better chance to attain the third goal: a more peaceful world.

Honourable senators, I should like to beg your pardon for having to take you to another part of the world to further illustrate my point. Regardless of economic conditions or standards of living, the objectives, the goals and the means to attain them bear much similarity.

• (2010)

We are all aware that women in Canada, under the leadership of the Canadian Advisory Council on the Status of Women, planned to hold a conference on the Constitution in September 1980, which was then postponed to January 1981, followed by yet another postponement to May. The Joint Committee on the Constitution was in session and the second deadline date for receiving submissions was up. An *ad hoc* committee of Canadian women, calling themselves "Women on the Constitution", hurriedly called a meeting. On short notice, over 1,200 women, representing all the provinces of Canada, met in Ottawa on February 14 and 15, 1981. Above all, it showed that Canadian women were concerned, responsible and anxious to participate in the drafting of the Constitution, to ensure that their rights were not denied. Some weeks ago I received a copy of *Women and the Constitution*, put out by the Canadian Advisory Council on the Status of Women. No doubt, the information contained within it is excellent but the Prime Minister continued at his break-neck pace to act unilaterally, and the book may serve as a grim reminder of the kind of injustices that prevail at this time in history.

Honourable senators, the Canadian government can no longer ignore or deny equal rights for women and men; therefore, equality must be guaranteed.

Although I am relatively new in this chamber, I am fully aware of my responsibilities. The Constitution debates leave no doubt that the foremost function of the Senate is to represent Canada's regions at the federal level. My region—the west, generally, and the Province of Alberta, more specifically—supports the idea of patriation, of bringing the Constitution home to Canada. My region wants to see constitutional changes agreed to by both federal and provincial governments. The federal government is not just proposing to patriate the Constitution; but is also proposing that the British Parliament substantially alter it without the consent of the provinces.

A constitution is essentially an agreement which establishes the rights and responsibilities of both the federal and provincial governments, but the federal government is trying to change this Constitution without provincial agreement. It is proposing an amending formula which will give Alberta and seven other provinces second-class status. Nothing is more critical in the Constitution than the amending formula. It establishes the rules for any future changes. Under the Victoria formula, Ontario and Quebec would always have a veto.

Alberta proposed an amending formula known as the Vancouver consensus, which had the support of all ten provinces. Under its terms, all provinces would have equal constitutional and legal status. There would be no second-class provinces. No province could have its rights, resources or areas of jurisdiction taken away without its agreement. However, at the federal-provincial conference, the federal government gave little indication that they wanted to reach a consensus.

In making his presentation to the joint committee, another western premier said:

> I do not intend to review in detail the history of constitutional discussions over the last four or five years. I want to emphasize, though, that by September of 1980, after intensive negotiations, Canada's eleven governments had reached a significant measure of consensus on even the most contentious constitutional issues.
>
> It would be pointless to speculate, here, on the reasons why governments failed to reach final agreement at last September's First Ministers' Conference. The point I want to make is that a negotiated agreement was within our grasp, and could have been achieved—with more time, with flexibility, and with goodwill on all sides.

Henry Wise Wood, a distinguished western Canadian and a president of the United Farmers of Alberta, wrote:

> True progress can come only as a result of thoughtful, continuous, co-operative effort. The progress will necessarily be slow, but it must be continuous. Nothing can hinder it more than the mistakes of thoughtless impatience.

In its obvious determination to proceed unilaterally, the federal government may have closed the door to federal-provincial negotiation. In the strategy document of the federal government dated August 30, 1980, it is stated:

> Once this government enters the house with a proposal on a subject, the subject would not continue to be negotiated with the provinces.

On November 24, 1980 the Alberta Legislature passed a resolution by a vote of 70 to 1. It urged that:

> Federal-provincial constitutional discussion be resumed as soon as possible in order to ensure that the federal government and all provincial governments may participate equally and fully in recommending constitutional changes which will decide the future of Canada.

Alberta advocates a strong central government balanced by strong provincial governments. This view was made public in 1978 in Alberta's constitutional position paper entitled *Harmony in Diversity*, and was reflected as well in the amending proposal known as the Vancouver consensus. A country as large and as diverse as Canada needs strong provincial governments because they are closer to the people and can be more responsive to regional concerns.

• (2020)

On several occasions during the debate on the constitutional issue, Alberta's energy resources have been discussed. Alberta's ownership of its resources is an existing constitutional right. I was surprised and disappointed to read Senator Croll's presentation containing his scathing remarks about Alberta's premier, the Heritage Fund, and the energy question. I should respectfully like to refer the honourable senator to the British North America Act, 1930, which confirms the natural resources transfer agreements with the western provinces. The provinces were consulted and consented to this amendment, a legislative practice notably absent these days.

I appeal to honourable senators from Alberta, in considering this resolution, to represent their people, not their patron. I appeal to honourable senators from across the west to ponder for a moment the co-operative heritage of our region, and to ask themselves whether it would not be better, now that this pressure-cooker atmosphere has been created, to try for one last time to reach an accord on patriation and an amending formula, rather than to proceed unilaterally on patriation of the Constitution.

I appeal to the integrity of all honourable senators to assert your independence, to take your duty seriously and, when the time comes, to take your stand.

Hon. Senators: Hear, hear.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to ask Senator Bielish whether or not she checked her facts carefully to determine whether the provinces had agreed to the transfer of natural resources to the western provinces in 1930. I believe that she will find that there was not unanimous consent.

Senator Bielish: I will check that.

Hon. C. William Doody: Which province objected?

Senator Olson: The provinces did not unanimously agree.

Senator Doody: Which province objected?

Hon. Martial Asselin: You have asked a question to which you seem to know the answer.

Senator Olson: First of all, the honourable senator appealed to western Canada and then—

Hon. John M. Macdonald: Honourable senators, I rise on a point of order to the effect that Senator Bell is scheduled as the next speaker, not Senator Olson.

Senator Olson: I merely asked if I could ask a question; that is all.

Hon. G. I. Smith: That great man of the rules always asks questions, but he never makes a speech.

Hon. Ann Elizabeth Bell: I hope Senator Olson received a satisfactory answer.

Senator Olson: I am satisfied. Senator Bielish answered very courteously. It was other honourable senators who created the trouble.

Senator Doody: That's right, we are the trouble-makers.

Senator Bell: Honourable senators, I rise to exercise my freedom of conscience as a senator and as a Liberal, and I do so proudly, without the benefit of a charter of rights or of section 2(a) thereof. I do so in the confident knowledge that I am speaking on behalf of many people in British Columbia. Our present Constitution has enabled us, over the past 114 years, to develop in freedom and prosperity. If we need a few more days or even months to perfect its patriation, let us not be dismayed.

Our present Constitution is made in Canada. The Canadian constitutional monarchy, with a democratic parliamentary system of government, was written in Canada by Canadians insofar as the B.N.A. Act is concerned, and has evolved in our peculiar Canadian way. Our Constitution reflects the richness, diversity and unity of our country. The sovereignty of Parliament and the legislatures in their own jurisdictions, the independence of the courts and the freedom and protection of all the Canadian people are held inviolate by the monarch, under God.

> And He shall have dominion from sea to sea, and from the river unto the ends of the earth.

Psalm 72 thus typifies the spirit of Canada.

Only three things should be included in this resolution: the patriation of the British North America Acts; and amending formula, with the widest possible agreement; and a reconfirmation of Canada's allegiance to the constitutional monarchy.

Some Hon. Senators: Hear, hear.

Senator Bell: All else necessary can be accomplished in Canada, in good order, and at its appropriate time. Things that should not be included in the resolution are: a Charter of Rights; provisions for referenda; the currently proposed amending formula; equalization; resource amendments, and so on.

The narrow range of constitutional amendments which cannot now be made in Canada by Parliament comprise the last colonial vestige. These are changes to the Constitution, such as the exceptions under section 91.1 of the B.N.A. Act—the very narrow range which we cannot now amend in Canada.

Therefore, the only important question here is that of providing a suitable amending formula to which both the provinces and the dominion government can agree. Since Confederation in 1867, and in each subsequent confederating date of the other six provinces, the power to amend the provincial constitutions has been with each province. Since December 16, 1949 the power to amend the federal Constitution has been with the dominion Parliament.

The amending formula which is proposed is totally unacceptable to the Government of British Columbia, to the Legislature of British Columbia, and to the people of British Columbia.

Some Hon. Senators: Hear, hear.

Senator Bell: It creates classes of provinces. It introduces into our parliamentary system the device of referenda in perpetuity, thus diminishing the sovereignty of Parliament. It puts in doubt the means by which the Territories may become provinces.

The amending formula proposed in this resolution is immensely complicated. It contains six variations, and I would list them as follows: section 36 gives us unanimity for two years; section 45 is the Victoria formula; section 42(1) is another one, the provinces' choice; section 42.(3)(a) is yet another formula, the federal one; secton 41, a referendum; and section 46 is a permanent alternative formula of amendment by resolution. Honourable senators, it is immensely complicated. Section 41 will become section 45, and it is considered that it will likely become the permanent formula. It is also felt that this is so rigid that constitutional change will be virtually impossible.

I cannot accept an amending formula which makes second-class citizens of British Columbians; which profoundly changes the balance of power in this country; and which puts in the hands of the federal government a referendum power which only the federal government can use. Finally, and most importantly, I cannot accept any proposition which diminishes the power of Parliament and of the legislatures of the provinces.

I feel that a Charter of Rights should not be included in this resolution because it is not now part of our Constitution and, therefore, it must be excluded because it has no part in patriation. The Charter of Rights limits the power of Parliament and the legislatures and it infringes upon provincial jurisdiction.

I should just like to give you a few examples of this because I do not think that they have been looked at from the point of view of their effect in practical terms.

For instance, section 23 of the resolution deals with education. This is contrary to section 93 of the British North America Act, because that act gives exclusive jurisdiction to

the provinces as far as education is concerned. That is a head-on, obvious infringement.

Section 19 of the proposed resolution states:

> Either English or French may be used by any person in, or in any pleading in or process issuing from, any court established by Parliament.

At first blush, it looks as if this deals simply with federal jurisdiction, but the administration of the courts currently is a provincial jurisdiction. Section 92(14) of the British North America Act states that the administration of justice is a provincial concern.

In the province of British Columbia, it escapes me how section 19 could be implemented. I do not have the latest figures, but let us say that there are 50 judges of the Superior and Provincial Courts of British Columbia. I doubt very much if there is one who could sit and hear a case conducted in the French language. If there are 2,000 members of the Bar, probably not more than one could count on the fingers of both hands could either prosecute or defend an accused in the French language. In time we all hope to become fluently bilingual; at the present time this is simply not a practical application. That does not even take into account the court reporters, interpreters, and so forth who would be needed. That is going to be difficult to put into place, no matter how willing one might be.

There are other specific limitations, but one cannot say how they will affect the provinces because the wording is so vague. As an example, section 2 deals with freedom of religion, freedom of expression and freedom of peaceful assembly. How could a provincial legislature hnow how this would affect store closings on Sundays, provincial aid to denominational schools, movie censorship, provincial libel laws, use of parks and public streets, and so forth? One would never know about these things until the courts made a decision because the wording is so vague. This could take time, because precedents must be built up over time.

Section 3 of the proposal states:

> Every citizen of Canada has, without unreasonable distinction, or limitation, the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

This could interfere with the qualification of voters and members of legislative assemblies.

Section 6 deals with mobility rights. This could interfere with provincial jurisdictions relating to professional qualifications.

In British Columbia, the Honourable J. V. Clyne, a former Justice of the Supreme Court of British Columbia, now the distinguished Chancellor of the University of British Columbia, points out that section 24 of the proposed resolution is bound to cause controversy and litigation. Section 24 of the proposed resolution states:

> The guarantee in this Charter of certain rights and freedoms shall not be construed as denying the existence of any other rights or freedoms that exist in Canada.

• (2030)

He goes on to say:

> Section 25 is bound to cause endless trouble. For once the charter is specific—

This is the one dealing with aboriginal rights. He continues:

> —it refers to a particular document, the Royal Proclamation of 1763.

I do not know how many senators have looked at the Royal Proclamation. I have had two copies sent to me, and it is a fascinating document.

Section 25 reads:

> The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including
>
> (a) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and
>
> (b) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

The Proclamation covers lands including Quebec, east and west Florida, Grenada, St. Vincent, Tobago, Hudson's Bay Company territory, and all the land and territories lying to the west of the sources of the rivers which fall into the sea from the west and northwest.

I hope Senator Williams is listening because he may have very valuable land at his disposal.

The Honourable J. V. Clyne continues:

> There have been a number of judicial decisions on the subject (of Indian land claims) and the charter now leaves the question open as to the binding nature of those decisions and treaties when it declares that Indian rights are those recognized in 1763.

He concludes:

> To leave it to the courts to decide by making various assumptions in the meaning of the charter is an abandonment of legislative responsibility.

Section 24(1) is as follows:

> Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

The Honourable J. V. Clyne comments:

> In ordinary civil cases the courts may order specific performance of a contract, or grant an injunction, or award damages, but never before has it been suggested in Canada that it (the court) should exercise such wide powers as those afforded in this section. Parliament and the legislatures would no longer be supreme.

Honourable senators, under our present Constitution, sections 53 and 54 of the B.N.A. Act specifically provide that appropriating any part of public revenue shall originate in the House of Commons, and that money votes must first be recommended to that house by the Governor General. Yet, section 24(1) of the charter would seem to put that power into the hands of the courts. Boston had its tea party 200 years ago for a similar cause.

Section 24(2), in my opinion, appears extremely dangerous on entirely different grounds. It reads:

> Where, in proceedings under subsection (1), a court concludes that evidence was obtained in a manner that infringed or denied any rights or freedoms guaranteed by this Charter, the evidence shall be excluded if it is established that, having regard to all the circumstances, the admission of it in the proceedings would bring the administration of justice into disrepute.

The Honourable Minister of Justice's response to the Attorney General of Ontario on this point does not allay my fears. He assumes that the court's discretion in "having regard to all the circumstances" will ensure that relevant evidence will be considered. Insofar as this section could apply to the Criminal Code as well as civil actions, it could certainly strike a blow on behalf of the criminal.

To return to clause 26, it reads:

> The guarantee in this Charter of certain rights and freedoms shall not be construed as denying the existence of any other rights or freedoms that exist in Canada.

The rights which exist today but not specified in the charter—such as property, employment and economic rights—suggests, by their subordinate placement, that they are of lesser importance and would be legally subordinate to the extent they were in conflict with the specified rights. If they are to be judged equally, the specified rights have no particular significance at all. That would seem to be perverse if it is intentional.

There are other sections in the charter which need a thorough review. I have selected only a few as examples. I hope I have convinced you that this is not the time or place to entrench in our Constitution this charter.

The main points regarding the charter are: It undermines the sovereignty of Parliament at a time when it should be strengthened. Parliamentary sovereignty is the cornerstone of our constitutional framework. Entrenchment alters our constitutional framework to such an extent that only a general election, with the people understanding the implications, should give Parliament such a mandate. It has no place in the Constitution now and, therefore, is not suitable for inclusion in a patriation proposal. Since civil rights are now within the jurisdiction of the provinces, under section 92(13), and much of the proposed charter infringes provincial rights, provincial legislatures must agree to any such charter. If an entrenched Charter of Rights were to be considered after patriation, this particular draft would have to be revised.

Other parts that should not be included in the resolution are the amendments dealing with resources and equalization. They are more properly the subject for constitutional amendment after patriation.

• (2040)

Parts of the resolution which could be dealt with under existing federal jurisdiction are legal rights which are already part of the Criminal Code and aboriginal rights which were guaranteed by the Crown. The federal Parliament has had exclusive jurisdiction, under section 91(24) of the B.N.A. Act, since 1867, and the power to amend since December 16, 1949. What needs to be done to further secure aboriginal rights can be done here and now without recourse to Westminster.

Women's rights is a very difficult topic to deal with. A great deal has been achieved under our parliamentary system. These advances should be a great source of pride especially to our colleague, Senator Bird, who chaired the Royal Commission on the Status of Women. The issue of women's rights in the future is largely economic and affects all people, or should I say "persons"?

In conclusion, in assessing the proposed resolution, it would be wise to understand that the country *is* polarized. This is evident in the distribution of members in the House of Commons.

Like many senators, I receive letters from all over my province as well as from across the country. I would like to read some typical comments from the letters I received yesterday from different parts of British Columbia.

The first one is regarding a poll done by two radio stations in quite a large riding held by an NDP member whose name I will not mention. This comment is to the extent that the listeners were in favour of the current constitutional proposal, and the writer says:

> Admittedly, they [the polls] were not exactly "scientific" but were a fair indicator. The results were 74 per cent and over 80 per cent respectively, against his support of Mr. Broadbent and Mr. Trudeau.

Further on this writer goes on to say:

> We were all astounded to hear him—

"Him" being the member of Parliament.

> —state that he does not feel any obligation whatsoever to pay attention to polls or any other communication from his constituents! That he would continue backing Mr. Broadbent and the Party and etc.

This writer goes on to say:

> He stated that "old Institutions, old Economic Orders and outmoded Symbols must go!" Leaving little doubt as to where he expects these debates to lead us; all without our consent. How can this be allowed to happen? Is it possible for a society to be too peaceful and docile? Have we placed too much faith and trust in politicians and our system?

Further on in the letter she states:

> —the majority of Canadians are opposed to what he—

"He" being the Prime Minister.

> —is doing, we seem to be powerless to stop him . . . But having always believed in the principles of democracy, I reserve the right to free choice. Presently, that right is being badly abused.
>
> Now we are putting our hopes and faith in those "old Institutions" that he—

The member.

> —hopes to destroy.

This is a typical letter. I have dozens of them in my files. I sound like the late Senator Joseph R. McCarthy.

• (2050)

There is this one, which says:

> I am not in favour of promoting separation in Western Canada for many reasons but I realize that it may be felt by many people that it is their only option. I think it should be realized that the Prime Minister is on a very serious collision course in his rush to impose a new Constitution on provinces that will not support it.

There is another one which says:

> May I express to you my very serious concern for the future of our country under our present Government of Canada? In particular, while I agree that we should have our own Constitution within our country, I am totally opposed to having it amended in England, on the advice of a Government that only represents a part of Canada—

Some Hon. Senators: Hear, hear.

Senator Bell: The letter continues:

> I cannot accept a situation where B.C. would be a second class province forever dominated by Quebec and Ontario. I do not think that court cases will stop the Prime Minister's plan—
>
> I was born in Canada . . . I served for five years and four months in the Canadian Army in Europe during World War II. While I am under some limitation now I just cannot fail to do what I can as a good citizen, or accept that my service in the army was a waste of time.

Some Hon. Senators: Hear, hear.

Senator Bell: This one is signed by several people. It says:

> Canada as a nation should now be mature enough to make its own amendments—
>
> It is dangerous to entrench rights. This automatically negates all rights which are not entrenched.
>
> Westerners object to the fact that . . . Ontario and Quebec will be given a veto in perpetuity over any future constitutional changes.
>
> Western Canadians are patriotic, if frustrated, Canadians. But they are rapidly becoming angry Canadians.
>
> We are rapidly being pushed not to the brink of alienation but over the brink into something far more serious and sinister for this country.

Senator Guay: Honourable senators, on a point of order, I should like to say that I am a westerner, but I am not angry, and I am proud to support the Prime Minister in his constitutional proposals.

Senator Flynn: That is not a point of order. Just sit down and mind your own business.

Senator Bell: The Prime Minister has achieved his purpose for patriation, and this is a remarkable achievement. Eight premiers have reached agreement. We are now within sight of the goal. Let us not lose sight of this main point.

Some Hon. Senators: Hear, hear.

Senator Lucier: Honourable senators, may I ask a question of Senator Bell? The honourable senator stated that the resolution puts in doubt the means by which the Territories can become provinces. I wonder if she would tell me what section does that, and how it accomplishes that?

Senator Bell: That is a good question, Senator Lucier. I was referring to the fact that in the British North America Act provision was made for the Territories to enter specifically, and the means by which that could be done. In the new proposals there is provision for two years in which the Territories will be invited to the federal-provincial conferences which will be held to discuss how things are going to be implemented, the kind of amending formulas, and so on; and representatives of the Northwest Territories and the Yukon may be invited by the Prime Minister if it is felt that their interests are involved in whatever they are discussing.

Senator Lucier: I would like to know how that affects provincial status coming to either of the Territories. I do not understand that reasoning.

Hon. Rhéal Bélisle: Honourable senators, it is a privilege to follow in the footsteps of all those honourable senators who have made such wonderful speeches both for and against this resolution. It is an honour, and I offer my thanks to all of them.

Honourable senators, the federal government has made a shambles of trying to give this country a visionary and viable energy policy. It has been pitifully ineffectual in developing an industrial strategy worthy of our fine potential. It has proven impotent in combatting the scourge of high unemployment and the shame of double-digit inflation.

With all these crucial economic and social problems being improperly and inadequately attended to, how could Parliament possibly afford to devote six months to the discussion of something so esoteric as the Constitution of this nation?

Men more cynical than I would tell you that the federal government had decided upon this course of action as a smokescreen, a devious ploy meant to draw attention away from its monumental failures in other areas. And that may very well be true.

But the fact remains, in my estimation, that we are not going to deal effectively with any of the major socio-economic problems that beset us until such time as we have solved our fundamental constitutional problems.

Now, what have we accomplished along those lines in the last six months? Precious little, I submit. Patriation and a Charter of Rights. These are the subjects that have occupied our time. And while they are definitely important, it would be wrong to suggest that they constitute the essence of the reforms that are needed. As a matter of fact, these two issues could well be looked upon as a diversion from the basic problem.

[*Translation*]

What we have to consider in this country—and as soon as possible—is a new distribution of roles and powers between the various levels of government. The debate does not deal with patriation, but rather with power. In that case, what about this resolution on which we are called to vote?

Do the provisions it contains make us progress substantially toward our ultimate goal? Do they significantly contribute to the understanding which we need so much? Are we witnessing the beginning of a sincere dialogue? Or are we still locked in a sterile exchange of bitter and uncompromising monologues?

I am very much afraid that the answer is not too encouraging. Patriation is an excellent start for what we have to do. In fact, it is a logical first step. It would allow us to assert ourselves and to announce our complete independence and sovereignty. We must finally feel that we are the only masters of our destiny. For both historical and psychological reasons, we have to get rid of all the relics of our colonial past.

However, this resolution unfortunately goes too far. If only it had dealt simply with patriation! But no. It was deemed appropriate to go further, and consequently, instead of doing something which will be positive, we may find ourselves following a course of action which will have a totally negative impact.

[*English*]

So much of the creative energy of this country has been and continues to be wasted on ridiculous posturing. So much of our economic, intellectual and emotional resources is being wasted on increasingly bitter and destructive struggles between the federal and provincial levels of government. The chasms that divide us are perilously deep. They are born of prejudices long harboured, hurts actively nursed and slights vividly imagined.

So, I ask myself, what is there in the resolution before us that will serve to improve the situation, bring us closer to a consensus, keep us from the brink of irreconcilable federal-provincial differences? The answer is, nothing.

As a matter of fact, the problems that have given rise to our constitutional differences are repeated here with stubborn wrongheadedness. The anger, the impatience, the arrogance, the disrespect—they are all distressingly present. Unilateralism and imposition. Failure snatched from the jaws of success.

[*Translation*]

No, honourable senators, this resolution is not the harmless document which the federal government would have us believe it is. What this resolution provides as an approach to the referendum issue is a denial of the basic principles which underlay our Confederation.

[Senator Bélisle.]

The federal Parliament alone will have the right to take the initiative and call for a referendum; the federal Parliament alone will decide the rules governing such a referendum; and the federal Parliament alone will draft the question to be put in that referendum. As this proposal now reads, the provincial legislatures could very simply be ignored. Ottawa could ignore them and not bother to consult them. You will admit with me that the provinces have every reason indeed to object.

Under the present Constitution we have two levels of government. With this resolution, and more particularly with its referendum provision, the influence of the provincial governments could indeed be reduced to nothing, they might even not be consulted and the appeal made directly to the people.

That is not what the Fathers of Confederation wanted and that is not what we should be trying to achieve either. We do not want a unitary state; we want a confederation, a union of sovereign entities jealously seeking to protect their rights.

So as you can see we have yet to find the perfect solution concerning the question of how we might proceed to amend our Constitution once it has been patriated. But if the federal government insists on the formula contained in this resolution, again we will be running the risk of making even worse the state of confrontation which already obtains between Ottawa and the provinces.

● (2100)

[*English*]

I come now to the matter of entrenching rights in the Constitution. This is no meaningless gesture calculated merely to impress. This is a measure of paramount importance. It takes power away from the people's representatives. It places limitations on the extent of control elected legislatures can exercise over their electors. This is nothing less than a fundamental change in the social contract between the governed and their governments—a change which entrusts to the judiciary the task of interpreting the terms of this new social contract.

This is not the type of basic change that should be brought about unilaterally, without the consent of some of the principal players involved in our Confederation—that is, the provinces. Yet, this is what is being done, and it is being done in the face of vehement objections on the part of the provinces.

Some object to the entrenchment of human rights because it raises false hopes; others because it places a political burden on the judiciary; and still others because it risks diminishing our reliance on the process of public discussion and democratic politics for resolving disputes concerning fundamental principles.

Now, the views of these people cannot be simply disregarded. They cannot be dismissed as without value or merit; they must be given serious and full consideration; and I, for one, do not feel they have been. That is the sort of fundamental change that must be considered in the context of complete constitutional amendment involving the redistribution of powers and responsibilities.

The provinces oppose the charter for these reasons but, more particularly, because it imposes upon them obligations in areas

that fall within their own competence as determined by section 92 of the B.N.A. Act, notably minority language education and property and civil rights.

A charter of human rights is a matter of incredible importance to a nation and its constitution. It should, therefore, be well, considered, reasonably popular and as unifying as possible. It should reflect the enduring will of the people of Canada.
[*Translation*]

If you go by those criteria, you realize that the way in which this resolution attempts to entrench in the Constitution a Charter of Rights and Freedoms is indeed deplorable. Canadians have not had the opportunity to voice their opinion on the matter, to consider and discuss its implications and ramifications.

I want to point out to you that this charter will be enshrined in our Constitution not by Canadian legislation but by an act of the Parliament of another country and despite the firm opposition of a majority of provinces. The provincial legislatures which are just as sovereign as the federal parliament in the spheres of jurisdiction assigned to them by the Constitution would be subjected to changes in their powers, by the federal government, without having any say in the matter.

That is not the way such a task should be accomplished. Entrenching basic human rights in the Constitution should be done in such a way as to minimize all possible disagreements. Also, this task should be assigned to our greatest experts in the field. But above all, everything should be done here in Canada.
[*English*]

I really cannot see why the federal government is insisting on this Charter of Rights. I am not even sure that I am opposed to a Charter of Rights in our Constitution, but the one contained in this resolution will not come in for any accolades from me. It is thoroughly flawed. Rights and freedoms are insufficiently defined and all kinds of verbal garbage guarantees future confusion. What must be done to ensure that we carve into this Constitution of ours for all time, if that is the route we want to take, those rights and freedoms which we consider so fundamental that they deserve to be upheld even when temporary majorities find it generally acceptable to set them aside?

As it stands, this charter is a masterpiece of deception. Its intent is not precise and its wording is deliberately vague, allowing for broad interpretations by the judiciary. It attempts to be totally neutral, which means that in no time flat the Judaeo-Christian morality which is ours will be replaced by a hedonistic morality replete with the corrupting influences that that entails.

There is no definition given of the principles of fundamental justice referred to in the charter. God Himself only made it as an afterthought—the subject of an amendment reluctantly accepted by the government.

Senator Asselin: Because Ryan wrote to Trudeau!

Senator Bélisle: The right to life, which should be listed as a fundamental right, is considered merely a legal right, and the wording of that section deliberately ignores the unborn, the handicapped and the aged, whose lives are continually being taken and further threatened by liberal legislation.

Section 7 of the charter should proclaim that every individual has the right to life because this right is inherent and is the most fundamental right a human being has. A paragraph specifically protecting the right to life of the unborn should be added to section 15. It should read:

> In this charter, the term "every individual" means every living human being from the time of conception onward until its natural end, regardless of any physical or mental condition, distinction, or circumstance.

Modern scientific authorities agree that human life begins at conception. Such clearly established facts should, therefore, be recognized in a Charter of Rights.

● (2110)

[*Translation*]

This goes to say that there is no basic step more important at the constitutional level than the drawing up of a Charter of Human Rights and Freedoms. And it is exactly for that reason that we should not undertake such a basic task so long as we are not constitutionally independent and we do not have an absolute control over our constitution.

This is why I suggest that the way Parliament should proceed is to confine itself to patriating our Constitution. Once this has become our own, we will manage to find a truly genuine Canadian procedure for amending it and for entrenching human rights and freedoms, if we feel that it is the best way to protect them.
[*English*]

To suggest that now may be the last chance we have to obtain such an important change as a Charter of Rights in our Constitution is to express a profound lack of faith in Canadians and their ability to provide for their own future. If the government does not think Canadians can be trusted to make the changes necessary in our Constitution, what are we doing patriating it?

The purpose of patriation is to enable us to take charge of our own constitutional destiny. Forcing a charter of rights on us and using a foreign power to do it is as cynical a gesture as this federal government has ever, and will ever, visit upon the people of Canada.

Honourable senators, I will vote against this resolution, not because I am opposed to patriation or the idea of a Charter of Rights, but because I am opposed to the federal government violating the rights of the provinces. I am opposed to the use of force when it is not necessary and can prove utterly disastrous. A Charter of Rights needs general support if it is to receive the respect it requires.

I sincerely hope that this chamber, representing, as it does, the interests of the provinces in Parliament, will reject this ill-advised plan of the federal government. We will be delinquent in our responsibilities as senators if we do not. If we stand by and do nothing, while the federal power violates the basic rights of the provinces, we will have forfeited our right to

exist. We will have merited all the criticism levelled against us. We will, in fact, have lived up to our reputation as a spineless rubber-stamp.

Let us patriate the Constitution without the Charter of Rights provided in this resolution. Let us take this charter and submit it to the provinces as the starting point for an in-depth study of how our Constitution might be improved.

Before doing this, we might want to correct some of the more apparent shortcomings in this charter. I have already alluded to some of those. Senator Yuzyk moved the motion in amendment presently before us to correct another. His motion will receive my support because no charter of human rights in the twentieth century can afford to leave any doubt that women are considered to be the equal of men before the law.

French Canadians, though they may be a minority in Canada as a whole, are a majority in Quebec. Because of this, we in Ontario have often felt that they do not understand the depth of the problem we face in Ontario. That is why it is so refreshing and inspiring to see two French Canadian Quebecers propose an amendment that would give us, as a right, the use of our language in the institutions of government and the courts of law.

"It is a mere symbol," you may say. "It is something that is already being worked upon by the provincial government of Ontario," you may say. Sure, all that is true, but we want this right recognized in the law of this land as an inalienable right of the French-speaking people of Ontario, so that they will be entitled to use their own language in dealing with their government and their courts.

There is quite a difference between a privilege and a right. When you have a right, you stand tall; you bargain from a position of strength; you depend on no one; your freedom is unimpaired. On the other hand, when all you have is a privilege, you are still a mendicant; you depend on the goodwill of others; you are at their mercy; you are not independent and you are certainly not free.

On the whole, I would say that we Franco-Ontarians have not been mistreated in Ontario. But, consciously or unconsciously, we have been constantly reminded that we are a minority that enjoys certain privileges as regards its language and culture merely as a result of the tolerance and goodwill of our English-speaking fellow-citizens.

This is what saps one's pride. This is what begins to grate on one's nerves after a while.

Ideally, the Province of Ontario, like Manitoba in 1870 and New Brunswick more recently, would have volunteered to have section 133 of the B.N.A. Act apply to it. But, for various reasons, it has not done so. Therefore, we are left with having a nudge. It would be perfectly consistent for the federal government to nudge Ontario in this resolution, since it is also having to do a bit of shoving in Quebec.

I want you to note, however, that the significance of the federal government's interference in Quebec is far greater. With regard to Quebec, the federal government is imposing its will in an area that falls squarely within what is properly provincial jurisdiction; that is, the language of education. This is not the case as regards Ontario and section 133.

[*Translation*]

First of all, let us have a look at the content of Section 133 which states:

> Either the English or the French Language may be used by any Person in the Debates of the House of the Parliament of Canada and of the Houses of the Legislature of Quebec; and both those Languages shall be used in the respective Records and Journals of those Houses; and either of those Languages may be used by any Person or in any Pleading or Process in or issuing from any Court of Canada established under this Act, and in or from all or any of the Courts of Quebec. The Acts of the Parliament of Canada and of the Legislature of Quebec shall be printed and published in both those Languages.

If Section 133 does not mention Manitoba, it is because that province was only constituted in 1870, that is, three years after Confederation. But Section 23 of the Manitoba Act grants Franco-Manitobans the equivalent of what is provided for under Section 133. Which means that Franco-Manitobans enjoy more constitutional rights than Franco-Ontarians. And this, in spite of the fact that we represent more than half of the Francophones outside Quebec!

Why should Franco-Ontarians insist that Ontario be bound by the provisions of Section 133 of the British North America Act under a new Constitution? It is because we want constitutional protection similar to that granted to the Quebec English-speaking community. The history of Franco-Ontarians has clearly demonstrated that the Ontario Legislature cannot be relied on for the protection of our basic rights. Section 133 provides only for the use of French or English in the proceedings of the legislature and the courts under provincial jurisdiction.

The Premier of Ontario claimed that it would not be fair to include in the new Constitution the right to these services when adequate structures to guarantee these services do not exist. Mr. Davis said that he hesitates to support the full application to Ontario of Section 133, and I quote:

> —for there are several areas where the necessary structures are lacking.

In 1981, the Francophones of Ontario should be treated just as well as the Anglophones of Quebec and the Francophones of Manitoba and New Brunswick; and now I resume the quotation:

> I am sure that whatever promises we could make concerning that right would only lead to controversy and confrontation which would threaten the achievement of the very objective we have set for ourselves.

Let us see what the situation now is in the Ontario legislature and the provincial courts.

On July 22nd, 1968, the Ontario Legislative Assembly decided unanimously, and I quote:

—that every hon. member may henceforth, as of right, address this House in either of the two official languages of Canada.

I did so in 1954 but no mention was ever made of it in the official report of the Ontario Legislative Assembly; we are now in 1981 and even now no record is kept whenever someone speaks in a tongue other than English in Toronto. The week Canadian unity was debated in May 1980, proved those fears to be groundless: the walls of Queen's Park did not crumble when members spoke French. Of course, the official report at Queen's Park is not put out in both languages and there is no permanent simultaneous translation system. But that is an area which we Franco-Ontarians are willing to look into in conjunction with the government with a view to setting implementation targets.

With regard to the provincial courts, I might point out that considerable progress has been accomplished in the last few years where services to Francophones are concerned. The *Judicial Organization Act* was amended; Section 8 of the *Jurys Act* provided for the selection of Francophone jurors; and the *Ontario Evidence Act* gives official status to the French version of Ontario statutes. Since 1979 Franco-Ontarians have had the right to be tried in French in criminal law cases. The number of family courts and small claims courts handling cases in French has increased. It is true that a similar right has not yet been granted guaranteeing the rights of the Francophones in common law trials.

But here again we are ready to discuss ways to implement changes. Some laws have now been translated in French, for instance the *School Act* and the *Highway Traffic Act*. The Throne speech of March 1980 stated the possibility of recording wills written in French and we expect that this year at last we will be able to register wills and other legal documents drafted in French. My colleagues have no doubt all read yesterday's *Citizen* which reported that the premier has not yet found enough money to buy a French keyboard typewriter and that the Speech from the Throne delivered in Toronto yesterday had been corrected by a stenographer who added the accents as required. Is Mr. Davis really sincere?

We can see that the progress accomplished in the implementation of the equivalent of the content of Section 133 is such that a constitutional commitment is now possible; it would then be up to the government to agree on a timetable for its implementation. Now that the Ontario government has a majority, it can no longer evade the issue: it must show leadership in recognizing our basic rights. Franco-Ontarians rights must be recognized and entrenched in the final version of the constitution.

Sections 16 to 19 of the Charter of Rights and Freedoms contained in the proposed Constitution Act of 1981 will only come into effect three years after the enactment of this proposition. In view of the progress accomplished so far it seems that such a deadline should be sufficient to enable the Ontario government to take the other necessary steps stemming from section 133.

• (2120)

[*English*]

Honourable senators, we Franco-Ontarians are not begging. We are not looking for privileges to be handed out to us because we are a submissive minority. We are agitating to have recognized by the rest of Canada what we consider to be a right. We want to be treated as well as the English-speaking minority in Quebec. Our people are better treated when it comes to the recognition of linguistic rights in Manitoba and New Brunswick, two provinces where we are not as numerous as we are in Ontario. There is something wrong there, and now is the time to correct it. If it is only a meaningless symbol, then why not provide us with it? It will mean much to us. It will provide a significant psychological uplift.

I urge you all to search your hearts when the time comes to vote on this amendment and to ask yourselves whether simple justice does not require that French-speaking Ontarians at least begin to have some of those basic rights enjoyed by English-speaking Canadians in Quebec and French-speaking Canadians in Manitoba and New Brunswick.

Some Hon. Senators: Hear, hear.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I meant to make a speech of a certain length, but someone took my turn, as I was supposed to speak before my honourable friend, Senator Bélisle, who proved quicker than I was and rose before I did.

I do not intend to stick with the plan of the speech which I was going to deliver in this house and I am wondering indeed whether I will deliver any.

Mr. Duplessis said once to one of his very vocal friends—a member who always wanted to speak but never seemed to have the opportunity to—"My friend, cheer up, the best speeches are those which are never made".

I have the impression that my best speech this evening will be to remain silent and considering the late hour to await the decision of the Supreme Court. Afterwards with the leave of my colleagues, I will resume the speech which I intended to deliver tonight.

[*English*]

Senator Flynn: What do you intend to do? Is there anybody, on your side, who wants to speak?

Senator Frith: No, they are not ready to speak.

Senator Flynn: Those who are not ready will not have the opportunity to speak. I am ready to proceed, but I do not know, exactly, what my status will be tomorrow with regard to the order of the house and with regard to amendments moved by the Leader of the Government. I suppose that I could speak tonight, we could adjourn the debate, and I could continue after the Leader of the Government has spoken tomorrow.

Senator Frith: Honourable senators, I see no reason why that would not work. The only provision of the order which would interfere with that is the provision which says that at 10

o'clock, whatever else is going on, the Leader of the Government has his opportunity, and then the Leader of the Opposition. I think there is no reason why he cannot interrupt. We have already agreed that we will speak on whatever we have decided to speak on during this period. The honourable senator's suggestion is a good one, except that I suppose Senator Perrault will want to speak to his amendment, and then Senator Flynn may continue with reference to his amendments.

Senator Flynn: In those circumstances, it is quite agreeable to me. I will speak, possibly, until 10 o'clock; maybe not. In any event, I do not mind being interrupted tomorrow by the Leader of the Government to conform with the order, because I want this order to be respected, not only in the letter but in the spirit.

Senator Frith: I pass.

[*Translation*]

Senator Flynn: Honourable senators, I am somewhat in the same situation as Senator Asselin. I would have quite a speech to deliver! Possibly I might even be able to speak for hours and hours without unduly rehashing what may have been said so far.

I cast a retrospective glance at what has happened since this resolution on constitutional reform has been before Parliament and I notice that the steam roller of Mr. Trudeau's constitutional obsession, pulled by the abulic Liberal herd has now covered only part of a final parliamentary stage in Canada. When I speak of the abulic Liberal herd I believe I owe an explanation to the Senate, particularly to my friends opposite. This expression comes from Mr. Trudeau himself. In 1963, when he was active within the New Democratic Party, Mr. Pearson made an about-face concerning nuclear weapons—I recall that he made that about-face during the 1963 election—Mr. Trudeau got mad and voiced his disappointment over the attitude of what he called the abulic Liberal herd. Perhaps the word abulic does not mean anything to many of you. The first time I saw that expression I looked it up in some dictionaries and discovered that it meant "lack of will power", because it was a complete change of direction. I draw a parallel with this resolution because Mr. Trudeau, after joining the Liberal party, is now using the same herd to make a complete about-face. It is a complete change of direction on constitutional matters, repudiating all the prime ministers since Sir Wilfrid Laurier and repudiating himself. It has been said—and I have no intention of quoting—it has been said that all prime ministers, Sir Wilfrid Laurier—maybe not Borden because perhaps he did not have an opportunity—but MacKenzie King, and his expert in constitutional matters, Ernest Lapointe, Bennett, St-Laurent, Pearson and Trudeau himself have always said that when it came to amending the Constitution of Canada in fields which both levels of government were involved in, the agreement of the provinces was required. The agreement of the parties involved was required. I note that Senator McIlraith recalled that stage by stage and asked: Were all those people wrong?

We have listened to outstanding speeches from both sides but I would say without hesitation and without partisanship that the best speeches we have heard were delivered by the dissidents of the Liberal majority.

I am referring here to Senator Thompson, Senator McIlraith, Senator Lang, Senator Deschatelets, Senator Cook. So I am saying that those speeches were well prepared, that it was a difficult situation because Mr. Trudeau imposed his will upon the party.

So that is where we stand in our proceedings. But I would like to note that the debate has slowed down in the last two weeks; four decisions were made during that period which changed the course of the debate and its final outcome.

The first is, of course, the decision of the Supreme Court of Newfoundland. The Supreme Court of Manitoba gave a majority decision in favour of the government, saying to those who support it that the approach is legal. We had the majority decision of the Supreme Court of Newfoundland saying "no", followed closely by the majority decision of Quebec, also in favour of the government, which changed completely the picture. Then we had the decision of Parliament to postpone the final vote on the resolution until the Supreme Court of Canada has ruled on it. Then we had the decision of the Quebec electorate on April 13, and finally, the decisions of the provincial premiers. None of those four decisions is final, and we will need the final decision of the Supreme Court. If it is unfavourable to the government, it will be the end of it, and if it is favourable, the House of Commons and the Senate, and then Westminster, will have to vote on it.

• (2130)

That is how we reach this final stage, agreed to by the government, that the House of Commons would vote tonight and the Senate at noon tomorrow on the amendments to the resolution. The majority of amendments that one could think of and that could have the support of Parliament do not affect the substance of the issue that the Supreme Court will have to rule on.

Nevertheless, I would like to say a word at this stage on the rulings by the provincial courts of appeal and on the issue that the Supreme Court will have to deal with. First, all the courts of appeal recognized that this resolution encroaches on provincial rights.

Senator Godfrey made a rather amusing distinction when he said that there was no problem so long as there is no transfer of provincial powers to the federal jurisdiction, and since all that is done here is to restrict provincial rights. That is a fact, the resolution we are considering does not attempt to take away some powers from the provinces to give them to the federal level of government, it only limits provincial powers. All the courts of appeal agreed on that point. However, the resolution provides the federal government with the means to change those rights later on. In other words, the government will not take anything away now, but it gives itself the means to do so later on. That is simply the federal position. But let us go back to the courts' rulings. The courts say that the federal

government is infringing on provincial rights. But, those of Manitoba and Quebec, both by majority rulings, said that the government can do that by going to Westminster.

That is quite extraordinary in my view because, as Senator McIlraith previously and Senator Lang today have shown, there are aspects in this resolution on which Westminster has already relinquished its jurisdiction. It has said that it does not want anything to do with those issues. Despite that, Westminster is being asked to decide on matters which the federal Parliament could deal with, such as the Charter of Rights. That is no concern of Westminster. Westminster has relinquished its jurisdiction and its right or rather its obligation—that is the proper term, it is not jurisdiction, or right, it is obligation.

Secondly, Senators Lang and McIlraith have pointed out—and I would like to repeat it, in a slightly different way perhaps—that the Statute of Westminster and the 1949 amendment which patriated the exclusively federal parts of the Constitution have completely changed Westminster's responsibility. It was not Westminster which kept some rights in 1931. It was us, the federal government and the provinces, who asked Westminster to retain the responsibility for amending the Constitution. It was an act of the British Parliament, but in 1931, Westminster told all Dominions that it was their problem now, and that it did not want to interfere with it. But Canada asked Westminster to retain the responsibility, for both levels of government, to amend the B.N.A. Act.

Senator Haidasz: Why?

Senator Flynn: Why, because we could not find an amending formula and because it was not acknowledged, certainly not at that time, that the federal Parliament could act unilaterally. If this had been acknowledged, there would have been no need to ask Westminster to retain these rights and this obligation.

Some Hon. Senators: Hear, hear.

Senator Flynn: This is why we asked Westminster to retain these responsibilities—

Senator Robichaud: Yes—

Senator Flynn: What is it?

Senator Robichaud: I disagree with Senator Murray.

Senator Flynn: I see. But do you not agree, that, in 1931, we asked—it was not Westminster that asked us—the British Parliament to retain this responsibility?

Senator Robichaud: Yes, I agree.

Senator Flynn: In 1949, we told Westminster: "No longer concern yourself with the federal elements of the Constitution and deal only with what affects both levels of government." Once again, it was not Westminster that asked to retain this right. We are the ones who said: "Take care of this responsibility for us. Act as a referee for both levels of government." We are the ones who asked this of Westminster.

However, we are now being told that when this was done, we simply meant that when the federal government wanted it to do something, the British Parliament would have to do exactly as the federal government asked, whether the provinces agreed or not. This was a completely empty and stupid gesture if this was really the intent. It was never interpreted this way. Today, Senator Lamontagne and the present Attorney General and Minister of Justice are saying something else. We were speaking this morning of the type of factum submitted to the Supreme Court. Then, they said: You believe that you have certain rights? That is what you were told. All the premiers told you so. You were told this in the case of Bill C-60, for instance. You were told then that you would not be forced to accept the Charter of Rights before each Canadian legislature had agreed to be subject to it. However, everything you were told at the time was nonsense! This was only to delude you because we have just found out that you have no rights. This is the thesis of Senator Lamontagne and Mr. Chrétien. If the government is really suggesting that this is the legal position, I do not see how anyone can laugh more obviously, not only at the provinces, not only at the Canadian population, but also at the Canadian Parliament. We have always acted with this in mind, but when it comes to the responsibilities of the two levels of government, the federal government has no right to proceed unilaterally to change the provisions which affect the provincial level.

• (2140)

I do not know, even if I have more than forty years of experience, how the Supreme Court will solve the problem. There are sometimes surprises! But, if it does rule in favour of the national government the Supreme Court would have in my view to turn its back on its decision on the right of Parliament to abolish the Senate and replace it with a Chamber of Provinces. The Supreme Court will have to tell us: "You know, you could not abolish the Senate under a federal statute, but it was simply a matter of asking London, and according to your claim London could only say yes. It was simply a matter of using a procedural trick to achieve what you attempted with Bill C-60."

Well, if it is as simple as that, I wonder why, once they started with this proposal, and since they are imposing the Charter of Rights and Freedoms, they do not change in depth the whole system of distribution of powers. To me it looks silly, knowing Mr. Trudeau's centralizing tendencies, that he does not use this opportunity to change everything.

If Westminster truly has no other responsibilities, I am at a loss. In my view, Senator Lang aptly stated this afternoon that when Parliament proceeds the way they want us to proceed in this case, it goes against the provisions concerning constitutional changes in an area that affects provinces. The very fact of doing what we are asked to do is illegal. But I will go further. I have no hesitation in stating that Westminster, in its arbitration capacity, acts the same way as we do. Westminster has no more authority to act unilaterally than this Parliament. In the decision rendered by the Quebec Board of Appeal, I read that the Chief Justice commented that the British North America Act is a British Act that Westminster alone can amend.

With due respect, I submit that that statement is false even on the surface because that act is not exclusively British. The federal part has been patriated. Provisions have been enacted by this Parliament. It is a piece of Canadian law, of Canadian constitutional law. To contend the contrary is totally false in my view. It is not a British act. It is a Canadian act, as has been shown by Senator Lang. In that area, Westminster again acted on our request. It kept that responsibility at our request. It is not because it wanted to retain it. We were the ones who asked it to stay here as umpire between the two levels of government. It seems to me quite ridiculous to say that when someone asks someone else to act on behalf of two persons in order to sort out conflicts between the two levels of government, that one level of government may unilaterally ask to change that, without taking into account the objections of the other level of government.

Senator Robichaud: Could I ask a question?

Senator Flynn: Certainly.

Senator Robichaud: It is quite simple. Assuming that the Parliament of Canada, made up of the House of Commons and the Senate, presented an illegal resolution to Westminster and that Westminster accepted and passed that illegal resolution, to which court must one refer from then on?

Senator Flynn: That is what I am trying to explain. Perhaps I should be a bit more precise and explicit.

The fact is that if the federal Parliament when acting—assuming it were acting *ultra vires*, outside the bounds of its jurisdiction is subject to a decision by the Supreme Court of Canada.

I am sure my honourable colleague will not argue with me on that. The Supreme Court will be the umpire between the federal government and the provinces when there is a case of *ultra vires*, notwithstanding the issue of Westminster having to intervene and an amendment to the Constitution in the area of jurisdiction left to Westminster, including section 91(1), the exceptions. I say that having agreed to act on our behalf, Westminster de facto submits itself to Canadian courts and laws.

Westminster cannot pass a Canadian law—because it would be Canadian then—that would not be subject to a decision rendered by the Supreme Court if Westminster goes beyond its mandate and acts outside its jurisdiction. Assuming that Westminster were asked to pass provisions affecting the federal Constitution only, Westminster would be acting outside of its jurisdiction. It would no longer hold this power, it has surrendered it. One could certainly argue in our courts that Westminster does not have the authority to make such a decision. It is the same situation in the case of this resolution, if, as I maintain, Westminster does have the specific responsibility since 1949 and even since 1931, to delineate the powers of both levels of government, but not at the unilateral request of only one level of government.

Perhaps I could move to adjourn the debate at this time. I have said more than enough on this subject. The Supreme Court will rule on it. If the resolution comes back to us, it will mean the government will have succeeded in obtaining the green light. Then we will have no choice but to obey, I agree.

Obviously, it may be in that spirit that we will be able tomorrow to consider some amendments. If one is of the opinion that this resolution is *ultra vires*, is beyond the power of the federal Parliament, the problem of improving on the Charter of Human Rights and Freedoms, of changing this or that, becomes somewhat academic at this time, given the direction of the debate and given that we will not be able to take a final decision on the merits of the resolution until the Supreme Court has ruled on it. Obviously, if the Supreme Court rules that it is acceptable, then we will have to try and see whether we can improve on it. However, in the present context, it is a rather pointless exercise in my opinion.

Before concluding my remarks, I would like to express regrets that the circumstances that prevailed in the other place have produced the kind of agreement that was accepted there. I can foresee in these circumstances that perhaps the limitations of time and means that we have agreed upon once the resolution comes back to us, if the Supreme Court says it is legal, will make it very difficult for us to decide within two days and solve all problems in this regard.

We may never have to face this difficulty if, as I believe, the proposal now before us is *ultra vires* and goes against not only the spirit, but also the letter of the Constitution and against what should be done to amend the Constitution in areas which affect both levels of government.

Senator Frith: Honourable senators, I move that the Senate now adjourn. This might be superfluous, of course, because of the order—

Senator Flynn: I shall move the adjournment myself because I think I want to go on tomorrow after the Leader of the Government has moved his amendments.

The Hon. the Speaker: Are you moving the adjournment of the debate?

Senator Frith: I wanted to propose the motion, but it might be superfluous.

Senator Flynn: The order of the Senate provides that, at 10 o'clock tomorrow morning, the Leader of the Government in the Senate will have the floor. I therefore move that the debate be adjourned at this time with the understanding that I can go on tomorrow.

On motion of Senator Flynn, debate adjourned.

The Senate adjourned until tomorrow at 10 a.m.

THE SENATE

Friday, April 24, 1981

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—MOTION IN AMENDMENT—DEBATE CONTINUED

The Hon. the Speaker: Pursuant to the Special order adopted by the Senate on Wednesday, April 15, 1981, the Senate will now proceed to the Order of the Day for resuming debate on the motion of the Honourable Senator Perrault, P.C., that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada and on the motion in amendment of the Honourable Senator Yuzyk.

The Leader of the Government has the floor.

MOTION IN AMENDMENT BY SENATOR PERRAULT

Hon. Raymond J. Perrault (Leader of the Government) moved:

That the motion of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Frith, that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada, be amended in Schedule B of the resolution as follows:

(a) by adding, immediately after the heading "CANADIAN CHARTER OF RIGHTS AND FREEDOMS" on page 3, the following:

"Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:"

(b) by striking out, in clause 11 of the French version, line 36 on page 5 and substituting the following:

"déclaré coupable et puni;"

(c) by adding, immediately after line 40 on page 9, the following clause:

"28. Notwithstanding anything in this Charter, the rights and freedoms referred to in it are guaranteed equally to male and female persons."

(d) by renumbering the subsequent clauses accordingly

(e) by striking out subclause 33(1) of the French version at lines 27 to 29 on page 10 and substituting the following:

"33. (1) Les droits, ancestraux ou issus de traités, des peuples autochtones du Canada sont, par les présentes, confirmés."

(f) by striking out, in subclause 45(1), lines 20 to 24 on page 16 and substituting the following:

"inces."

(g) by adding to clause 54, immediately after line 20 on page 20, the following paragraph:

"(c) the rights of the aboriginal peoples of Canada set out in Part II;"

(h) by lettering paragraphs (c) to (h) of clause 54 as paragraphs (d) to (i).

[*Translation*]

SPEAKER'S RULING ON POINT OF ORDER SUSTAINED

The Hon. the Speaker: Under the same special order of the Senate, I now recognize the Leader of the Opposition, the Honourable Senator Flynn.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have before me five specific amendments and before moving them, I would like to ask Your Honour to rule whether I can move them separately or if I have to group them so that we would vote on them all at once.

I indicated somewhat yesterday why I felt that I have such a right. The only serious objection raised concerns the wording of the order of the Senate to the effect that I am entitled to a single amendment, while the Leader of the Government is entitled to several. This shows, of course, the inconsistency of such an interpretation and the fact that it is a grammatical error, as I mentioned it when it was proposed. In other words, I would be in an inferior position because, according to that argument, the Leader of the Government could move a series of amendments, while I would be entitled to a single one.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, we have nothing to add to the points we made yesterday. We are waiting for the ruling requested by the Leader of the Opposition.

● (1010)

[*English*]

The Hon. the Speaker: Honourable senators, I have looked into this matter for many hours, and I am not sure that I have found the eternal truth. Of course, there is a very special paragraph in the order wherein it is stated:

9. The provisions in this Order shall prevail notwithstanding any rule or practice of the Senate to the contrary.

If this paragraph were not there, I could not accept the series of amendments proposed in one amendment by the Leader of the Government because I think that the vote should be taken on each of the amendments separately. However, because of this special provision in the order, the practice does not apply to this special order.

Paragraph 9 of the order states:

The provisions of this Order shall prevail notwithstanding any rule or practice of the Senate to the contrary.

That is quite clear.

Paragraph 4 of the order states:

The Order to resume the debate on the main motion shall be called at 10.00 a.m. on Friday, April 24, 1981, and, notwithstanding any other motion in amendment thereto, the Leader of the Government in the Senate shall forthwith be given the floor to move any amendments to the said Address adopted by the House of Commons—

What is the amendment adopted by the House of Commons? It is the amendment as it was moved by the Leader of the Government.

I think I have to accept the series of amendments as an omnibus amendment, and I will have to do the same with amendments moved by the Leader of the Opposition. That means he can present many amendments, but I think that they will have to be voted on in one vote.

Senator Flynn: With great respect, Your Honour, we want to appeal your ruling.

The Hon. the Speaker: Call in the senators.

Honourable senators, the question now is: Shall the Speaker's ruling be sustained?

The ruling of His Honour the Speaker was sustained on the following division.

• (1015)

YEAS

THE HONOURABLE SENATORS

Adams	Lafond
Anderson	Laird
Argue	Lamontagne
Austin	Langlois
Barrow	Lapointe
Benidickson	Lewis
Bosa	Lucier
Buckwold	McElman
Cameron	McIlraith
Connolly	Molgat
Cottreau	Olson
Croll	Perrault
Davey	Petten
Deschatelets	Riel
Everett	Rizzuto
Frith	Robichaud
Godfrey	Rousseau
Goldenberg	Stanbury
Guay	Steuart
Haidasz	Thériault
Hastings	van Roggen
Hays	Williams
Hicks	Wood—46.

NAYS

THE HONOURABLE SENATORS

Asselin	Bielish
Bélisle	Charbonneau
Cook	Molson
Donahoe	Muir
Doody	Murray
Flynn	Nurgitz
Fournier	Phillips
Grosart	Roblin
Macdonald	Sherwood
Macquarrie	Smith
Marshall	Tremblay
	Walker—23.

The Hon. the Speaker: I declare the Speaker's ruling sustained.

Senator Flynn: Honourable senators, this decision of the house would impose on senators the obligation to pass judgment on a package of several questions which are not necessarily related. I think it would be an insult to your intelligence for us to present a basket of very different articles and ask you to pass judgment on the whole basket. Therefore, I have decided to select only one of the amendments that I had intended to move. I had one dealing with some amendments to the Charter, some meeting what the Leader of the Government has already proposed with regard to the supremacy of God, to which we would have added the family, and so forth. We also added a reference to the enjoyment of property. In any event, this is one of the amendments that was defeated in the other place, and, in light of the exercise that we just went through a few moments ago, we know very well what the result would be here with regard to that amendment.

• (1020)

We had also, in the other place, presented an amendment proposing a continuing constitutional conference of Canada. This also was defeated, but it is not of the essence of the debate we are now having.

There was a more important amendment which was also defeated in the house relating to the amending formula. To put it briefly, I would say that we were proposing the amending formula of the premiers that was also defeated, and so I am not going to move this one. I will probably ask leave to table the amendments, or to have them inserted in my speech in reply, in order that others may be able to judge what we had in mind.

Finally, not because it is the official policy of the Conservative Party but because it is the view of several members on this side as well as on your side—and I mention at this point Senators Asselin and Deschatelets—we have an amendment which would in fact extend to Ontario the provisions of section 133. Because of the principle of not imposing unilaterally anything in this act, as the government would want to do, we have coupled with the one applying section 133 to Ontario an amendment which deletes clause 63 of Part VIII and substitutes the following therefor:

63. (1) This Act, or any provision thereof, shall come into force on a day or days to be fixed by proclamation to be issued by the Governor General under the Great Seal

of Canada where so authorized by resolutions of the legislative assemblies of at least two-thirds of the provinces that have in the aggregate, according to the then latest decennial census, a population of at least fifty per cent of all the provinces.

I have had some copies of this amendment prepared, but perhaps I had better read it in its entirety.

● (1030)

MOTION IN AMENDMENT BY SENATOR FLYNN

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I move:

That the proposed Constitution Act, 1981, be amended as follows:

1. (a) by adding to Clause 16 of Part I, immediately after line 32 on page 6 the following:

"(3) English and French are the official languages of Ontario and have equality of status and equal rights and privileges as to their use in all institutions of the legislature and government of Ontario;"

(b) by renumbering subsection (3) as subsection (4).

2. by adding to Clause 17 of Part I, immediately after line 3 on page 7 the following:

"(3) Everyone has the right to use English or French in any debates and other proceedings of the legislature of Ontario."

3. by adding to Clause 18 of Part I, immediately after line 12 on page 7 the following:

"(3) The statutes, records and journals of the legislature of Ontario shall be printed and published in English and French and both language versions are equally authoritative."

4. by adding to Clause 19 of Part I, immediately after line 20 on page 7 the following:

"(3) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of Ontario."

5. by deleting Clause 63 of Part VIII and substituting the following therefor:

"63. (1) This Act, or any provision thereof, shall come into force on a day or days to be fixed by proclamation to be issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the legislative assemblies of at least two-thirds of the provinces that have in the aggregate, according to the then latest decennial census, a population of at least fifty per cent of all the provinces.

(2) A resolution made for the purposes of this section may be revoked before the issue of a proclamation authorized by it."

I think that we shall have copies of this motion available for distribution.

[Senator Flynn.]

I will yield to the Leader of the Government at this time so that he can deal with his own amendments and, possibly, with this one, if he so wishes, and I will follow.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I appreciate very much the contribution which the honourable Leader of the Opposition has made thus far. I hope that we can have a productive morning.

I am pleased today to participate in this debate on Canada's constitutional future. We are nearing the end of a long process. I suppose that it can be said, honourable senators, that this process began in 1867. It began in real earnest, perhaps, in the late 1920s. From time to time between 1972 and the present time we have had constitutional conferences and meetings involving first ministers, in order to discuss the method by which we can achieve a truly Canadian Constitution. It has been a long process, during which time it seems to me that Westminster and the United Kingdom have been very patient with the senior member of the Commonwealth and our inability to determine the manner in which we want to patriate our Constitution. I hope that the process can be brought to a successful conclusion in the near future, and I know that this feeling is shared by many honourable senators.

The Statute of Westminster in 1931 confirmed Canada's status as an independent nation, as all of us know. Successive Canadian governments, whether they be Liberal or Conservative, have been working toward the patriation of that Constitution. Perhaps the efforts which have been expended during recent months by parliamentarians in both houses, and by many Canadians from coast to coast, can now be brought to a successful conclusion.

I think that all members of the Senate can take pride in the fact that many members of this chamber have played a very active role in contributing towards the constructive consideration of constitutional reform and change. At different times over 50 senators participated in the work of the committee. Senator Harry Hays, who was the joint chairman of that committee, deserves special credit and our gratitude.

Hon. Senators: Hear, hear.

Senator Perrault: Distinguished members of the opposition, such as Senator Roblin, made an equally outstanding contribution to the work of that committee.

Hon. Senators: Hear, hear.

Senator Perrault: Throughout the entire process—and appropriately so, given the constitutional position of the Senate and its role set forth by the Fathers of Confederation—honourable senators played an important role. The members in both houses have worked unusually long hours to produce a good resolution. There has been a level of informed debate commensurate with the seriousness of the subject before us.

The recent part of the journey, I suppose, began at the time of the Quebec referendum—that traumatic event for all Canadians, whether they lived in the province of Quebec or whether they lived in any other province. All of us recall the determination which followed that referendum. All Canadians felt determined that we would have to make federalism work

more effectively, that we would have to achieve meaningful constitutional reform. I remember the successive statements made by the provincial leaders following that referendum, to the effect that, "We must find ways to build a stronger Canadian family. We will have to involve ourselves in the process of constitutional renewal."

Honourable senators will recall the long, hot summer of intensive federal-provincial meetings in which a wide range of constitutional issues were discussed, culminating in a meeting of first ministers in Ottawa last September. It was a good process, but, again, it was a process which led to deadlock. Agreement proved impossible.

I know many statements have been made about the alleged inflexibility of the Right Honourable the Prime Minister and the government during those meetings, but one need only study the record of those federal-provincial conferences to know where the inflexibility really was. During those meetings there was flexibility on the part of the federal government. Honourable senators, that record of flexibility can be seen. I recall, for example, that in 10 specific areas offers were made by the national government to the provinces which would in no way diminish their strength, their power or their rights, but which would indeed strengthen those elements. One can only consider the issues discussed at that time with respect to family law, participation in the selection of justices for the Supreme Court, and the areas of resources and telecommunications in all forms.

The reply of the premiers at that time was, "You have offered us something, but it is not enough. You are not going to get your patriation, you are not going to get your Charter of Rights, until you put more on the table." I am sure that we all recall the words of the Prime Minister at that time. He said, "We are not going to trade fish for freedom."

Senator Flynn: A horse trader like him!

Senator Perrault: He said, "We are not going to decentralize this nation so that we have no nation at all. We are not going to Balkanize this country". Remember the notable statement made by one of the provincial premiers, who is now in the forefront of the campaign to oppose what Parliament is attempting to do. He said, "We really see the national government as an agent of the provinces, as a clearing house of the provinces. That is the proper role for the national government."

What we have here, honourable senators, surely is a vision of what Canada will be: we will either develop a loose collection of states with sovereignty association by instalment, until we have no nation left at all; or we will develop once again an authentic vision of a united country. This is really what we have been about in the past few weeks and months. We have been trying to find a way to build a stronger country. Once again there was deadlock among the 11 governments. It became clear that the national government must act if Canada is to enjoy even the most fundamental constitutional reform, namely, a patriated Constitution and protection of basic rights which Canadians have come to hold in common during the entire evolution of our history. Surely, we are the only federation or confederation in the world which has its constitution in another country. We are the only federation in the world which requires unanimous consent on the part of all its components in order to bring about change.

● (1040)

Senator Flynn: You do not agree with that?

Senator Perrault: Honourable senators, disagreement has come from the other side, and that is the right of the opposition, but these happen to be the facts.

Senator Flynn: But you said that it was not required.

Senator Perrault: I would be glad to discuss any point further. I am saying that the deadlock which has been produced by the need for absolute unanimity, made unanimity impossible, as the Leader of the Opposition surely knows, as a means to patriate the Constitution. I know that had that deadlock mechanism not been endorsed, the Leader of the Opposition in the Senate and his party would have followed the same course. So the belief, which reflected the wishes of most Canadians, was that the national government must act if Canada is to enjoy even the most fundamental of constitutional reforms. These reforms include a patriated Constitution protecting the basic rights and freedoms of individuals in relation to their governments, along with a Canadian amending formula.

It has been said by some opposition critics in the other place and in this chamber that the Canadian people are unhappy with this process. The last public opinion poll indicated that 85 per cent of the Canadian people want a Charter of Rights and Freedoms. An overwhelming majority in that same range want a patriated constitution.

Senator Flynn: It should be 100 per cent.

Senator Perrault: In my own province of British Columbia, despite the adverse speeches made by people from time to time, including the premier of British Columbia, 91 per cent of the people want a Charter of Rights and Freedoms entrenched; 71 per cent of the people want that entrenchment to take place within 12 months; and a great majority of them want these matters dealt with in the United Kingdom before the Constitution is patriated. Those are the facts.

Senator Flynn: Not so.

Senator Perrault: I am reminded of an observation made by the Right Honourable Joe Clark in Toronto shortly before the onset of these federal-provincial discussions, when he remarked in one of his greater speeches:

> The participants in Monday's conference speak for eleven governments. Parliament speaks for 23 million Canadians. If the First Ministers of the federation cannot make marked progress towards changes which fit the Canada of the 1980s, then the Parliament of the federation may have to assert a stronger role.

That is an official statement made by the Leader of the Opposition.

Senator van Roggen: It is the first time he was ever right.

Senator Perrault: Mr. Clark went on to say:

> But if it does, that must not be as the instrument of one government, but as the forum of all Canada.

Senator Flynn: Of one man.

Senator Perrault: Listen to what he said.

> Parliament, alone among institutions, reflects that country and can lift the discussion above the question of what governments need and focus on the question of what the nation needs.

Hon. Senators: Hear, hear.

Senator Perrault: Surely, this is the purpose of our efforts here today. It is time for the Parliament of Canada, whether one is serving in the Senate or in the other place, to look at this nation in light of its needs today and say what must be done in order to strengthen the country and not to be dissuaded by certain provincial voices who say, "Well, unless we receive this concession in this certain area, you will not receive our support for a Charter of Rights and Freedoms."

Most of the provincial premiers are not on the side of history today. It is the Parliament of Canada which is on the side of history and on the side of the Canadian people.

Senator Flynn: We will see about that in due course.

Senator Perrault: Last October the government tabled a proposed resolution in Parliament. This resolution was then studied by the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada which received over 1,000 submissions from Canadians across the country. I know there are many people who say, "Canadians aren't interested in the Constitution. They are only interested in the more important areas of jobs, inflation and so on, so why doesn't the government leave the good old B.N.A. Act the way it is, with the British being the custodians of our Constitution, and get on with more important matters?"

However, that committee received 1,000 submissions from thoughtful Canadians from coast to coast, of every party, of every ethnic background and religion. As a result of these representations, on January 12, 1981, the Honourable Jean Chrétien proposed further changes in this resolution which were very widely supported. They were supported by a cross-section consisting of such groups as the leading religious orders, women's organizations, native organizations and those concerned with the freedom and preservation of human rights in this country.

Additional amendments proposed by all parties in Parliament were subsequently made in the committee. All were designed to improve the measure. Finally, in February the government tabled in Parliament the motion which we are now debating. This motion and the proposals which I have made today in the form of an amendment reflect all the changes made by the special joint committee and, as a result, I think it can be said that we have a much improved constitutional proposal.

The basic substance of this resolution has clearly withstood the very severe test of parliamentary consideration and debate over a three-month period. Only a few additional changes are proposed and found to be desirable at this time, and these are found in the amendments to which approval was given last night in the other place and the amendments which have been proposed this morning in the Senate.

It is not suggested that this is a perfect measure, that the amendments meet all the present and future needs of Canadians. This is but a beginning of constitutional reform and change. I am pleased, for example, to propose an amendment which would incorporate in the Senate address the same changes, and I will explain briefly those changes in just a few moments. With regard to the process for making these changes, Parliament has agreed on the course to be followed.

In line with this, on April 15 the Senate adopted a motion which we finally, I believe, clarified this morning, providing for the arrangement for the Senate's disposition of the motion and any amendments to it. It is in accordance with this order that I have moved an amendment consisting of eight elements, four of which are substantive and four of which are technical. The first of the major elements is a preamble to the Charter of Rights which would recognize that Canada is founded upon principles that recognize the supremacy of God as well as the rule of law. I am sure all honourable senators will support that amendment. Reference to the supremacy of God has been proposed in response to representations made by Canadians of all faiths, whether they are of the Christian, the Jewish or any other heritage. Recognition of the supremacy of God is not restricted to one race or to one religion. This is a matter which I know many honourable senators are pleased to see dealt with in the proposed amendments. Reference to God is included, and I know it is something that all honourable senators can support.

• (1050)

I think the government has received a good deal of unjustified criticism on this point from opposition spokesmen—most of whom have convenient memories. People have forgotten that when the Canadian Bill of Rights was produced in 1961, the so-called "Diefenbaker Bill of Rights"—and the Honourable Senators Walker and Flynn will recall this—when that bill went to committee there was no reference to the supremacy of God. It was a Liberal, a former, distinguished, Leader of the Government in the Senate, then a member of Parliament, the great Honourable Paul Martin—

Some Hon. Senators: Hear, hear.

Senator Perrault: —who moved an amendment to include a preamble recognizing the supremacy of God in the Bill of Rights, and Liberals were gratified when the Conservative Party supported that initiative.

Specific recognition that the charter is founded on the rule of law will be an important reminder to all legislators of their ultimate responsibility to their fellow Canadians, to ensure that they are protected from arbitrary government.

In addition to this preamble, it can be expected that future constitutional discussions will include the development of an appropriate preamble for the entire Constitution. Honourable senators are aware of the fact that there were very difficult drafting problems with the provincial premiers last year when an attempt was made to develop an acceptable preamble. A number of drafts were submitted by the provincial premiers and by the federal government, and the lack of consensus made it impossible to produce a preamble with general support across the country. We should have an appropriate preamble for the entire Constitution, reflecting more fully the nature, the founding principles, and the aspirations of Canadians. That is something that can be considered and dealt with when the Constitution has been patriated and when we have our own amending formula.

With regard to that amending formula, the government's intention was to enact, precisely, the formula that had been agreed upon in 1971 in Victoria, not because this is held in special esteem by the Right Honourable the Prime Minister or by the Liberal Party, but because it was the only formula ever developed in the history of Canada which, at one time, at least, had the support of all the premiers of the day. It was proposed as the best possible consensus, not as perfection.

Senator Asselin: Except Quebec.

Senator Perrault: It does not represent the first choice of the Right Honourable the Prime Minister or of most members of our party, but it was an attempt to say to the provinces, "This was the formula you felt best served your interests in 1971, and we offer it to you if all other alternatives are not available." We say, "Here is this formula, but you have two years of federal-provincial conferences to develop a formula which will be acceptable to yourselves and to the federal government and, surely, during two years of meetings we can achieve that modest objective."

The Victoria formula was agreed to by the provincial and the federal governments originally, including my own province of British Columbia.

When I listen to the Honourable William Bennett of British Columbia condemning the formula as some sort of eastern plot, as an attempt by a group of rapacious politicians in Ottawa to subvert the interests of westerners, I can only quote the words of his father in 1971 when, speaking to British Columbians, he said:

> British Columbia, as from the outset of the constitutional review, states the importance of reaching agreement on an appropriate amending formula coupled with patriation and was encouraged by the formula that was committed to writing and agreed to at our meeting.

The late Premier W. A. C. Bennett said that the Victoria formula was the best protector of western rights, and he urged the support of all British Columbians for the formula which is now condemned by his son as an attempt to thwart the ambitions or the rights and interests of the people of western Canada.

Honourable senators, you may say that times have changed. Yes, times have changed. Here was a premier more concerned with the protection of provincial rights than any other premier in Canada who chose the Victoria formula as a key instrument in reform.

I said, "Times have changed", and that is why there is a two-year period during which it is hoped that a new formula can be developed. That is why the constitutional proposals provide every possible mechanism to develop a different formula which will meet the needs of Canadians wherever they live.

As a result of strong representations made during consideration of the proposal by the Special Joint Committee on the Constitution, and outside the committee, one amendment proposed today would change the formula in respect of the western provinces to make that formula the same as it is in respect of the Atlantic provinces. Thus, the amending formula would be changed to drop the population requirement in western Canada and to treat western Canada in the same way as Atlantic Canada. In other words, amendments would be made with the approval of Parliament and any two provinces in western Canada, any two in Atlantic Canada, and the two provinces of Ontario and Quebec.

The third element proposed in the amendment package—and I am certain it will have the support of all parties in Parliament—would ensure that the Charter of Rights applies equally to men and women. That does not require any speech on my part or on the part of anyone else; we accept that.

Senator Donahoe: But you don't say that.

Senator Perrault: The change will remove any doubt about the intention that the Charter of Rights should apply equally to both sexes.

Senator Donahoe: Maybe, but the amendment does not say "men and women."

Senator Perrault: Finally, I am proposing an amendment that will ensure that the part of the proposed Constitution Act pertaining to aboriginal rights can only be amended through the general amending formula, thus giving greater assurance to the native peoples as to the entrenchment of their basic rights.

Senator Murray: Ask them.

Senator Perrault: Acceptance of these changes will enhance the protections already provided for in the government's constitutional motion for important groups of Canadians, and I hope that honourable senators will wish to approve all of these amendments.

Beyond this, I believe, there are no further changes which it would be timely to consider at this juncture, changes which cannot await further discussions on constitutional reform.

There is at least one impression abroad, that we are involved in a process that will lock in forever a Charter of Rights which may never be changed, amended or altered. That is not correct. When this Constitution is patriated, the process of

change will be there with adequate protection through a Canadian amending formula.

The changes I am proposing have received careful examination and widespread support in the country, and I have no hesitation in recommending them at this time.

Honourable senators, a statement was made by the Leader of the Opposition a few moments ago. I note with interest that he has not moved a number of the measures proposed in the other place by members of his party, and I am certain that we are going to hear explanations later this morning of the reason. He has made reference to the institutional language rights and their relation to the province of Ontario.

● (1100)

He may be interested to know that the Prime Minister made a last minute appeal to the Premier of Ontario to bring about this change. That proposal was once again rejected by the Premier of Ontario, who is also the Leader of the Conservative Party in that province.

Senator Donahoe: So what?

Senator Perrault: The honourable senator says, "So what?". May I give you the government's position on this matter, so that you can consider it?

The opposition proposes to apply the institutional language rights provisions of the charter to Ontario. Much as we would all wish to see these protections for the French language minority of Ontario included in the charter, the government has steadfastly maintained the position that it will not force institutional language rights on any province that does not request that.

I ask the honourable senator sitting in the back row, and who is so vocal today, whether he is prepared to stand up today and propose institutional language rights be imposed upon his native province. Does he want the people of his province to know that he wants the federal government to impose language rights on his province?

Senator Donahoe: My premier made no bargain.

Senator Perrault: That is correct, he did not make any bargain. I ask whether or not it is right for a national government to impose anything in this manner. Since only New Brunswick has thus far made such a request, that is why it is the only province included in clauses 16 to 20 of the Charter of Rights.

An Hon. Senator: You imposed education rights in my province.

Senator Perrault: Section 133 language rights continue to apply to Quebec and Manitoba, since these are historic, vested rights established in the Constitution.

Honourable senators, other remarks will be made by speakers for our party later in this debate. Time is getting along, and I do not wish to infringe upon the time of the Leader of the Opposition, but I should like to conclude by quoting from the remarks of Professor David Kwavnick of Carleton University who recently stated:

[Senator Perrault.]

> Inevitably, every measure which has the potential to unite us must begin by dividing us, precisely because the fundamental issues which touch the real long-term interests of the nation run up against the resistance of a deeply entrenched *status quo*.
>
> In Canada, we must confront . . . divisiveness to achieve the unity we all want. In this context, political wisdom is the ability to discern the real long-term interests of the nation while political courage is the willingness to act accordingly. And Canada exists today because wisdom and courage were found at crucial moments in our history.

So, perhaps we are being called upon to exercise a good degree of wisdom and courage at the present time. The nation is not without its problems, but perhaps it has the greatest potential of any nation on the face of the earth.

Honourable senators, in the full knowledge that the amendments do not represent ultimate perfection, but do represent improvement on the resolution which we have under consideration, I urge your support for them this morning.

Hon. David Walker: Honourable senators, I thank the learned leader for singling me out for comment. I wish to tell him that for 20 years the Liberals opposed any Bill of Rights. He was not in the Commons in those days, but if Paul Martin at one time or another got up and said that he was in favour of God, I am sure everybody else had said so before. I can assure you that the Liberals were our greatest barrier. They did not want a Bill of Rights. I know that because I had something to do with the drafting of that Bill of Rights.

Senator Perrault: Honourable senators, may I say in reply that the late Right Honourable John Diefenbaker said that his ultimate hope was to have a Bill of Rights entrenched in the Canadian Constitution. We are making reality of that great Diefenbaker dream of 1961, and previous years. Wherever Mr. Diefenbaker is—and I am sure he is in the sunny uplands—he would rejoice in what Parliament is doing today.

Senator Walker: He would also be glad from above to know that I am putting you right about the truth.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I said yesterday in the context of this continuing debate that four significant decisions had been taken recently: First, the decision of the courts and then the decision of Parliament to wait for the verdict of the Supreme Court before we take the final vote on this resolution. Third, the decision of Quebecers on April 13 last and, finally, the decision of the provincial premiers last week. As regards the court decisions, I do not want to dwell on the subject except for pointing out to the Leader of the Government that Mr. Diefenbaker never did want to impose forcibly the inclusion of a Charter of Rights and Freedoms in the Constitution because he always acknowledged that one could act unilaterally in that field. He had every respect for the rights of the provinces. That is the major difference between Messrs. John Diefenbaker and Pierre Elliott Trudeau.

In that respect, I said yesterday that the role of Westminster has changed completely since 1931, and especially since 1949. Westminster did not want to keep control over the Constitution, but at our request Westminster did accept to act as an arbitrator. Since 1949, in the four instances when the Constitution was amended through an Address to London—this has been repeated and I insist on saying it again—it was done with the unanimous cooperation of the provinces.

Getting back to the decision of April 13 last, yesterday evening I watched the vote being taken in the House of Commons. When I saw that not one of the members from Quebec rose to support the traditional position of Quebec which goes back to Jean Lesage, Robert Bourassa and earlier, I felt truly humiliated. In fact, this constitutional reform works mainly against Quebec. Because Quebec, having rejected the Fulton-Favreau formula in 1964, rightly or wrongly—today perhaps I would say wrongly—having rejected the Victoria formula in 1971—

Senator Frith: Not at the beginning.

Senator Flynn: Everybody knows that Mr. Bourassa had said yes and that later on he said no, just as Mr. Lesage had said yes and then said no. We are all agreed. But what I mean is that because they said no on both those occasions, if this resolution is legal, not only have we forced a patriating formula upon Quebec, but we have also imposed on that province the Charter of Rights and Freedoms and the possibility of a referendum. We have provided the tools which will enable the federal government to gnaw at the rights of the provinces so that the position of Quebec is now twice as bad, with Mr. Trudeau's proposition which, to my mind, is directed more against Quebec than it would have been had Mr. Lesage accepted simple patriation with the amending formula in 1964, or had Mr. Bourassa agreed to the suggestion made at Victoria.

During the election campaign, Mr. Ryan told the Quebecers that they should elect him if they want Mr. Trudeau stopped in his tracks. In fact, we know full well that 90 per cent of all Quebecers oppose the unilateral move of Mr. Trudeau. They were caught between Mr. Ryan who, naturally, was against the unilateral decision, and Mr. Lévesque who also opposes it but who looked more aggressive during the campaign. The people in Quebec said no to Mr. Trudeau on April 14. Mr. Trudeau could not care less. It does not matter to him in the least. He is convinced Quebecers will continue to vote for him, even if he imposes something on them they have always refused. The situation is absolutely astounding, unbelievable.

Yesterday, I spoke of the shiftless Liberal herd in the other place. I saw them at work last night: they got up one after the other and not one of them supported the position adopted by all political parties in Quebec; not one of them had the courage to stand up and say no, you will not act in that way! Of course, there is still some hope: the Supreme Court, and, as I said yesterday, I am very confident.

Now to come back to the fourth decision, that of the premiers who got together, they were criticized but the fact remains that the premiers did come up with an amending formula. I fail to see how Mr. Trudeau would want to take a chance on the Supreme Court deciding against him, instead of meeting the premiers and trying to come to an agreement with them, at least on patriation and an amending formula.

It is unbelievable that he should think he is the only one who is right. It is incredible that he should say, I shall show them, one after the other. I shall use the majority in the house. Thank God, here in the Senate, the debate went on in an atmosphere of far greater freedom. I am happy to see that several senators opposite were not afraid to oppose the unilateral action of Mr. Trudeau.

In any event, we are now coming to the end of this intermediate stage. I find it amusing to see representatives of the media in the galleries because last night on the French network of the CBC, it was reported that the debate was over, that the resolution was on its way to the Supreme Court. The newspapers said the same thing this morning. The Senate has been totally ignored. This probably coincides with the interpretation of the role of the Senate given yesterday by Senator Paul Lucier, who said: "What shall we do if the Senate does not come to the same decision as the House of Commons?" What would happen? Of course, Senator Lucier's rubber stamp philosophy is a generally accepted one and this is unfortunately confirmed by the somewhat rigid discipline which prevails in this house even though to a lesser degree, I will admit it, than in the other place.

I asked earlier for leave to put on the record the amendments that I wanted to move. If there is no objection, I shall do so now. I intend to say a few words concerning these amendments. As I indicated, we would like to extend to Ontario the system already applicable to Quebec, New Brunswick and Manitoba. We would not impose this system directly, no more in fact than the balance of the charter, because we provide, in amending section 63, that the law may be enacted only after seven provinces, or at least two thirds of the provinces, whose population represents at least 50 per cent of the population of Canada according to the latest census, will have given their approval. The law will be enacted only after two thirds of the legislative assemblies will have accepted to implement the provisions of the legislation with respect to both the Charter and its provisions concerning linguistic rights, and so on, and not before. This seems to me like a reasonable amendment. Even then I would add that were the Senate to accept this amendment to section 63, the Supreme Court would perhaps consider the resolution in a more favourable way. There is no doubt that the proposal now provides for an absolute imposition, while, with this amendment, the proposed amending formula would provide for the coming into force of the legislation.

In any event, we are submitting this amendment because we have always held as a basic principle for amending the Constitution that the federal level could not act nor impose solutions unilaterally.

I hope that this alternative will be retained, especially in the interests of Quebec, which actually is very much affected by

this proposal. The resolution makes a mock of Quebec. It tells Quebec: "You insisted on saying no in 1964 and 1971. Now, you will have to swallow not only an amending formula that you do not want, but also the charter and the referendum provisions".

I hope that the arguments on the legal aspects of the resolution expressed in this house—and I want to single out the contribution of Senator Lang yesterday—will prevail, and that the Supreme Court will rule that Mr. Trudeau has no right to act as he intends to do.

• (1110)

[*English*]

Senator Frith: Honourable senators, may I ask—

[*Translation*]

The Hon. the Speaker: Before giving you the floor, I wonder if the Leader of the Opposition has any objection to these amendments being included in his speech.

Senator Flynn: This is just what I had asked earlier, if honourable senators agree.

The Hon. the Speaker: In the speech itself?

Senator Flynn: Yes.

The Hon. the Speaker: Very well.

(*For text of proposed amendments see Appendix "A", p. 2398.*)

Senator Frith: I would like to ask a question for clarification and not for argumentation. The fifth provision would replace section 63 of Part VIII by something else. Am I right in assuming that if we vote for your proposed amendment we would be voting for two elements? First, there is the element about section 133 which concerns Ontario, and, secondly—

Senator Flynn: All the rest.

Senator Frith: There is much more than the imposition of section 133. It is another amending formula, is it not? The result is that the whole act, not just section 133, will not become effective until the approval of the seven provinces has been given. In other words, there are two aspects—section 133 and the amending formula of the premiers. There are those two aspects, are there not?

Senator Flynn: In other words, we are saying, "We are not imposing that thing on you unless seven out of ten provinces accept it."

Senator Frith: You are saying a little bit more than that. You are actually saying: we are not imposing anything in this act not even section 133 without the approval of the seven provinces or 50 per cent of the people.

Senator Asselin: Honourable senators—

[*English*]

Senator Argue: I believe I was next on the list.

Senator Asselin: I thought you made a speech.

[Senator Flynn.]

Senator Frith: It was a question for the purpose of clarification.

[*Translation*]

Senator Asselin: I have a question of privilege honourable Senators. It is the second time since yesterday that someone has taken my turn. Is there actually an attempt to silence me?

Senator Frith: Honourable senators, I have requested permission to put a question to the Leader of the Opposition for clarification. He agreed and I then asked my question. Was I right in saying that there were two elements. He said yes. That was only a question, not a speech.

[*English*]

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, with that important clarification, I would like to contribute to this debate. I realize that time is very limited, and I know there are other senators who would like to participate, so I will be as brief as possible.

• (1120)

This is, of course, an historic time for Canada, and I am honoured—as I know other honourable senators are honoured—to be part of this process. Canada is particularly fortunate at this time to have as its Prime Minister the Right Honourable Pierre Elliott Trudeau, who has a broad vision of this country and its needs, who has shown himself to be an outstanding leader, and who took the leadership in the Quebec referendum to win for Canada at that time a resounding victory.

To be shown his wisdom, foresight and agility, one need only refer to *Hansard* of the other place for yesterday evening to see that, in the main, behind the proposed constitutional amendments are two of the national parties of this country; and if one wishes to appreciate the degree of support in this country, he has only to look at the votes taken in the House of Commons last night. It is pretty clear that an overwhelming proportion of the elected members of this country on the national scene support the proposition that is before us today.

Senator Flynn: You have no mandate.

Senator Roblin: No mandate at all.

Senator Argue: The mandate is there, because there has been a continuing endeavour over the years to bring the Constitution home—

Senator Asselin: No.

Senator Argue: It is not a change of policy; it is a continuation of a Liberal Party policy that has existed for many years.

Senator Flynn: Not so.

Senator Argue: I want to add my voice to those who have said that the senators have played a distinguished role in this process. Senator Hays, as has been mentioned, was a joint chairman of the committee. Senator Austin took a leading role. I should like to pay tribute to my leader in the Senate. I have worked with him for over a year in the cabinet, and I have worked with him in the Senate for a long time. He is an

outstanding government leader in the Senate. In my view, the accomplishments of the Senate, in no small measure, are a tribute to his foresight, his courage and his vision with regard to the duties he has to perform.

The debate is going well. The vote is going well. A few weeks ago, to read the newspapers, to listen to the debate, one would have thought that the proposition that was put forward by the government was in deep trouble.

Senator Flynn: It still is.

Senator Argue: When the Prime Minister put forward his proposals for constitutional amendment, the outcry was that it was a one-man show.

Senator Flynn: Yes.

Senator Argue: The outcry was that this man is rigid.

Senator Flynn: True.

Senator Argue: That he will not listen to suggestions for change.

Senator Flynn: That's true.

Senator Argue: I said in this chamber earlier, and I say again, that I have watched the Prime Minister in action. He listens very carefully to suggestions that are made. The fact that 67 amendments came out of that joint committee is a demonstration of the fact that this man and the government are able to look at all points of view and make important changes. Amendments were made in the other place last night. So I think we can be proud of the process. We can be proud to be living in Canada, because all of us have the privilege to take part in this process, and it has resulted in many changes. It has resulted in—

Senator Flynn: Closure.

Senator Argue: Well, now, closure—I suppose if it were left to the opposition, they would enforce on the majority their opinion that no vote should be taken. So it was Tory obstruction. However, there was an agreement. It was very wise, and I believe the Leader of the Opposition in the other place was part of that agreement.

I believe that we are forging an important consensus in Canada in support of this package, and supporting it, of course, are two national political parties, two provinces, and the decisions of two courts.

Senator Asselin: What about the CCF?

Senator Argue: I am confident that when the Supreme Court decision is known, there will be a further resounding majority support for the proposition that this resolution should be completed.

The provincial premiers came to Ottawa a few days ago. They were to agree on something. They agreed on almost nothing.

Senator Flynn: You are not serious.

Senator Argue: The surprising part of that agreement, for me as a resident of Saskatchewan, is that the Premier of Saskatchewan should be prepared to discard all of the things he had accomplished by way of amendment in the proposed proposition. He was willing to forget about equalization, which has been fundamental to the operation of this country. He forgot about any provision in the Constitution that would say that provincial governments, where the per capital income was lower than the average, would receive equalization payments. The Premier of Saskatchewan was prepared to forget about that.

He worked hard and diligently to get many amendments accepted on the question of resources, of provincial control and ownership of resources. He obtained indirect taxation as provided for in this resolution. He obtained shared jurisdiction over interprovincial trade. This was so important to the Premier of Saskatchewan that large ads were placed in the newspapers in that province, such as the one headed: "Your resources and the Constitution." I will read only one sentence:

> Since resources are so important to Saskatchewan, an amended constitution must guarantee the province's jurisdiction over resource management.

One would think that the fight over the Constitution was in Saskatchewan. The ads are out there and a lot of provincial money is being spent. So far as Ottawa is concerned, there have been no matching ads and no federal money.

When the Premier of Saskatchewan got to Ottawa a few days ago, he forgot about the question of resources in the Constitution. When he was answering a reporter, he had this to say:

> I have to swallow twice when I say resources can wait.

But he thought they were so important that he spent the taxpayers' money in Saskatchewan trying to convince the Saskatchewan electorate that he was on the right course, and Blakeney disowned Blakeney. The money was obviously wasted because he changed his course.

Senator Flynn: Trudeau did the same thing with the Constitution.

Senator Argue: He has apparently disowned—or he thinks it is of little value—this question of resources in the Constitution, because he said he is prepared to forget about it.

The next whipping institution was the Senate. Well, he went after the Senate. There were more paid ads, more expenditure of taxpayers' money. Here is what he said about the Senate, in part:

> Saskatchewan's position: We cannot support a resolution which entrenches in our Constitution such broad and unlimited powers for an appointed body. It is totally unreasonable and unacceptable that the Senate should be allowed to thwart the will of Canadians.

Then he forgot about the question of the Senate, because he said, "Well, you know, it doesn't matter so long as you get the Constitution home with some kind of agreement on an amending formula." He was asked about the Senate, and here is his reply:

> The difference this time is that if there is a substantial measure of agreement on the Constitution, I don't think the Senate will raise the same objections. How could it hold the same view in the face of widespread federal-provincial agreement?

The fact of the matter is that the Senate has never been obstructionist.

The fact of the matter is that painting the Senate as a body that would thwart the will of Canadians gives a false picture. It is inaccurate. I believe that the Premier of Saskatchewan has demonstrated that his ads were window dressing—a sham, but an expensive sham. He didn't support what was in the ads.

This is a debate on the Constitution. The constitutional proposals are going forward. They are going forward with broad support of the Canadian public—

Senator Flynn: They may never come back.

Senator Argue: The media is starting to say that this proposal is a good one, and if the Supreme Court should decide that the federal Parliament has the right and the authority to make this proposal, and to send it to the United Kingdom, then I forecast that it will pass there; the necessary legislation will pass, and it will come back to Canada. Canadians generally will then acknowledge that it was the Liberal Party, assisted by the New Democratic Party—

• (1130)

Senator Asselin: You speak like Broadbent did yesterday. It is the same thing.

Senator Argue: These are facts. You cannot make me responsible for the fact that the Tories are completely irresponsible and have been playing the cheapest kind of politics.

They talked about separatism in the west, and everybody got excited about it. The Prime Minister said he did not think separatism was a real threat out there, and was roundly criticized for saying this when it was being said that the separatists were out there running wild in their thousands.

The man who has been leading separatism in the west, a man by the name of Elmer Knutson, started out with some big meetings. The first one, in Calgary, had 1,500 people present. When he tried a little later to get 300 people in the same auditorium, he set out 300 chairs. All he got, however, were two dozen. Nobody was paying any attention to him, and so he went to the Conservative Party convention in Alberta as a registerd delegate, and they took him in.

Senator Flynn: They took you, too.

Senator Argue: With regard to the Conservative convention, I find this in the news report:

> Attorney-General Neil Crawford said in an interview he did not think the party could expel a member who advocates the breakup of the country although it expelled Calgary MLA Tom Sindlinger last fall for disagreeing with the party—

So it is all right to be a separatist, I guess, in the Conservative Party, but you must not disagree with Premier Lougheed's policies.

[Senator Argue.]

The distinguished Leader of the Opposition was in the House of Commons for years, and has been in the Senate for many years. He had a very distinguished leader in the House of Commons, namely, the Right Honourable John George Diefenbaker. On July 1, 1960, Mr. Diefenbaker was proposing his Bill of Rights. He said, in part:

> All of us hope that when the bill of rights is passed it will represent a forward step. It will not go as far as I would have liked it to go.

Further on he said:

> To wait for a constitutional amendment is to wait for years to come—

Mr. Diefenbaker, I believe, would have been happy with the progress that is being made today.

Senator Smith: He was willing to wait.

Senator Argue: He would have been happy to see placed in the Constitution of this country a Charter of Rights. A charter that provides legal rights in this country.

Senator Smith: You are a great mind-reader.

Senator Argue: He would have been glad to see a charter that would provide rights for men and women on an equal basis, and also for ethnic people. I can tell you that for the ethnic people of Canada—and perhaps that includes almost all of us, since we are a people of so many diverse origins—the amendment that ensures them the right to preserve their culture is extremely important, as I think it is important to Canada.

I think we are travelling in pretty good company, led by the Prime Minister. There are others who have been in favour of a Charter of Rights, the Right Honourable John George Diefenbaker among them. There are a number of leading persons in the New Democratic Party that do not agree with the Premier of Saskatchewan, including his national leader. The Premier of Saskatchewan had an emergency council of the party called, I have read, because he wanted to change their position. He lost that battle, as he has been losing the others. Tommy Douglas, a former leader of the federal national Democratic Party—

Senator Flynn: He was your leader.

Senator Argue: Let me read from the Prince Albert *Herald*.

> Tommy Douglas, former leader of the federal New Democratic Party and once CCF Premier of Saskatchewan, supports the federal government's plan to repatriate the constitution.
>
> In a private interview with The Herald, Douglas said he wants civil rights entrenched in the constitution in order to prevent "some provincial legislature" from taking them away.

He went on to say:

> Trudeau's two-hour speech on the government's constitutional proposals will go down in history with speeches by George Brown on Confederation, Sir Wilfred Laurier's speech on Canadian-British relations and John Diefenbaker's on the Bill of Rights.

Senator Smith: Why do you not say something for yourself?

Senator Argue: I am speaking for myself. Tommy Douglas has answered the Premier of Saskatchewan by saying that the Premier of Saskatchewan has taken a wrong position. Premier Blakeney has wasted public money in advertising certain changes in the Constitution, and then denying those ads himself.

We have only another few minutes to engage in discussion on this question.

Senator Smith: Are you going to take them all?

Senator Argue: If you want to help me take them all up by interrupting, go ahead. Otherwise, I will conclude quickly.

I believe that when the vote is taken in the Senate today, when the Supreme Court decision is made, when the decision of the United Kingdom Parliament is made and the Constitution comes back to Canada, together we will have been responsible for bringing our Constitution home, with all the far-sighted elements that are provided in it. This repatriation of the Constitution will be another great step forward in the development of this country, and in the establishment of national unity from coast to coast.

I am proud to have taken part in this debate today.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I did not think that in the end my friends opposite would make such partisan speeches as the one just made by Senator Argue, the minister responsible for the Canadian Wheat Board.

The fact is that we, in Quebec, have been experiencing a political reality for almost fifteen or sixteen years. Since 1966 or 1967, or since the Liberal Party has been in power in Canada, we have been facing the problem of separatism in Quebec.

Since then, as a result of confrontations and of a lack of cooperation on the part of federal authorities, especially the federal government, separatism has developed in Quebec. We had further proof of this in the last election—

Senator Frith: This is not partisan!

Senator Asselin: On April 13 last, Quebecers voted for the Parti Québécois. Why? Well, because it was the only party in a position to protect them against Ottawa's encroachment on provincial jurisdictions and especially on Quebec's rights. This is precisely why Quebecers re-elected the Quebec government on April 13.

However, this is not the gist of my comments. When I was a member of the Committee on the Constitution as a representative of my party, I pointed out on several occasions the unfairness of the non-application of Section 133 to Ontario. Honourable senators, I will always remember the many times I raised the matter, my friends on the government side simply told me to move a motion which would be voted on.

But I would tell them: "Well, as you are in charge of these committee proceedings, it is your responsibility as representatives of the government to move a motion calling for the application to Ontario of section 133 with regard to the use of the French language". They have always refused to do so.

Now I should like to thank the honourable senators of my party, who understand the situation, for their patience. I did not want to let this unique opportunity pass—it may not present itself again for 20 or 25 years—without the Parliament of Canada making its views known on such vital issues. That is why I am grateful to the leader of my party in the Senate, Senator Flynn, for moving this amendment on my behalf and on behalf of Senator Deschatelets who had agreed to second and co-sponsor this amendment mostly with a view to depoliticizing the issue.

Let all senators, whether they sit on the government or the opposition side, vote according to their conscience and in complete freedom! It is with this in mind that Senator Deschatelets has agreed to co-sponsor the amendment which the Leader of the Opposition has move on our behalf. As you know, I was prevented by the Order of the Senate, and so was Senator Deschatelets, to move the amendment; we had to proceed through the Leader of the Opposition. I am sure that the Leader of the Opposition shares our opinion about this.

I am also pleased that this amendment has been moved because I wanted to do justice to the honourable members of the other place who were unable to move a similar amendment in the House of Commons.

You know what efforts Mr. Robert Gauthier and other honourable members from Quebec as well as Ontario have made, what steps they took to have their caucus accept the possibility of moving in the House of Commons the amendment you now have before you. That right, that authorization was denied them. That is why, and I repeat it, that is, to do justice to my colleagues of the House of Commons for whom this was a gut issue, as it is for me also, we are moving the amendment to section 133 which stands before you.

It is also to remedy the injustice done to 600,000 Ontario francophones who cannot use their own language in dealing with government services, the courts of justice and Crown corporations. As far as the courts are concerned, only in criminal courts are French and English interpretation allowed and the judges can try francophone criminals in their own language. To be entitled to simultaneous interpretation in Ontario, you have to be a criminal if you are a francophone. This right does not apply in civil courts of law.

This amendment is also meant to show Quebecers are right in the outstanding way in which they treat their anglophone minority in Quebec. Never has a minority been dealt with so adequately as the anglophone minority of Quebec. During the election campaign, Quebecers showed they were fed up with the fact that the unfairness with which francophone minorities in the other provinces are treated is not being remedied. That is why also many Quebecers voted for the Parti Québécois, to protest publicly, officially, against this attitude of our representatives in Ottawa who have been refusing for so long to redress the injustices being committed against the French

speaking minorities outside Quebec. That is why also we have moved the amendment that is before you.

Honourable senators, I know Senator Deschatelets wishes to address this amendment. I appeal to your goodwill, to your sense of freedom. Wrongs have to be redressed from time to time and important decisions must be made. Bilingualism is official in New Brunswick because the provincial government decided to comply with section 133. The Supreme Court also ruled that Manitoba had a duty to comply with section 133.

There are 600,000 French Canadians in Ontario and yet they are deprived of the right to use their language, despite the fact that a recent Gallup poll showed that most Ontarians were in favour of applying section 133 in the name of justice for Franco-Ontarians. If there is one place where injustices committed against minority groups in this country can be redressed it is certainly here in the Senate. It is often said that the Senate is an institution whose purpose it is to redress injustices and provide minorities with the rights and privileges that belong to them. This morning we have a unique opportunity to do this. I am certain that the Canadian people are going to examine and scrutinize very closely the vote that will be taken to see if the Senate is still pursuing its avowed objectives and aims, namely that of protecting the minority groups of this country who have been wrongfully treated such as Franco-Ontarians.

Senator Lamontagne: Honourable senators, I would simply like to ask one question of Senator Asselin. Does he not recognize that in its present form the amendment will in no way force Ontario to comply with section 133?

Senator Asselin: That is quite right. It does not force section 133 on Ontario. That was not our aim either. We have always been of the opinion that neither the federal government nor Parliament should act unilaterally. That is why we added a clause pursuant to section 63. It is as simple as that.

• (1140)

[*English*]

Hon. Jack Austin: I would like to ask Senator Asselin whether he can make up his mind between real justice for the francophones of Ontario and his notion of justice with respect to the provinces?

Some Hon. Senators: Order, order!

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, with leave I should like to speak for a minute or two.

I agreed to support this amendment of the Honourable Senator Asselin, through the Leader of the Opposition, for two reasons: first, this amendment will redress an anomaly, an injustice, considering that anglophones in Quebec have enjoyed such advantages since 1867. It goes without saying that at a time when we are proposing a new Constitution, in 1981, the largest minority in Ontario should, in all fairness, be able to address its legislature and testify before Ontario courts in the French language. Indeed I am very surprised that this constitutional resolution does not already provide for such a corrective measure and that we are forced today to proceed through an amendment.

Honourable senators, neither in the other place, nor in the Senate, nor in the Special Joint Committee on the Constitution have we had an accurate, reasonable and acceptable explanation as to why the Province of Ontario should not be subjected to section 133.

I was listening this morning to the Leader of the Government when he tried to provide certain explanations, but they certainly did not answer the following question which a majority of Quebecers are now asking: Why should this Charter impose unilaterally on Quebec provisions which infringe upon its exclusive right to legislate on linguistic and educational matters if by the same principle Ontario is not forced to accept at least institutional bilingualism? I have found no satisfactory or valid answer neither here nor in the other place nor in the joint committee.

Thus, honourable senators, today we have the opportunity to correct an injustice and I invite my honourable colleagues to give very careful attention to the decision they will make. For my part, it was not only a pleasure for me to support this motion this morning, but as a Quebec citizen, I believe that it was also my duty.

• (1150)

[*English*]

Senator Perrault: Honourable senators, I was asked a question regarding the imposition of certain language rights.

The Hon. the Speaker: Honourable senators, according to the order of the Senate, all debate is to stop at noon. If there is unanimous agreement that we continue the debate, then I am at the pleasure of honourable senators.

Hon. Senators: No.

The Hon. the Speaker: Pursuant to the special order, I must now put the question on the motion in amendment of the Honourable Senator Perrault, P.C. Is it your pleasure, honourable senators, to adopt the motion in amendment?

Senator Flynn: Honourable senators, I rise on a point of order. Previously I indicated that because of the basket nature of these amendments, my party does not feel that it would be proper for us to voice our approval. Of course, there are some elements with which we agree but, under the circumstances, we must ask leave to abstain from voting.

The Hon. the Speaker: Honourable senators, according to rule 49(1)(c), any senator may decline to vote. However, I do not believe that the rule permits a mass abstention. It provides for individual assigning of reasons before the senators may be excused from voting.

Senator Flynn: I was merely attempting to simplify the procedure.

Senator Frith: Each senator must give a reason.

Senator Flynn: I just told you that the reason is the basket nature of the amendment.

The Hon. the Speaker: Honourable senators, according to rule 49(1)(c), each senator must indicate his or her intention to abstain and give the reasons for so doing, to which the Senate must agree. However, if honourable senators have another procedure to propose, I will listen.

Senator McIlraith: Honourable senators, in accordance with the provisions of rule 49(1) and 49(1)(c), I ask to be excused from voting on these amendments for the reason that, as honourable senators know, in a lengthy speech on March 17 in the Senate, I indicated my opposition to the main motion on grounds of principle concerning several parts of the main proposal. My voting either for or against these amendments as presented today, particularly in view of the speech of the Leader of the Government, might well be misconstrued as a change of view on the matters of principle I set out in my speech on the main motion. The substance and points of opposition still remain, and it is, therefore, in my view, desirable that I refrain from voting on the amendments before us.

The Hon. the Speaker: Shall the senator, for the reasons assigned by him, be excused from voting?

Senator Frith: Honourable senators, I rise on a point of order. According to the order of the Senate, the vote is to be put at 12 noon. Of course, the vote could be delayed if every single senator rises to ask for leave to abstain. I believe that the question should be put according to the order and that we should have our vote, during which honourable senators may abstain, if they wish.

Senator Cook: The rules say that we have a right to ask for permission to abstain, and I want to abstain.

Senator Frith: Honourable senators who do not wish to vote, do not have to vote. The point is that the rule which is being invoked is dealt with in the order which says that the order itself shall prevail, notwithstanding any rule to the contrary. The order provides for a vote at 12 noon and I suggest that we have that vote.

Senator Cook: Whether you vote or do not vote is part of the vote.

The Hon. the Speaker: Honourable senators, the rules do not permit a debate on a request to be excused from voting. As to the comments of the Deputy Leader of the Government, the abstentions cannot be called before the vote. Each senator has the right to abstain, but I do not believe that I can allow a mass abstention, as suggested by the Leader of the Opposition.

Senator Flynn: I merely wanted to save time.

Senator Grosart: Honourable senators, I rise on a point of order. It has been said that the order of the Senate supersedes our rules as they stand. I suggest this is not so because it is clearly defined in our rules that an order of the Senate is an order by majority vote. Our rules make it equally clear that the rules cannot be suspended by a majority vote, but only by leave of the Senate.

Senator Frith: Look at paragraph 9.

Senator Grosart: I am making my point of order, and the honourable senator may make his once I am finished. I say that the rules are very clear in stating that an order of the Senate may not be used as a means of suspending the rules.

The Hon. the Speaker: Honourable senators, coming back to the question of Senator McIlraith's abstention, shall the senator, for the reasons assigned by him, be excused from voting?

Hon. Senators: Agreed.

Senator Roblin: Honourable senators, if honourable senators must indicate their stand on this matter before the vote is called, then I wish to be included among those who wish to abstain from voting, for the same reasons expressed by those who spoke previously.

• (1200)

Senator Molson: Honourable senators, with great respect, may I suggest that the reason for this disagreement is not really very valid? If the vote is called when His Honour the Speaker calls the yeas and nays, then there is nothing that can prevent a senator from saying that he wishes to be excused from voting at that moment.

Senator Perrault: Correct.

Senator Molson: Then the vote will be called at noon, and the senator's privilege to decline to vote is still available to him. We are not breaking the rules; we are not breaking the agreement; we will just carry on in a smooth way.

The Hon. the Speaker: The solution proposed by Senator Molson seems very reasonable.

Will those honourable senators who are in favour of the motion in amendment moved by Senator Perrault please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Some Hon. Senators: The "nays"?

The Hon. the Speaker: The "yeas".

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

Senator Molson: Honourable senators, in view of the fact that the vote has been called, I should now like to ask to be excused from voting on any amendments to the resolution.

My reasons are that, while some elements of the amendments are desirable, particularly those applying to the extension of section 133 of the B.N.A. Act to the province of Ontario, which should be enshrined, I find it impossible to vote for the amendments en bloc or in an omnibus fashion, as I have already stated in this chamber that I am against the main resolution, in principle.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Lang: May I also ask to be excused from voting on this resolution today? I think I amply provided my reasons to this chamber yesterday afternoon.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Thompson: Honourable senators, I also ask to be excused. I could enlarge on my reasons, but I think Senator McIlraith and two other senators, Senators Molson and Lang, have expressed my reasons adequately.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Hicks: Honourable senators, I ask leave to be excused from voting, largely for the reasons elaborated on by Senator McIlraith, but also because of remarks that have been made, not in this chamber but elsewhere, that those who support these amendments might be inferred to be supporting the main resolution, and I have not yet decided whether I am prepared to do that.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Bell: Honourable senators, I beg to be excused from voting on the amendments for the reasons put forward. I believe that yesterday evening I made it quite clear that it would be impossible for me to support the main motion. Therefore, considering the aspect of consistency, I feel I cannot support the amendments.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

[*Translation*]

Senator Lafond: Since I cannot accept that a Charter of Rights and Freedoms for Canadians which is premature should be dealt with and ratified in Westminster, I will object to the resolution as such.

I therefore ask the Senate, pursuant to our Standing Order 49(1)*c*) to be excused from voting on the amendments to the resolution.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*English*]

Senator Cook: Honourable senators, I also ask to be excused from voting.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Smith: Honourable senators, I want to make sure that, in the lumping together of senators' names who have asked to be excused, my name is not lost. I wish to be recorded as abstaining.

The Hon. the Speaker: Honourable senators, is it agreed?

[The Hon. the Speaker.]

Hon. Senators: Agreed.

Senator Flynn: I also ask to be excused, for the reasons I have already given.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Roblin: Honourable senators, may I be excused?

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Macdonald: Honourable senators, I also ask to be excused.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Asselin: For the same reasons, honourable senators, I ask to be excused.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Fournier: Honourable senators, I also ask to be excused.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Bélisle: Honourable senators, I, too, ask to be excused.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Bielish: Honourable senators, for the same reasons, I ask to be excused.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Marshall: Honourable senators, for the same reasons, I ask to be excused.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Murray: Honourable senators, I also ask to be excused, for the same reasons.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

[*Translation*]

Senator Tremblay: With the consent of the honourable senators, I ask to be excused from voting.

The Hon. the Speaker: Is it agreed honourable senators.

Hon. Senators: Agreed.

[*English*]

Senator Phillips: Honourable senators, I also wish to abstain from voting.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Muir: I ask to be excused, honourable senators, for the reasons given by Senator McIlraith and by my leader.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Grosart: Honourable senators, I request leave to abstain because, for the reason I have stated, I believe the Senate is completely out of order in not following its rule that these motions be voted on *seriatim*.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

[*Translation*]

Senator Deschatelets: Honourable senators, I rise to make a point clear. I insist on voting on Senator Asselin's amendment. I am not yet asking to be excused.

[*English*]

Senator Hicks: But we are not dealing with that one now.

Senator Deschatelets: Very well.

[*Translation*]

Senator Charbonneau: Honourable senators, I wish to be excused, for the same reasons as Senator Lafond.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*English*]

Senator Nurgitz: Honourable senators, I also ask to be excused from voting.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Macquarrie: Honourable senators, I ask for the same course of action, for similar reasons.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Donahoe: Honourable senators, for reasons similar to those advanced by Senator Grosart, I also wish to abstain.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Sherwood: Honourable senators, I also ask to be excused.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Senator Doody: Honourable senators, I too wish to abstain, for the same reasons.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

[*Translation*]

Senator Deschatelets: Honourable senators, for the time being I would like to abstain from voting on the amendment introduced by the Honourable Senator Perrault.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*English*]

Senator Walker: Honourable senators, I also wish to abstain from voting.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

The Hon. the Speaker: Will those in favour of the motion in amendment moved by Senator Perrault, please rise?

An Hon. Senator: The bell is still ringing.

The Hon. the Speaker: Honourable senators, the whips are in their seats. I do not see why we should not begin voting.

Motion in amendment of Senator Perrault resolved in the affirmative on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Lamontagne
Anderson	Langlois
Argue	Lapointe
Austin	Leblanc
Barrow	Lewis
Benidickson	Lucier
Bosa	McElman
Buckwold	McGrand
Cameron	Molgat
Connolly	Olson
Cottreau	Perrault
Croll	Petten
Davey	Riel
Everett	Rizzuto
Frith	Robichaud
Godfrey	Rousseau
Goldenberg	Sparrow
Graham	Stanbury
Guay	Steuart
Haidasz	Thériault
Hastings	van Roggen
Hays	Williams
Laird	Wood—46.

NAYS

THE HONOURABLE SENATORS

—0.

Senator Frith: Unanimous.

Some Hon. Senators: Hear, hear.

ABSTENTIONS
THE HONOURABLE SENATORS

Asselin	Macdonald
Bélisle	Macquarrie
Bell	Marshall
Bielish	McIlraith
Charbonneau	Molson
Cook	Muir
Deschatelets	Murray
Donahoe	Nurgitz
Doody	Phillips
Flynn	Roblin
Fournier	Sherwood
Grosart	Smith
Hicks	Thompson
Lafond	Tremblay
Lang	Walker—30.

The Hon. the Speaker: The motion in amendment of the Honourable Senator Perrault is carried.

I will put the question on the motion in amendment of Senator Flynn. Is it your pleasure, honourable senators, to adopt that motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

[*Translation*]

Senator Thériault: The vote has been called.

[*English*]

The Hon. the Speaker: Will those honourable senators who are in favour of Senator Flynn's motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against Senator Flynn's motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

[*Translation*]

Senator Thériault: Honourable senators, I should like to explain why I am abstaining.

[*English*]

Senator Asselin: It's too late. We are voting now.

Senator Walker: Sit down.

[*Translation*]

Senator Thériault: As I am in favour of the resolution, honourable senators, I should like to explain why I am abstaining from voting on the Leader of the Opposition's motion in amendment. Need I repeat what I have just said in Chinese as well as in English? The main reason I am asking to be excused from voting on Senator Flynn's motion in amendment is that I am in favour of the resolution as I have always been, but in principle I am fully behind the suggestion that the provisions of section 133 should apply also to Ontario.

• (1210)

[*English*]

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator McIlraith: Honourable senators, for similar reasons, I ask leave to be excused from voting.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Walker: For the same reasons, honourable senators, I ask leave to be excused from voting.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Thompson: Honourable senators, for the reasons expressed by Senator McIlraith, I also ask leave to be excused.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Lang: For similar reasons, I ask leave to be excused.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Molson: For similar reasons, I ask to be excused.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Lafond: For the same reasons, honourable senators, I ask to be excused.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Bell: Honourable senators, for similar reasons I ask to be excused.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Cook: For similar reasons, I ask to be excused.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Call in the senators. Is it necessary to wait?

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators opposed to the motion in amendment of Senator Flynn please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

Motion in amendment of Senator Flynn resolved in the negative on the following division:

YEAS
THE HONOURABLE SENATORS

Asselin	Macdonald
Bélisle	Macquarrie
Bielish	Marshall
Charbonneau	Muir
Deschatelets	Murray
Donahoe	Nurgitz
Doody	Phillips
Flynn	Roblin
Fournier	Sherwood
Grosart	Smith
	Tremblay—21.

NAYS
THE HONOURABLE SENATORS

Adams	Hicks
Anderson	Laird
Argue	Lamontagne
Austin	Langlois
Barrow	Leblanc
Benidickson	Lewis
Bosa	Lucier
Buckwold	McElman
Cameron	McGrand
Connolly	Molgat
Cottreau	Olson
Croll	Perrault
Davey	Petten
Everett	Riel
Frith	Rizzuto
Godfrey	Robichaud
Goldenberg	Sparrow
Graham	Stanbury
Guay	Steuart
Haidasz	van Roggen
Hastings	Williams
Hays	Wood—44.

ABSTENTIONS
THE HONOURABLE SENATORS

Bell	Molson
Cook	Thériault
Lafond	Thompson
Lang	Walker—9.
McIlraith	

The Hon. the Speaker: I declare the motion defeated.

Honourable senators, we now have to dispose of the motion in amendment of Senator Yuzyk. I do not know whether it is covered in the main amendment—

Senator Flynn: It is. I think the wise thing to do is to ask leave to have it withdrawn. If this question had been put before the government amendments, could we have expected that members opposite would have voted with us for once?

Senator Frith: I think we should say, certainly, on behalf of many of us, that that would be a reasonable inference.

[*Translation*]

The Hon. the Speaker: The motion can only be withdrawn with the unanimous consent of the Senate.

[*English*]

Is it agreed, honourable senators, that this motion in amendment be withdrawn?

Hon. Senators: Agreed.

Motion in amendment of Senator Yuzyk withdrawn.

The Hon. the Speaker: Pursuant to the special order, further debate on the motion, as amended, is adjourned until a day to be named by the Leader of the Government in the Senate.

Debate adjourned.

DOCUMENTS TABLED

Leave having been given to revert to Presentation of Petitions:

Hon. Raymond J. Perrault (Leader of the Government): tabled:

Notice of Ways and Means Motion to amend the *Petroleum Administration Act.*

Report of Minister's Permits issued under the authority of the *Immigration Act, 1976,* for the calendar year 1980, pursuant to section 37(7) of the said Act, Chapter 52, Statutes of Canada, 1976-77.

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government), pursuant to notice of Thursday, April 23, moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, May 19, 1981, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned until Tuesday, May 19, 1981 at 8 p.m.

THE SENATE

Tuesday, May 19, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

HONOURABLE SALTER A. HAYDEN

FELICITATIONS ON RETURN TO CHAMBER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, one of Canada's most distinguished parliamentarians is, of course, our own Senator Salter A. Hayden, the dean of this chamber. I know that I express the views of all honourable senators when I welcome him back and when I say that he looks extremely well and obviously restored to his usual good health and sound constitution. We look forward to a renewed and very productive relationship with him in the months and years to come. We have missed him very much.

Hon. Jacques Flynn (Leader of the Opposition): It is with great pleasure that I join the Leader of the Government in welcoming you back, Senator Hayden. We missed you very much; we need you very much; and we hope that you will resume your duties—but do take it easy, if necessary, because we want you to be with us for a long time to come. All of us on this side are also happy to have you back.

Hon. Salter A. Hayden: Honourable senators, it was an unusual experience for me not to have been present in the Senate for a period of nearly six months. Usually my attendance has been regular and has conformed to the requirements of the rules. I am not admitting how many of the rules I may not exactly and to the full extent have conformed to, but I am happy to be here once again.

I can tell you that at times, knowing what was going on here, this is where I wanted to be because this is where the action is. However, it was not possible.

I have been very fortunate because I have no disabilities or illnesses of any kind. Some of my friends are shocked when I tell them that the only problem I have is that I have developed what is called a "veer to the left." I said, "Don't give that any publicity because my friends would be upset to think that it was possible for me, with my history and performance, to go in that direction." However, I did, and the problem has been one of adjusting. Determination helps somewhat. Some of my friends said, "Well, you don't suffer from any lack of that."

It was pleasant to receive your greetings tonight, and the letters and telephone calls, and the inquiries that were made, directly and indirectly, by senators. Several senators who happened to be in Toronto even visited me in hospital. They all came to the same conclusion, that there was still life in the animal and his thinking processes did not seem to have been adversely affected by the veering disability he seemed to have acquired. It is still there to some extent, but I have learned how to check it.

• (2005)

Enough of talking about myself and my illnesses. It is wonderful to be back and to be reunited with my friends. The Senate has a way of converting political opponents into friends, even very close friends, and they do not suffer any deterioration of their political outlook in the matters they put forward. This is a measure of their right to be friends with whom they choose. Over the years, I have wanted to be friends with everyone in the Senate. To me, the Senate has a very important place in the history of Canada and, therefore, the members of this chamber occupy a most honourable position.

As to what the future holds, your guess is as good as mine. I should like to feel that I could resume my position, with the duties and responsibilities it entails. However, I do not have complete control over that situation, although you would be surprised at the role determination plays in that regard. The decision in this regard has yet to be made.

The one thing I have definitely decided is that if I am unable, I am not going to attempt to do the things I have done to date. At the moment, I see no reason why I should not be able to carry on, but things are uncertain and can change very quickly.

Realizing all this, I reserve my position until some future time, and I shall govern myself accordingly. In the meantime, I hope to be reasonably regular in my attendance at sittings of the Senate and at meetings of the committees of the Senate on which I serve as a member.

The Hon. the Speaker: I am sure that neither leader will object if I subscribe entirely to their statements which recite very well the feelings of all honourable senators.

Hon. Senators: Hear, hear!

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—COMMONS MESSAGE

The Hon. the Speaker: Honourable senators, the following message has been received from the House of Commons:

Thursday, April 23, 1981

Ordered,—That a message be sent to the Senate to acquaint Their Honours that the Report of the Commissioner of Official Languages for the calendar year 1980 (Sessional Paper No. 321-1/301A) Tabled April 22, 1981, has been referred to the Special Joint Committee on Official Languages.

Attest:

C. B. KOESTER
The Clerk of the House of Commons

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—PROPOSED OPPOSITION AMENDMENTS OF FRIDAY, APRIL 24, 1981, PRINTED AS APPENDIX

The Hon. the Speaker: Honourable senators, before proceeding further I should like to make a brief statement.

During the last sitting of the Senate, on Friday, April 24, 1981, the Honourable Senator Flynn, P.C. intended to move certain amendments to the motion that an Address be presented to Her Majesty the Queen respecting the Constitution of Canada. Those amendments were not moved, but, as indicated on page 2372 of *Debates of the Senate,* it was agreed that they should be included in Senator Flynn's speech.

Through inadvertence, those amendments did not appear in the *Debates* of that day, and it is now suggested that they be printed as an appendix to today's proceedings.

Is this procedure agreeable to honourable senators?

Hon. Senators: Agreed.

(*For text of proposed amendments see Appendix "A", p. 2398.*)

● (2010)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of The Commission of Inquiry Into Certain Allegations Concerning Commercial Practices of The Canadian Dairy Commission (Commissioner, The Honourable Mr. Justice Hugh F. Gibson), dated December 29, 1980.

Report of the Department of Fisheries and Environment for the fiscal year ended March 31, 1980, pursuant to section 7 of the *Department of Fisheries and Oceans Act,* Part I, and section 7 of the *Department of the Environment Act,* Part III, Chapter 13, Statutes of Canada, 1978-79.

Capital Budget of the Northern Canada Power Commission for the fiscal year ended March 31, 1981, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-279, dated February 5, 1981, approving same.

Capital Budget of Atomic Energy of Canada Limited for the fiscal year ending March 31, 1982, pursuant to section 70(2) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-1073, dated April 16, 1981, approving same.

Report on operations under Part II of the *Export Credits Insurance Act* for the fiscal year ended March 31, 1981, pursuant to section 27 of the said Act, Chapter 105, R.S.C., 1952.

EXCISE TAX

PRELIMINARY REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS APPENDIX

Hon. A. Irvine Barrow: Honourable senators, I have the honour to table the preliminary report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see Appendix "B", p. 2400.*)

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Douglas D. Everett, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Wednesday, May 27, 1981, and that rule 76(4) be suspended in relation thereto.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, may we have an explanation?

Senator Everett: Honourable senators, we had arranged to have the Deputy Minister of Finance, Mr. Ian Stewart, appear at 9.30 next Thursday morning. Unfortunately, he has had to cancel that appearance, and it is rescheduled for the following Wednesday at 2.30 p.m. We are hopeful that the Senate will permit us to meet at that time.

There will be a number of distinguished witnesses appearing before the committee next week. On Tuesday at 1.30 p.m. the Governor of the Bank of Canada will appear; on Wednesday at 2.30 p.m. the Deputy Minister of Finance will appear; and on Thursday at 9.30 a.m. the President of the Treasury Board will appear. It will be a most interesting week.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ECONOMY

REAL DISPOSABLE INCOME OF CANADIANS—STATEMENT BY PRIME MINISTER

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to inquire of the Leader of the

Government respecting a statement made in the other place by a prominent spokesman for the present administration, namely, the Prime Minister.

● (2015)

As reported at page 9633 of Commons *Hansard* of May 15, the Prime Minister said that the real disposable income of Canadians had risen between 1970 and 1980 by 50 per cent—that is, that the real disposable income of Canadians had gone up. He went on to say that Canadians are 50 per cent better off on the average in 1980 than they were in 1970.

Honourable senators, I understand that sometimes the Delphic statements of the honourable gentleman require a little exegesis, and I suspect that one of the representatives of the cabinet on the other side can give us that explanation. What is the source of this statement of the Prime Minister, and on what basis does he rest his claim of the 50 per cent increase in the well-being of Canadians in economic terms in the 10-year period 1970-80?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Right Honourable the Prime Minister has very correctly pointed out that despite some adverse economic circumstances which afflict the world today—and certainly Canada is part of this general economic malaise—there are some very encouraging indices which indicate that, by comparison with many other nations, our unemployment performance, while not satisfactory, is certainly better than had been anticipated by some of the critics, and the disposable income of Canadians has certainly increased over a period of time. When the honourable senator asks the source of that information, obviously that question must be taken as notice, but my colleague in cabinet, the Honourable Senator Olson, may wish to comment.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, on the narrow question as to what is the source of the calculation in the conclusion that the honourable senator attributes to the Prime Minister, obviously I will have to ask for that information, but if my honourable friend would like me to give him—

Hon. Jacques Flynn (Leader of the Opposition): Answer the question.

Hon. Martial Asselin: Why don't you try to answer the question? You don't know the answer.

Senator Olson: —a long list setting out the economic expansion and the increase in the standard of living that has taken place in Canada over this decade—a time when this party was in office except for a nine-month interruption; it is a proud and distinguished record—I shall try to do so.

[Senator Roblin.]

Senator Roblin: Perhaps I can assist him in his research by giving him some of the facts that could have been given in the other place by the Prime Minister. With respect to the question of unemployment that was introduced into the discussion by the Leader of the Government, I should ask him to observe that unemployment in Canada in the period from 1976 to 1980 was worse than in any other of the major countries for whom statistics are kept—France, Germany, Italy, Japan, the United Kingdom and the United States. So much for that argument. The source is Statistics Canada. These figures were given to us this afternoon by the Chairman of the Economic Council of Canada, which is a pretty good source.

Let me tell my honourable friend something about incomes in Canada. Real wages—that is, the real spending power of money—in 1972, 1971 dollars, averaged $6,694 per employed person. In 1980 they averaged $7,234 per employed person, an increase of $540. That is a long way from the 50 per cent increase. If my honourable friend suggests that the new base of 1970 would provide a 50-per-cent increase, I would be delighted to see him prove it because I do not believe it to be so. The fact is that the real wages per employed person in the period 1972-75 went up by 3.3 per cent, and in the period 1976-80 they went down by 3.3 per cent.

Senator Olson: Has my honourable friend read the rules about how to ask questions?

Senator Perrault: I have a suggestion for the honourable senator. I rise on a point of order. We would welcome a debate in this chamber on the state of the economy. If the honourable senator wishes to introduce a resolution which would enable honourable senators—

Senator Asselin: Why don't you introduce it yourself?

Senator Perrault: —to participate in a full debate on this subject, we would welcome that initiative.

Senator Asselin: You are asking the opposition to do your work.

Senator Perrault: This government is not ashamed of its efforts to stimulate the Canadian economy and provide a better life for Canadians, but I find it appalling that the Deputy Leader of the Opposition would take almost vindicative glee in citing all the negative reports and rumours he has been able to dredge up from any direction. Let us have a full debate and, let there be a full opportunity for facts to be put on the record rather than mere allegations.

● (2020)

Senator Olson: Honourable senators, it is pretty clear that we should have a debate on this, and that is fine, but my friend really ought to give a good example to the rest of those people on the other side who have been getting away with this kind of foolishness for a long time.

Citation 357 in the Fifth Edition of *Beauchesne*, which is to be found at page 129, says very clearly that the purpose of a question is to obtain information and not to supply it to the house. That is clear. This is Question Period, not a mini-debate period. The citation goes on to say that a question, oral or

written, must not—and I guess my friend has forgotten the word "not"—be a speech, however short, nor be of unreasonable length. There are many other prohibitions. My honourable friend knows that he is violating every one of the rules by which we have tried to keep some order and decorum in this, as well as the other, house over a long period of time.

Senator Roblin: How convenient a memory my honourable friend has. If I learned anything about asking questions I probably learned it from him when he was on this side of the house not too long ago. His questions were among the most argumentative, repetitive and oratorical of any that I have ever heard. I would like to think I could match his standard of violation of what he calls the rules. Those are the rules of the House of Commons. We in this chamber have a much more flexible system of conducting our affairs, and I think a much happier system in terms of elucidating information—that is, unless I am asking questions of my honourable friend, because his specialty is not to give any information. If he would give information in the first place he would avoid an awful lot of effort on the part of the people on this side of the house to get the facts before the country.

People say it is a question of allegations and not facts. Well, they come from the Economic Council of Canada, they come from Statistics Canada. Those are facts enough for me. My honourable friend has undertaken, however, to justify the Prime Minister's statement, and I await his remarks with some interest.

Senator Flynn: The point of order was raised by the Leader of the Government, but the point of order follows a breach of the rules by the Minister of State for Economic Development. He can read his answer tomorrow and he will find that it was not an answer. If he had just stayed put and said, "I agree with the Leader of the Government, and I am going to take the question as notice," this probably would not have happened; but he added a statement which was merely hot air, an empty statement, defending the policy of the government generally, instead of replying to the question. If he had nothing to say he should have remained silent. He did not do that, and he is now reaping what he has sown.

Senator Perrault: Honourable senators, surely the position taken by the government here is a reasonable one. Again, with regard to Question Period procedure, questions should not—

Senator Flynn: Why do you not talk about replies, too?

Senator Perrault: I would urge the honourable senator to listen a minute, and muster up as much patience as he is able.

Parliamentary practice requires that questions should not deal with material demanding lengthy and detailed answers. Surely a scatter-gun assault on the alleged economic policies of the government is one that demands a rather lengthy and detailed answer.

Secondly, parliamentary practice requires that questions should not raise matters of policy too large to be dealt with in answers. Of course, the questions raised by the Honourable Senator Roblin are those that invite and require lengthy replies. They go to basic economic policy, and economic philosophy and practice.

Hon. Richard A. Donahoe: What was the Prime Minister's source?

Senator Perrault: Surely the proposal that honourable senators may wish to participate in a debate on the state of the economy is one with some merit.

Senator Roblin: My honourable friend is completely off base, and as usual he is quite wrong. There is no question of a lengthy reply being required. A mere factual reply was all that was necessary. The reason the people on the other side answer at such length is that they have to talk around the question because they have so much to answer for.

My question is a simple one: What is the source of the Prime Minister's statement that the people of this country are 50 per cent better off in economic terms now than they were ten years ago? That is all I am asking. Now, you can answer that in a few short words if you care to do so.

Hon. G. I. Smith: It takes them a long time to say they do not know.

● (2025)

INFLATION—BURDEN ON FARMERS

Hon. Cyril B. Sherwood: Honourable senators, I have a question I intended to ask the Minister of State for the Canadian Wheat Board, but in his absence I shall direct it to the Minister of State for Economic Development.

I should like to ask the minister what is being done by the government to deal with the emergency created by rising costs, low farm prices and stratospheric interest rates plaguing Canadian farmers.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there is a long list of actions taken—

Hon. Robert Muir: Give us a short, concise answer.

Senator Olson: If the honourable senator wants a short, concise answer, then I think that on balance the government has taken a proper mix of the most appropriate remedial action that can be taken at this time.

Some Hon. Senators: Hear, hear.

Hon. G. I. Smith: The minister is supposed to give us an answer—

Senator Olson: You wanted a short answer.

Senator Muir: An intelligent answer.

Senator Sherwood: Honourable senators, perhaps I could direct a supplementary question which would elicit a short, straightforward answer from the minister.

An Hon. Senator: I don't believe it's possible.

Senator Sherwood: Let me try. Will an emergency program, through the federal Farm Credit Corporation, be established

to provide special refinancing for those farmers who are going under through no fault of their own?

Senator Olson: Honourable senators, whether or not a special program for agriculture should be brought in through the Farm Credit Corporation, or any other delivery system, is a question that has to be answered in the larger context so far as government policy is concerned, because I am sure that my honourable friend realizes that some of the problems being faced and some of the increased costs resulting from credit costs are indeed not confined to agriculture.

Hon. Duff Roblin (Deputy Leader of the Opposition): We are all suffering; you can be sure of that.

Senator Sherwood: Honourable senators, I have a further supplementary. I should say to the minister that in 1978 or 1979 a farmer did not foresee anything like the 20 per cent or more interest rates that prevail today. When he approached his banker to secure a loan, at that time, the bank was perfectly willing to lend the money. That money has now become a disastrous burden for many farmers. I am simply asking the minister, as requested by the Canadian Federation of Agriculture, whether an emergency plan is under consideration by the government.

Senator Olson: Honourable senators, the Minister of Agriculture has given a number of replies to a question similar in nature. His answer has been that there are some programs—if that is the right word, although I do not think it is—some amendments that may give some relief.

I want my honourable friend to understand very clearly that the problems associated with higher interest costs are not confined to agriculture. Indeed, there are some sections of the agricultural sector that are probably as well equipped as, or even better equipped than, some other sectors of the economy to pay those increased costs.

Senator Smith: Don't make a speech.

Hon. Jack Marshall: Honourable senators, I wonder if the Minister of State for Economic Development would agree with his colleague the Minister of Agriculture that the banks should show some responsibility towards farmers who are losing their farms and should direct that responsibility towards helping the situation rather than making enormous profits, which is against the whole economic program of the government.

Senator Olson: Honourable senators, I am not quite sure what the question was. I believe it was whether I agree with the Minister of Agriculture. I agree with the Minister of Agriculture that there is a very severe problem. There is also another point, which is that there have been some rather significant increased profits showing up by the financial institutions, particularly the banks. It seems to me that you can take it from there and try to work out some policies that would relieve the situation.

I want to get back to my earlier point, which is that it is not, in my view, fair or equitable to single out certain sections of the agricultural sector as being in a more distressed situation than other people who also have to cope with higher interest charges.

• (2030)

ENERGY

SASKATCHEWAN—OIL WELL SERVICING ASSISTANCE GRANT PROGRAM

Hon. R. James Balfour: Honourable senators, I wish to direct a question to the Minister of State for Economic Development. In April the Government of Saskatchewan introduced a new provincial oil well servicing assistance grant program. For obvious reasons, the Saskatchewan government requested that the federal government exempt, for corporate tax purposes, this new provincial incentive.

Given that this new incentive commenced on May 1, there has already been some confusion in the industry in Saskatchewan which has been exacerbated by the long delay on the part of the federal government in responding to this request. I understand that today the government has responded to the Saskatchewan government's request. Is the grant going to be exempt from federal corporate tax or not? A simple yes or no will suffice.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall have to take that question as notice and get the answer later. I do not have it right on the tip of my tongue today.

Hon. G. I. Smith: Have you not got a speech ready?

Hon. Duff Roblin (Deputy Leader of the Opposition): He has one ready, but he is not going to give it now.

THE ECONOMY

TAXATION—POSSIBLE BUDGETARY MEASURES

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Minister of State for Economic Development. On the weekend the Minister of Finance, in preparation for the next budget, said that in light of the current strength of the economy he would have to review the prospect of tax increases. Will the Minister of State for Economic Development tell the Senate if it is the government's considered view that two consecutive quarters of real growth constitute sufficient strength in the economy to warrant the imposition of either new or added taxes?

Hon. H. A. Olson (Minister of State for Economic Development): My honourable friend is now asking me to do something that his colleague in front of him does not want me to do: he is asking me to express an opinion.

Hon. G. I. Smith: Just answer his question.

Senator Olson: No, he is asking me to express an opinion, and you are constantly saying, "Just give us the facts."

Senator Smith: Just answer the question.

Senator Olson: Opinions and facts are not necessarily synonymous.

Senator Smith: I have noticed that, especially with your answers.

Senator Olson: My reply to the honourable senator's question is that one of the problems the government is also concerned with—as well as the Bank of Canada and others who are responsible—is the matter of rising inflationary pressure. Some of my friends were complaining about this earlier tonight, or at least they alleged, and I think there is some validity to the allegation, that some of that pressure on interest rates and inflation is owing to the size of the federal deficit. Certainly, if we are to correct that, there are two options: one is to cut the spending on one side; and the other is to make increases on the revenue side. Those are the considerations that the Minister of Finance was taking into account when he said that it was his responsibility to review that. But, even without that, I think it is perfectly normal for the Minister of Finance to assert that he takes that into account as he approaches each of his budgets.

Senator Nurgitz: I take it, then, from the minister's response that it is the government's intention, perhaps, to seek higher taxes from the economy.

Senator Olson: No. The honourable senator does not need to take that from what I said. He need only take the words that I said at their face value. There is no need to add to them. I said that the Minister of Finance must take that into account as one way of responding to the balance of economic conditions. That is what I said.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have a very simple question for the Minister of State for Economic Development. To reduce inflation and interest rates, is the government planning to increase taxes in the next budget or else to set up wage and price controls? Has it made a choice? Will it let Canadians pay interest rates between 20 and 21 per cent and risk jeopardizing their homes and assets? Does the government at least have a program in this regard? Can the minister reply yes or no? What is the program of the government?

[*English*]

Senator Olson: The Minister of Finance has already stated on a number of occasions, and in case my honourable friend has not heard it I can repeat it, that he, the Minister of Finance, is not contemplating wage and price controls. But he has also indicated—

Senator Asselin: What does he want to do?

Senator Olson: He has stated repeatedly that he considers the inflationary pressure that is building up one of the highest priority problems within our economy, and that he is taking, or will support, appropriate action to cool that inflation to some extent.

[*Translation*]

Senator Asselin: Do I understand the reply of the minister to be that the government can do nothing to lower interest rates and to give some hope to Canadians that they can save at least the assets that they have acquired over the years? The government is not prepared to do anything. Is that what the minister is saying?

● (2040)

[*English*]

Senator Olson: No, my honourable friend cannot draw that conclusion from what I said.

THE SENATE

MINUTES OF THE PROCEEDINGS—PRINTING OF RESOLUTION RESPECTING THE CONSTITUTION

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate. As honourable senators have probably noticed, the *Minutes of the Proceedings of the Senate* for April 24 are rather bulky because the constitutional resolution has been printed twice, and no doubt there is a good technical reason for that.

My question is: Is it intended to continue printing this resolution on a weekly basis, pending receipt of the judgment of the Supreme Court of Canada, or can we dispense with printing it until after we receive that judgment?

Hon. Jacques Flynn (Leader of the Opposition): Do you want to stop holding your nose?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, this is not an olfactory discussion. May I suggest that the honourable senator has advanced a constructive and useful idea. Inquiries will go forward with respect to the goals he desires.

VETERANS AFFAIRS

PROPOSED AMENDMENT OF STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

Hon. Jack Marshall: I should like to ask a question concerning a particular segment of the population which is afflicted by inflation and the increases in the cost of living. I refer to the widows of the veteran disability pensioners under the 48 per cent category. As a result of questions in the other place which were put to the Minister of Veterans Affairs, it was stated that the minister has placed before cabinet amendments to Bill C-40 which would eliminate the unfair phasing-in period of six and a half years for widows of disability pensioners to qualify for the pensions.

Would the Leader of the Government confirm that legislation to this effect will be brought forward before the summer recess? I request this particularly in view of the fact that the minister admitted in the Senate committee proceedings that he agreed with the thrust of the Standing Senate Committee on Health, Welfare and Science to the effect that this is unfair to those widows in that age category who may never live to qualify.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question will go forward to the minister and the information will be brought here when it is made available.

Senator Marshall: I have a supplementary question having to do with legislation, which I would like directed to the government house leader in the other place. One of the difficulties he related was that the legislative timetable might not permit such legislation to be prepared before the summer recess. I wonder if the Leader of the Government would suggest to the leader in the other place that new legislation or amendments to Bill C-40 could be introduced in this chamber, where we could deal with it thoroughly, get to the bottom of it, and get this bill through in order to eliminate this inequity in the veterans' legislation as soon as possible.

Senator Perrault: Honourable senators, it has been suggested on many occasions that bills be introduced in this chamber. In fact, that is a procedure which has been increasingly adopted in recent years. May I say that, with the co-operation of the members of the opposition in this place and in the other place, perhaps we may be able to achieve that worthwhile objective described by the Honourable Senator Marshall.

Senator Marshall: I am glad that the Leader of the Government agrees. There are other questions arising related to rumours that the Prime Minister would be appointing a separate Minister of Veterans Affairs. Recently I had a list of senators who are veterans compiled for me by the Sergeant-at-Arms in the other place. It appears—and it may be surprising—that between 25 and 30 veteran senators, very learned people, sit in this place. I wonder if the leader could suggest to the Prime Minister that the next Minister of Veterans Affairs could be appointed in the Senate.

Senator Perrault: There is no question, honourable senators, that there are many highly qualified veterans of Canada's armed forces on both sides of this chamber and in the other place. Perhaps the Right Honourable the Prime Minister, in his wisdom, will appoint a minister at some time in the future.

ENERGY

EFFECT OF NATIONAL ENERGY PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I would like to reply to a question raised on April 14 by Senator Balfour which concerned drilling activity in western Canada. I am able to inform him that, according to current data and the number of rigs making holes at this time, it is anticipated that some 6,800 wells will be completed in 1981, of which western Canada will account for 6,500 wells.

With reference to the honourable senator's question concerning a Custom's count of rigs leaving the country for the United States, no precise figures are available. The reason for this is that drilling rigs must be dismantled before being transported. Therefore, Customs officials consider their components to be "drilling equipment" and report on the dollar value only.

Honourable senators can make some extrapolations from that, but the precision that was requested in the question is not available in that form.

OIL AND GAS—OFFSHORE DRILLING—SUBMISSION OF CANADIAN SHIPBUILDING AND SHIP REPAIRING ASSOCIATION RE BILL C-48

Hon. H. A. Olson (Minister of State for Economic Development): I should also like to reply to a question raised on March 19 by Senator Marshall which concerned assistance to the shipbuilding industry.

My colleague, the Minister of Industry, Trade and Commerce, has announced that consultations are planned which will lead to a new policy of shipbuilding assistance. These consultations are to include the industry, labour and the provinces. I am informed that several options for assistance will be considered before a new policy is adopted.

TRANSPORT

TORONTO INTERNATIONAL AIRPORT—INTERRUPTION OF SERVICE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by the Honourable Senator Grosart on March 25. His question was with respect to a "warning of the likelihood of increased air traffic control delays for travellers using Toronto International Airport" given by Mr. W. J. Robertson, President of the Canadian Air Traffic Control Association.

The warning by Mr. Robertson arose from a disagreement between management and controllers at Toronto International Airport over an adjustment in shifts. Some controllers cancelled their overtime shifts on March 24, 1981, and this resulted in a temporary restriction in the number of aircraft operating at the airport. The situation returned to normal on March 25, 1981. The responsibility to assign work, determine the number of employees per shift, and adjust shift schedules in an efficient manner rests with management. The disagreement in question was resolved through consultation between management and the Canadian Air Traffic Control Association.

HEALTH AND WELFARE

HEALTH OF JAMES BAY CREE INDIANS—GOVERNMENT POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by the Honourable Senator Nurgitz on March 25 last respecting the health of James Bay Cree Indians and government policy.

The Minister of Indian Affairs and Northern Development recently announced in the other place that he, in conjunction with the Minister of Justice, is undertaking a review of the

implementation of the James Bay Agreement. One aspect of that review will be an examination of the dispute concerning the payment of CORE funds to the Cree Regional Authority. I do not want to prejudge the review which is now under way, but I would like the honourable senator to be aware that Canada has never denied its obligation to provide CORE funding. The dispute with the Cree Regional Authority has focussed on whether the CORE funding program stipulated in the James Bay Agreement referred to the program funded by the Department of Indian Affairs or a similar program offered by the Secretary of State.

Last spring and summer the Cree communities of Nemaska and Rupert House had serious outbreaks of gastroenteritis which were probably related to the lack of adequate water and sewage facilities as well as personal hygiene problems, and which unfortunately resulted in the death of several children. The Minister of Indian Affairs undertook to assist the Crees in implementing a remedial measures program, and on December 10, 1980 an agreement was signed with the Cree concerning the implementation of that program. It can also be reported that the construction of permanent facilities is now under way in both communities.

There have also been reports of two cases of tuberculosis in the community of Mistassini, but there have been no deaths as a result of tuberculosis and appropriate medical care is being provided by the Government of Quebec.

TRANSPORT

NEWFOUNDLAND—NORTH SYDNEY TO ARGENTIA FERRY SERVICE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Doody on April 7 about the status of the continuance of the east coast ferry service running between North Sydney, Nova Scotia, and Argentia, Newfoundland.

This matter was raised in committee in the other place on March 31, 1981. The Minister of Transport made it clear that this ferry service would be in operation again this year and that no decision had been taken to discontinue this summer ferry service to Newfoundland.

The question has, however, been raised in the context of ongoing discussions between the Minister of Transport and the Province of Newfoundland concerning possible trade-offs under an overall Newfoundland transportation package. Under this approach, the elimination of federal contributions in one area of transportation can be used in other areas of transportation which may be of greater priority in the province.

The present annual subsidy for the Argentia service is between $8 million and $9 million. It may be that this transportation money can be put to more effective use elsewhere in the province.

● (2050)

It must be stressed that no decision has been made. At this point in time it is simply an option or alternative to be considered in light of federal and provincial transportation funding priorities.

THE PUBLIC SERVICE

EMPLOYMENT OF THE DISABLED AND HANDICAPPED

Hon. Raymond J. Perrault (Leader of the Government): Finally, honourable senators, on April 9 Senator Muir asked a question on the employment of the disabled and handicapped.

In January of this year an interdepartmental *ad hoc* committee was established to develop a comprehensive governmental response to the report tabled on February 16, 1981 by the Special Commons Committee on the Disabled and the Handicapped. Some 30 departments and agencies are participating in the review undertaken by the interdepartmental committee.

It is expected that a cabinet decision will be announced before the end of the current session concerning the implementation of recommendations in the report entitled *Obstacles*.

Hon. Robert Muir: Honourable senators, as a supplementary, would the Leader of the Government tell us whether there is still a controversy on this very subject between the Minister of Employment and Immigration and the Minister of Supply and Services?

Senator Perrault: Honourable senators, I am not aware of any controversy between the two ministers, both of whom perform their duties with high standards of excellence. However, I will endeavour to obtain any further information which might help to enlighten the honourable senator.

Senator Muir: I fully realize that the leader loves both of those ministers, and I am sure they love each other very much. However, the question raised before was whether or not he had information regarding the hearings of the committee. I tried to be as helpful as I could and gave him the date of that hearing, along with the page number where the Minister of Supply and Services made one statement and then, later, the Minister of Employment and Immigration said he did not agree with the statement of the Minister of Supply and Services.

I would ask the Leader of the Government to have some of his staff check into the matter further in order to ascertain why there seems to be a difference of opinion between those two honourable gentlemen.

Senator Flynn: That's the way to do it; very good.

PUBLIC WORKS

NEWFOUNDLAND—STATUS OF FEDERAL PROJECTS

Question No. 20 on the Order Paper—**By Hon. Jack Marshall:**

1. What is the present status of the Federal Government's $15,000,000 project to provide CNR dry dock syncrolift facilities in St. John's Harbour, Newfoundland?

2. What is the present status of the Federal Government's $8,100,000 project to facilitate Bay Bulls Harbour improvements?

3. What is the status of the Federal Government's $6,000,000 project to upgrade the Trans-Canada Highway (Terra Nova National Park)?

4. What is the status of the Federal Government's $4,000,000 project for Fleet dock construction at Argentia, Newfoundland?

5. What is the status of the Federal Government's $13,200,000 project to provide a fisheries patrol vessel for the Province of Newfoundland?

6. What is the status of the Federal Government's $800,000 project to provide paving of the Mary's Harbour airstrip in Labrador?

7. What is the status of the Federal Government's projects to provide under Canada-Newfoundland DREE agreements; (a) Stephenville Mill conversion ($13,500,000) (b) Industrial Development ($23,985,000) and (c) Forestry Agreement Amendment ($10,400,000)?

Reply by the Minister of Industry, Trade and Commerce:

1. The federal government in 1979 made a proposal to Canadian National involving the provision of a syncrolift type of dry dock with three dry dock berths at a cost not to exceed $15 million. After preliminary engineering was carried out by the Department of Public Works, it became apparent that costs would exceed this spending limit. CN and government officials then worked up a new proposal in which the new project cost of $21 million would be financed by a direct investment of $2.5 million from CN and $18.5 million from the federal government. However, the Province of Newfoundland and Labrador has recently advised that it has offered CN a guarantee of sufficient financing to replace the federal presence. Given this offer, it is felt that the matter of financing has now been adequately provided for and that federal financial involvement is no longer required.

Reply by the Minister of Fisheries and Oceans:

1. To be answered elsewhere.

2. The project consists of construction of a dock and depot to service Fisheries and Oceans vessels.

Preliminary design has been completed. Scheduling of final design and construction will follow approval of the Fisheries and Oceans long range major construction program by the Cabinet Committee on Economic Development and Treasury Board. Appropriate submissions have been prepared.

The latest estimate for the project is $14.5 million.

3. To be answered elsewhere.

4. To be answered elsewhere.

5. A 205 ft. Department of Fisheries and Oceans Offshore Patrol Vessel (the *Cygnus* replacement) is being built at Marystown Shipyard Limited, Newfoundland for operation in the Maritimes Region out of Halifax, N.S. Construction and erection has just commenced with delivery expected by November 1981.

6. To be answered elsewhere.

[Senator Marshall.]

7. To be answered elsewhere.

Reply by the Minister of Public Works:

1. To be answered elsewhere.

2. To be answered elsewhere.

3. A study has been completed concerning upgrading of the Trans-Canada Highway in Terra Nova National Park. Further work on the project will depend on the availability of funds.

4. To be answered elsewhere.

5. To be answered elsewhere.

6. To be answered elsewhere.

7. To be answered elsewhere.

Reply by the Minister of Transport:

1, 2 and 3. To be answered elsewhere.

4. The Department of Public Works has the responsibility to program funds for capital works or major repairs to public wharf facilities. DPW officials advise that a proposal was identified to spend $1.0 million in 1981-82, and a further $2.0 million in 1982-1983 to undertake extensive repairs to the Fleet Dock at Argentina. A review by DPW headquarters indicated the project had insufficient priority to be included in the 1981-1982 Main Estimates submission.

There are therefore no funds identified in the 1981-1982 DPW Marine Program for this project.

Transport Canada is considering Argentia, among other locations, for the development of an offshore service base. If Argentia is selected, the project may involve reconstruction of the Fleet Dock, although there are no final plans for such work at this time.

5. To be answered elsewhere.

No $800,000 project for paving the Mary's Harbour airstrip was planned as such by Transport Canada. Rather, program approval was obtained (for approximately $1,500,000) for the construction of a new, 760-m, gravel-surfaced runway complete with maintenance equipment, equipment shelter, and non-directional beacon. The project commenced last year, and the runway was completed this past summer. It is anticipated that the ancillary facilities will be in place later this fiscal year.

7. To be answered elsewhere.

Reply by the Minister of Regional Economic Expansion:

1. through 6. To be answered elsewhere.

7. (a) All equipment was due on site by June 30, 1980. The total work force at present is approximately 430. Abitibi has spent approximately $43 million, of a total commitment of $60 million. The agreement has been completed by the payment of $15,000,000 with the DREE share being $13,500,000.

(b) The Industrial Development Agreement, signed June 11, 1979, provides for an industrial park and access road at Corner Brook and an industrial access road at Stephenville. Construction of both access roads has been

underway since last fall. Grading of the 10 km Corner Brook road, and the first 8 km of the 23 km Stephenville road should be completed by September. Tenders are now being called for an overpass at the intersection of the Stephenville road and the Trans-Canada Highway. The remaining work on both roads will be tendered as design work is finalized and construction should be fully completed by the end of the 1982 construction season. Tenders for the initial construction work on the Corner Brook industrial park will be called this fall.

7. (c) Forestry Agreement Amendment

1. *Site Rehabilitation.* The Bay d'Espoir 1980 projects started in early June. St. George's and Roddickton started in early July. In addition, three site rehabilitation projects are continuing in Saltwater Pond, Portland Creek and Milltown. The Grand Falls Nursery project is ongoing.

To date, one generation cut, three harvest cuts and two salvage contracts have been completed in Bay d'Espoir. In addition, cone collection projects have been completed in Millertown, Swift Current and Pasadena.

2. *Stand Improvement.* A roadside cleaning project started June 15 in Bonavista and Goose Bay. A precommercial thinning program got underway in Taylor Brook and Roddickton in early June and another is scheduled for Portland Creek in early July.

3. *Cable Logging.* Projects started in Bay d'Espoir in early June and will start in Roddickton in late July.

4. *Company Projects.* Abitibi commenced a stand improvement and a shoreline cleaning program in central Newfoundland in mid-June.

5. *General.* Present number of jobs is 134.

AIR CANADA

FLIGHT ATTENDANTS—APPLICATIONS FOR POSITIONS—QUALIFICATIONS

Question No. 50 on the Order Paper—**By Hon. Jack Marshall:**

1. How many applications were received by Air Canada for positions as stewards (male and female) by province in 1980?

2. How many were accepted and how many were turned down?

3. List the qualifications as described on the application form of Air Canada which applicants have to fill out.

Reply by the Minister of Transport:

The management of Air Canada advises as follows:

1. Job applications for flight attendants totalled 27,615 in the hiring period November 1979 to July 1980. The standard application form which was used precludes a breakout according to gender.

No record is kept of applications received on a provincial basis.

2. 516 applicants were hired, leaving 27,099 unsuccessful candidates.

3. Minimum requirements for employment do not appear on the application form. However, included on the job description form attached to the application are the following requirements.

—Canadian Citizenship or Landed Immigrant status.

—High School Graduate or Equivalent.

—While there is no age restriction, applicants must have a minimum of one year permanent work experience or 6 months working experience in conjunction with one year post-secondary education.

—158.7 cm (5′2″)—186.8 cm (6′1″) height (without shoes) with weight in proportion.

—Well groomed, excellent health and stamina. (All successful candidates must pass a medical examination as a condition of hiring).

—Must be able to accept assignment to any of the six Air Canada in-flight service bases.

—Must be able to interact and work effectively with people sometimes under difficult and stressful circumstances.

VETERANS AFFAIRS

VETERANS IN RECEIPT OF BENEFITS AND RESIDING ABROAD—DEPARTMENTAL OFFICES IN FOREIGN COUNTRIES

Question No. 51 on the Order Paper—**By Hon. Jack Marshall:**

1. How many Veterans living in foreign countries are receiving benefits under legislation, and what is the classification of the benefits received?

2. For all foreign countries, list the offices under the Department of Veterans Affairs, their location and staff establishment.

Reply by the Minister of Veterans Affairs:

1. March 19, 1981 (cheque issue date)

Disability Pensions	6,734
War Veterans Allowance	871
Civilian War Allowance	21
Assistance to Needy Canadian Veterans Overseas	133

The above figures include widow(er)s and children.

2. The following offices of Veterans Affairs serve those abroad. Staff numbers are those devoted fully or in part to providing services outside Canada.

(a) The Canadian Pension Commission, Ottawa. Services to pensioners abroad and provided through the normal CPC processes.

(b) Foreign Countries District Authority, Ottawa, with a staff of 2.

(c) Foreign Countries Treatment Benefits Unit, Veterans Services, Ottawa, with a staff of 5.

(d) The District Pensions Advocate, North Bay, Ontario, with a staff of 1.

(e) The Canadian High Commission, London, England, with a staff of 1.

TRANSPORT

NEWFOUNDLAND—RAILWAY GAUGE CONVERSION—FEDERAL ASSISTANCE

Question No. 52 on the Order Paper—**By Hon. Jack Marshall:**

Has a request been made to the Federal Government from the Government of Newfoundland for assistance in funding the conversion of its narrow gauge railway lines to standard gauge and, if so, give (i) the details (ii) the present status of this request?

Reply by the Minister of Transport:

The Government of Newfoundland has prepared a report entitled "A Program for the Rehabilitation of the Newfoundland Railway" which recommends the conversion of the Newfoundland railway to standard gauge. This report has been submitted to various interested parties including the federal government for comment, but no formal request for funding has been made.

The concept of standard gauging is now being evaluated by TerraTransport and the province.

VETERANS AFFAIRS

DISABILITY PENSIONERS—AGES IN 1981

Question No. 55 on the Order Paper—**By Hon. Jack Marshall:**

Since the publication of the Annual Report on Veterans Affairs 1979-80, (i) what are the updated figures given in Table 25 of the Report (ii) what are the ages of disability pensioners for the year 1981?

Reply by the Minister of Veterans Affairs:

(i) See attached updated table—Age of Disability Pensioners in Year 1981.

(ii) The average age of disability pensioners in 1981 is:

World War I — 86.3

World War II — 64.3

TABLE 7

Age of Disability Pensioners in Year 1981

Age in 1981	PENSIONERS		
	World War I	World War II	TOTAL
52		34	34
53		110	110
54		684	684
55		2,292	2,292
56		3,928	3,928
57		5,022	5,022
58		5,779	5,779
59		7,390	7,390
60		7,807	7,807
61		7,102	7,102
62		6,245	6,245
63		5,483	5,483
64		5,023	5,023
65		4,406	4,406
66		4,300	4,300
67		3,652	3,652
68		3,071	3,071
69		2,545	2,545
70		2,244	2,244
71		1,989	1,989
72		1,730	1,730
73		1,575	1,575
74		1,343	1,343
75		1,232	1,232
76		1,030	1,030
77		867	867
78		760	760
79	19	598	617
80	106	558	664
81	294	456	750
82	582	361	943
83	823	298	1,121
84	880	250	1,130
85	814	187	1,001
86	668	136	804
87	589	119	708
88	472	73	545
89	342	48	390
90	288	40	328
91	197	23	220
92	161	14	175
93	112	16	128
94	71	7	78
95	49	2	51
96	46	4	50
97	22	—	22
98	19	1	20
99	11	—	11

TABLE 7

Age of Disability Pensioners in Year 1981

Age in 1981	PENSIONERS World War I	World War II	TOTAL
100 yrs and more	16	6	22
TOTAL	6,581	90,840	97,421

The average age of disability pensioner in 1981 is:

WORLD WAR I 86.3
WORLD WAR II 64.3

VETERANS IN RECEIPT OF DISABILITY PENSIONS AND RESIDING ABROAD—NOTIFICATION OF ELIGIBILITY UNDER STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

Question No. 61 on the Order Paper—**By Hon. Jack Marshall:**

1. How many Canadian Veterans reside outside of Canada and are in receipt of disability pensions?

2. Of those receiving a disability pension, (i) how many are in receipt of a pension below 48 per cent (ii) how many will now qualify under Bill C-40, and in both cases what is their country of residence?

3. What steps have been taken to advise Canadian Veterans who are living in foreign countries, and/or their widows, of their new eligibility as of October 1980 and April 1981 under Bill C-40?

4. Are all Canadian Veterans who are living in foreign lands aware that in order to qualify for WVA, they must return to Canada for 365 days?

5. Are all First World War Veterans who are living in foreign countries aware of the changes in the legislation, which removes the restriction that they must have served overseas for 365 days and can now qualify the same as Second World War Veterans?

6. How were they notified?

Reply by the Minister of Veterans Affairs:

1. 4,894

2. (i)	U.S.A.	2,747
	Great Britain	1,081
	Continental Europe	77
	Australasia	81
	Other Countries	65
	TOTAL:	4,051
(ii)	U.S.A.	2,261
	Great Britain	891
	Continental Europe	63
	Australasia	67
	Other Countries	53
	TOTAL:	3,335

3. Subsequent to Bill C-40 receiving Royal Assent, the following steps were taken to promulgate to as many veterans and their dependants as possible the increases in benefits available under this legislation:

a) Cheque stuffers containing a summary of all benefits available were included in all CPC pension cheques and all WVA cheques issued in the month of August 1980.

b) A complete summary of all the benefits available was included in issues of veteran's magazines, i.e., *Legion*, *Air Force*, *Fragment*, et cetera.

c) Arrangements were made for newspapers to receive press releases outlining the benefits available under Bill C-40. At the time of the legislative change, a press release in London, England was given wide circulation in the British press, and the High Commissioner's Office in London advised veterans organizations in the United Kingdom and Europe of the changes to legislation.

d) Printed information was forwarded to all District Offices of the Canadian Pension Commission and the Department of Veterans Affairs, including the departmental office located in London, England.

e) All Canadian External Affairs offices, i.e., embassies, consulates, et cetera were advised of the contents of Bill C-40 and requested to ensure that any veterans resident in their areas be provided with this information on request.

f) An additional cheque stuffer was included in all Canadian Pension Commission cheques and all WVA cheques in March 1981.

g) Individual letters were dispatched to all concerned veterans organizations, outlining the benefits available under Bill C-40, during January and February, 1981.

4. The addresses of all Canadian veterans living abroad are not known if they are not in receipt of benefits or services from Veterans Affairs, and hence individual contact is not possible.

5. Refer to Part 4.

6. Refer to Part 3.

CUSTOMS TARIFF
IRISH FREE STATE TRADE AGREEMENT ACT, 1932
UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932
UNITED KINGDOM TRADE AGREEMENT ACT, 1937

BILL TO AMEND AND TO REPEAL—SECOND READING—DEBATE ADJOURNED

Hon. John J. Connolly moved the second reading of Bill C-50, to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, the Union of South

Free State Trade Agreement Act, 1932, the Union of South Africa Trade Agreement Act, 1932, and the United Kingdom Trade Agreement Act, 1937.

He said: Honourable senators, Bill C-50, which deals mainly with the Customs Tariff, is a formidable document. It contains some 331 pages. There are 20 clauses, five parts, and nine schedules which cover 294 pages of changes in the Customs Tariff. I am informed that these tariff changes cover some 50 per cent of the imports which Canada makes from abroad.

Senator Hicks: You said "50 per cent of the imports which Canada makes from abroad." Do you mean from abroad or from these countries?

Senator Connolly: From abroad.

Senator Hicks: Including the United States and all other countries.

Senator Connolly: Yes.

Most of the tariff concessions made by Canada result from the Tokyo Round of negotiations on the General Agreement on Tariffs and Trade which was signed in Geneva in 1979. These tariff changes are to be found, mainly, in Schedule II which occupies some 294 pages of the bill. I will speak to that a little later.

There are other tariff changes in the bill, to which I will also allude later, which have been proposed both by the present government and by the immediately previous government.

Honourable senators, my first observation is that this bill is primarily a financial bill. It is based upon three Notices of Ways and Means Motions which were given by the government in the other place—one by Mr. Crosbie on December 11, 1979, and the others by Mr. MacEachen one June 2, 1980 and October 28, 1980.

Obviously, the bill is a committee bill, and I think it can appropriately be referred to the Standing Senate Committee on Banking, Trade and Commerce. It is a financial bill. It is a taxing bill and, because of that, there are certain inhibitions upon the Senate which we will certainly be keeping in mind.

As I have said, the bulk of the bill is based on two tariff protocols which were signed by Canada in June of 1979, and they arose out of the Tokyo Round of negotiations under the GATT. Some 88 countries, including Canada, participated in those negotiations.

As honourable senators are well aware, the GATT is a multinational treaty and, because it is a treaty and because this bill results from the signing of a treaty, there is a certain inhibition on Parliament as a whole with reference to the content of the bill.

I would add that the Standing Senate Committee on Banking, Trade and Commerce has been engaged, and continues to be engaged, in a pre-study of this bill. The first report of the proceedings of that committee on its study appears under date of April 2 last. Honourable senators who are interested will find that the committee had very informative discussions with a good many officials from the Department of Finance and the Department of National Revenue, some of whom were actually members of the negotiating team at the Tokyo Round.

In addition, I should say that this very important measure, which deals with the trade of Canada, has engaged the attention of this chamber many times through the years. We have had debates on trade generally. In years long gone by we had debates on trade between Canada and the United States. When the European Economic Community was first formed, at the time the Treaty of Rome was signed, I believe, in 1957, the Senate had a lengthy debate on the prospects for Canadian trade in Europe as a result of the formation of the Community.

In addition to the general debates that have taken place in the Senate, the Standing Senate Committee on Foreign Affairs has taken an active role, formerly under Senator Aird and now under Senator van Roggen, in dealing with trade issues as they affect this country. The committee has made reports on trade with the Pacific Rim, trade with the Caribbean, trade with the European Economic Community, and it continues to be engaged in a study of trade relations between Canada and the United States. A number of years ago the committee issued one report on that subject and, as I understand, it is about to issue a second report.

Honourable senators, the Tokyo Round negotiations produced a trade package in three areas: Tariff concessions were made by the participating parties; non-tariff measures were agreed upon; and, in addition to that, the framework was established for the amelioration and the solution of world trade issues as they arose. Some of this subject matter was laid before the Standing Senate Committee on Banking, Trade and Commerce at the first meeting it held on its pre-study of this bill.

● (2100)

This measure deals primarily with tariff issues and, particularly, with the concessions made in Canada to the other participating countries in the GATT. The committee, of course, wanted to know, among other things, what the *quid pro quo* was for the concessions which Canada was making under this agreement. Perhaps I could summarize them briefly by referring to the changes that have been made in respect of Canada's major trading partners.

The tariff concessions for Canadian goods going into Japan went from an average of 8 per cent down to an average of 5.6 per cent. For the European Economic Community and the countries involved therein, the drop was from 8.7 per cent to 6 per cent, and with regard to the United States the drop, on the average, was from 8.3 per cent to 5 per cent. Canada's concessions dropped from 14 per cent to somewhere between 8 and 9 per cent.

May I now say a few words about the background of the General Agreement on Tariffs and Trade. It was a proposal which was established after World War II when the need for the reconstruction of many of the war-ravaged countries arose. The west was weary of recurring war. It realized the danger to every country arising from the development of new systems of

weapons. It felt it imperative that it should organize for peace and stability.

I think it is appropriate at this time to refer to perhaps some selective history, some milestones in the steps that were taken internationally by various countries in an attempt to achieve this result. I believe that the Marshall Plan was the most significant of the first steps. The Treaty of Rome establishing the Economic Community in Europe was a very important step. Jean Monet's part in that great concept was of vital importance at that time. The Japanese peace treaty had a good deal to do with the development of events in the field of trade that followed the war. The establishment of NATO was a factor that provided some stability for the relations between the west and east. The Strategic Arms Limitation Treaties all had the same general purpose in mind. The Conferences on the Law of the Sea played a part. The Conference on World Environment also was important, and the new problems which have been engaging all the western countries for two decades now in respect of the economic plight of the countries along the equator which form the Third World were items in the consideration of the world leaders and national leaders of those days.

Out of these initiatives the General Agreement on Tariffs and Trade was born. It was an attempt to bring some order into the supply of the material needs of trading peoples, to try to establish the economies primarily of the developed countries without ignoring the problems which exist and continue to persist in the underdeveloped world.

It is also appropriate, honourable senators, to make a few observations with reference to the GATT itself. In 1948-49, nine countries, including Canada, concluded the initial arrangement. They all agreed to develop the concept of freeing up international trade. That agreement provided a framework of rules for trade relations between these countries. A council was established to sit in Geneva to supervise issues emerging under the treaty between the trading partners. Its purpose generally was to liberalize and to stabilize trade. At present some 85 countries are party to the GATT, and they carry on approximately 80 per cent of the trade of the world. There have been six multiple tariff negotiations since the GATT was formed in 1948, and all parties in Canada have supported it.

These meetings have been held in Geneva, Annecy, Torquay and the last one, which began in 1973, was held in Tokyo. It is the result of that negotiation that we are dealing with this evening. Perhaps the most significant of all was the meeting described as the "Kennedy Round" which took place from 1964 to 1967. The concept enunciated by the then dynamic young President of the United States was to have an across-the-board approach to tariff reductions. As I have said, the long list of negotiations ends with the one just concluded in Tokyo.

It is unnecessary to remind this chamber of the importance of trade to Canada. Canada ranks seventh among the trading nations of the world. Its share of world trade is exceeded only by that of the United States, West Germany, Japan, France, the United Kingdom and Italy, in that order. Canada is unique among those trading countries in that it is without a large domestic market of its own as are the United States, Italy and France. Canada also is unlike most of the GATT members in Europe in that it has no membership in any regional trading group as have West Germany, the United Kingdom, France, Italy and so on. Canada's exports of goods and services amount to about 25 per cent of its gross national product annually. We have a great dependence for our well-being upon the trade we conduct abroad. I am told that the value of world trade in 1978 was worth some $1,200 billion. Of that trade, the European Economic Community did 33 per cent; the United States, 12 per cent; Japan, 8 per cent; and Canada, 4 per cent.

• (2110)

The objectives which Canada had at the Tokyo Round were to expand export opportunities in our resource industries from our agricultural, fisheries and our secondary industries. What were the achievements of the Tokyo Round? The negotiators who appeared before the committee believed there were great new export opportunities to be available to Canada. The average tariff cuts, which were agreed to by our major trading partners, were substantial. In the case of the United States, they were nearly 40 per cent; in the case of the European Economic Community, some 30 per cent; and in the case of Japan, some 31 per cent. There was an attempt to dismantle some of the non-tariff barriers. That issue has not been settled, and there is a discussion paper that has been before the Finance, Trade and Economic Affairs Committee of the House of Commons since October 1980. That committee is reviewing the problems connected with anti-dumping, with countervailing duties and with emergency safeguards that might be invoked by various countries to which we desire to export.

For Japan and the European Economic Community their tariffs on manufactured goods from now on will be, on the average, 5 to 7 per cent. For the same type of goods going into the United States, the average will be about 4 per cent, but there are certain exceptions to this rule. The United States tariff on things like chemicals, textiles and footwear is appreciably higher than the 4 per cent average to which I just referred. Ninety per cent of Canada's exports to the United States attracts a tariff rate on entry of some 5 per cent. Eighty per cent of our exports to the United States are duty-free, and they include the exports that we make under the auto agreement. To use a colloquial expression, there are "hang-ups" in respect of some of our exports in the petrochemical field and some machinery. Canadian protection on industrial items has been reduced to 9 per cent, and there is some criticism of this reduction from Canadian manufacturers.

Indeed, in committee we heard a list of various areas in which there are complaints about some of the concessions Canada made. The committee intends to hear some of those complainants, and deal with them with officials of the department in the hope that some remedial action may be taken either now or shortly.

In the field of fishery products, there was a good deal of complaining. I understand that Canada did not get much in the way of concessions from other countries for Canadian fish products. The explanation then given us, and which we will have to look at again, was that Canada really had very little more to give than what was given. I understand that Canadian whiskey will enter the United States, Japan and the European Economic Community much more readily than heretofore. Industrial raw materials are free, certainly as between Canada and the United States.

Honourable senators, while I am talking about what happened in other countries, the plain fact of the matter is that one has to understand what the other concessions are to justify consent to the proposals contained in this bill. This bill is only one side of the coin. It contains only the concessions that were made by Canada at the GATT negotiations.

I realize that this is not a popular time to be making a speech, and I apologize for keeping honourable senators away from the hockey game for so long, so I will close by attempting to give, as briefly as I can, a little index to this quite voluminous piece of legislation that is now before us.

Clauses 1, 7(1) and 8(2), and Schedules I, II and V deal with and implement the tariff reductions Canada agreed to in the Tokyo Round. Clauses 2, 4, 7(4) to (7) phase out the British Preferential Tariff on goods from Britain and Ireland, and withdraw it in one step from goods from South Africa.

I want to say a word about this because we can all remember times when, if anybody suggested we should phase out or reduce the British Preferential Tariff on goods from the United Kingdom, there would have been a great hue and cry in this country. Particularly is this true in view of the 1931 agreements that were made for Commonwealth trade at the Ottawa conference which Mr. Bennett called. But times have changed. In 1973, because of their membership in the European Economic Community, the United Kingdom and Ireland had to abrogate the preferential rates that were granted to Canada. Ours are now to be phased out throughout a period of one-and-a-half years. They will be phased out entirely by January 1982.

Honourable senators, for the over-50 other members of the Commonwealth, the British Preferential Tariff will remain in being. That helps, particularly, the newer members of the Commonwealth who belong to the under-developed world. Trade agreements with Australia and New Zealand remain in force.

To continue with my index, clause 5 provides for the withdrawal of Canadian concessions in the event any other country fails to live up to the commitments made in the Tokyo Round. This is simply a sanctions clause. I need not develop it here. If there is more to be said about it, an explanation can be given in committee similar to the one we have already had in committee.

● (2120)

Clauses 3, 6, 7(2) and 8(1), as well as Schedule III, implement a number of technical changes which were proposed in Mr. Crosbie's budget of December 11, 1979, and they deal with relatively minor items: nursery stock, processed nuts—I thought we had enough of them in this country—Bible recordings and gifts from $15 to $25.

[Senator Connolly.]

Clause 7(3) and Schedule IV extend, on a permanent basis, duty free entry for certain petroleum products such as gasoline and heating oils.

Clauses 9 to 11 repeal the trade agreement acts as a consequence of withdrawal of the British Preferential Tariff from Britain and Ireland to which I have already referred, as well as the cancellation of the South Africa Trade Agreement between Canada and South Africa. This was abrogated on notice, within the terms of the treaty, a number of years ago.

Clauses 12 and 13 transfer the authority for collecting excise tax on imported wines from the Customs Tariff to the Excise Tax Act. That is the act under which Canadian wines are taxed, and it seems appropriate to have the tax in one piece of legislation.

Clauses 14 to 17, as well as Schedules VI to XI, implement certain items that were introduced in Mr. MacEachen's budget on October 28 last. These budgetary changes resulted from two Tariff Board references, Nos. 156 and 155, and they provide for free entry for things like antiques, collectibles, hobby materials, cars over 25 years of age, scuba diving equipment—I am sure we are all interested in that one—and mountain climbing equipment. We are probably interested in that one, too. The other Tariff Board item, No. 155, provided for free entry for certain scientific and educational equipment not made in Canada, more particularly in respect of glassware used in hospitals. On this item, honourable senators, there is some complaint from some of the local manufacturers. I think there is only one in the country, and that will have to be investigated a little more thoroughly when we hear from these complainants, who are apparently ready to come and talk to the committee.

Clauses 18 to 20 provide for the coming into force of the various provisions of the act.

Honourable senators, the detailing of this kind of bill almost clause by clause, in one respect, I know, is very tedious, but I thank honourable senators for their close attention.

Hon. Douglas D. Everett: Honourable senators, may I ask a question?

Senator Connolly, if I heard you correctly, you said in your very illuminating address that as this was a taxing bill it would impose certain inhibitions on the Senate. I wonder if I heard you correctly, and whether you could tell me what those inhibitions might be.

Senator Connolly: Well, I suppose I should ask you if you want the 10, the 20, the 30, the 40 or the 50-minute answer. In view of the fact that Senator Roblin objects to long answers, I think I should be as short as I can.

Senator Roblin: I do not object to them from you. I like your answers.

Senator Connolly: I could tire you out, too.

I think there are inhibitions for the Senate in respect of tax bills, and I will only say it this way, because we have discussed it here before, and perhaps this is an over-simplification. I think it is clear that the Senate cannot increase the impost; not that we would ever want to. It is very difficult for the Senate to reduce a tax, because as soon as this is done the Leader of the Government has to stand up—I had to do it myself a number of times—and say that this interferes with "ways and means." This has been done by all leaders, regardless of who has been in office. That is the point that I referred to.

Senator Everett: Are you saying, then, that it would not lie within the competence of this body to refuse to pass tax legislation—not to reduce it or increase it, but, very simply, to refuse to pass it?

Senator Connolly: Of course, the absolute veto is in existence. The Senate can use its judgment on that.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I have no intention of going into the details of this complicated piece of legislation. Still I want to congratulate Senator Connolly for delivering a speech which cast a bit of light on this bill which seems to be very complex to me—

Senator Frith: Just a bit of light!

Senator Asselin: Yes, a bit of light because, as he said, once in committee we may have to complete the explanations he gave us tonight in the course of his presentation. If Senator Connolly spent the whole of his Easter holidays trying to figure out this legislative labyrinth, I suggest he deserves all our admiration and we ought to commend him for that because he has fully discharged his responsibilities.

Of course we in the official opposition are not surprised to have before us this bill which we had been expecting for quite some time, as mentioned by Senator Connolly, since two administrations had looked into this problem. Quite some time ago, Canada launched negotiations on our customs tariff within GATT and at the Tokyo meetings.

Does opening up our trade in such a way benefit our country and the Canadian economy? Obviously, once this legislation is put to the test after adoption by Parliament we will find out that we did not provide for everything in the negotiations and in the agreements we concluded under the GATT agreements and in the Tokyo Round.

We were unable to predict all the disadvantages which Canada might feel as a result of those international agreements on our customs tariff. As I read my mail this afternoon it just happened that someone drew my attention to some provisions of this bill which, in some areas, will cause serious damage to foreign companies wanting to set up shop in Canada. Once this bill has been adopted they say they will have to give up any idea of operating here because competition from international companies which are already in Ontario or in other provinces in Canada will be too strong.

When the spokesmen of these firms appear before the committee, I, along with other senators, will have the opportunity to question them on the reasons for their grievances and representations. It is obvious that Canada, no more than any other country, can live in isolation.

As Senator Connolly remarked, Canada ranks seventh among the trading nations of the world and if we want to do trade with countries of the same calibre we must be ready to compromise. That is precisely the purpose of the bill: to compromise in the economic and trading sectors so as to secure foreign made goods and in exchange sell as much as possible of our own products on the international market.

I was not the one who was supposed to talk to this bill for the opposition but Senator Phillips who will probably be here tomorrow. Before adjourning the debate, I wonder, like Senator Everett did when he asked Senator Connolly a question, whether, considering the progress made with respect to this bill which has been the subject of studies by experts and by different departments, the Senate would dare to amend a piece of legislation as complex and difficult as this legislative labyrinth before us.

In any event, I agree with Senator Connolly that it should be referred to a committee. We will be there to study with the experts the various aspects of this complex piece of legislation and if it can in any way be improved upon, I am sure that honourable senators will fulfil their duty and obligation.

In the mean time, Your Honour, I move, on behalf of Senator Phillips, that the debate be now adjourned.

On motion of Senator Asselin, on behalf of Senator Phillips, debate adjourned.

• (2130)

[*English*]

INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-54—DEBATE CONCLUDED

The Senate resumed from Thursday, March 12, the debate on the inquiry of Senator Barrow calling the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of Bill C-54, to amend the statute law relating to income tax, tabled in the Senate on March 2, 1981.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators will recall that Bill C-54 has received royal assent. However, that bill is the subject of this inquiry because Senator Roblin wished to make an intervention on the subject. He did so, and I adjourned the debate in case anyone else wished to speak on the inquiry. I do not wish to say anything, and I do not believe that anyone on our side wishes to add to what is already on the record. Unless any other honourable senator wishes to speak on the matter, I suggest that the inquiry be treated as debated.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 2383*)

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN PROPOSED OPPOSITION AMENDMENTS OF FRIDAY, APRIL 24, 1981

That the proposed Constitution Act, 1981, be amended as follows:

A. by deleting Clause 1 of Part 1 and substituting the following therefor:

"1. Affirming that

(a) the Canadian nation is founded upon principles that acknowledge the supremacy of God, the dignity and worth of the human person and the position of the family in a society of free individuals and free institutions, and

(b) individuals and institutions remain free only when freedom is founded upon respect for moral and spiritual values and the rule of law,

the Canadian Charter of Rights and Freedoms guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society."

B. by deleting Clause 7 of Part I and substituting the following therefor:

"7. Everyone has the right to life, liberty, security of the person and enjoyment of property and the right not to be deprived thereof except in accordance with the principles of fundamental justice."

C. by adding after Clause 27 of Part I the following new Clause:

"28. Notwithstanding anything in this Charter, the rights and freedoms set out in it are guaranteed equally to male and female persons."

D. by adding after new Clause 28 of Part I the following new Clause:

"29. Nothing in this Charter affects the authority of Parliament to legislate in respect of abortion and capital punishment."

That the proposed Constitution Act, 1981, be amended as follows:

by deleting Clause 35 of Part IV and substituting the following therefor:

"35. (1) No later than two months after the coming into force of this Act, the Prime Minister of Canada and the first ministers of the provinces shall constitute a permanent conference to be designated the "Constitutional Conference of Canada" hereinafter referred to as the "Conference".

(2) The Conference shall examine all Canadian constitutional laws and propose amendments necessary for the development of the Canadian federation.

(3) A Conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters that directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada and the Prime Minister shall invite representatives of those peoples to participate in the discussions on that item.

(4) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a Conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

(5) The Conference shall meet at least twice each year.

(6) The Conference shall be assisted by the Continuing Committee of Ministers on the Constitution."

That the proposed Constitution Act, 1981, be amended as follows:

A. by deleting Clause 45 of Part VI and substituting the following therefor:

"45. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(a) resolutions of the Senate and House of Commons; and

(b) resolutions of the legislative assemblies of at least two-thirds of the provinces that have in the aggregate, according to the then latest decennial census, at least fifty per cent of the population of all the provinces.

(2) Any amendment made under subsection (1) derogating from the legislative powers, the proprietary rights or any other rights or privileges of the legislature or government of a province shall require a resolution supported by a vote of a majority of the members of each of the Senate, of the House of Commons, and of the requisite number of legislative assemblies.

(3) Any amendment made under subsection (1) derogating from the legislative powers, the proprietary rights

or any other rights or pivileges of the legislature or government of a province shall not have effect, financially or otherwise, in and for any province whose legislative assembly has expressed its dissent thereto by resolution supported by a majority of the members prior to the issue of the proclamation, provided, however, that the legislative assembly, by resolution supported by a majority of the members, may subsequently withdraw its dissent and approve the amendment.

(4) The provisions of subsection (2) and (3) do not apply to the Canadian Charter of Rights and Freedoms."

B. by deleting Clause 46 of Part VI

C. by adding after Clause 48 of Part VI the following new Clause:

"49. An amendment to the Constitution of Canada may be made by proclamation under section 45 or section 47, as appropriate, without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the passage by the House of Commons of a resolution authorizing its issue, the Senate has not passed such a resolution and if, at any time after the expiration of those one hundred and eighty days, the House of Commons passes the resolution."

D. by deleting Clause 49 of Part VI and substituting the following therefor:

"49.(1) The procedures for amending prescribed by subsection 45(1) and section 47 may be initiated by either the Senate or House of Commons or by the legislative assembly of a province.

(2) A resolution authorizing an amendment made for the purposes of this Part may be revoked at any time before the issue of a proclamation.

(3) A resolution of dissent made for the purposes of this Part may be revoked at any time before or after the issue of a proclamation."

E. by deleting Clause 54 of Part VI and substituting the following therefor:

"54. An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with the procedure prescribed by section 45(1):

(a) The Canadian Charter of Rights and Freedoms;

(b) the commitments relating to equalization and regional disparities set out in section 34;

(c) the powers of the Senate;

(d) the number of members by which a province is entitled to be represented in the Senate;

(e) the method of selecting Senators and the residence qualifications of Senators; and

(f) the principles of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada."

F. by adding after Clause 54 of Part VI the following new Clause:

"55. An amendment to the Constitution of Canada in relation to the following matters may be made only by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and the House of Commons and by the legislative assembly of each province:

(a) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(b) The right of a province to a number of members in the House of Commons not less than the numbers of Senators representing the province;

(c) any of the provisions of this Part; and

(d) clauses 16 to 22, inclusive, of Part I.

G. by deleting Part V.

That the proposed Constitution Act, 1981, be amended as follows:

by deleting Clause 63 of Part VIII and substituting the following therefor:

"63. (1) This Act, or any provision thereof, shall come into force on a day or days to be fixed by proclamation to be issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the legislative assemblies of at least two-thirds of the provinces that have in the aggregate, according to the then latest decennial census, a population of at least fifty per cent of all the provinces.

(2) A resolution made for the purposes of this section may be revoked before the issue of a proclamation authorized by it."

That the proposed Constitution Act, 1981, be amended as follows:

1.(a) by adding to Clause 16 of Part I, immediately after line 32 on page 6 the following:

"(3) English and French are the official languages of Ontario and have equality of status and equal rights and privileges as to their use in all institutions of the legislature and government of Ontario;"

(b) by renumbering subsection (3) as subsection (4).

2. By adding to Clause 17 of Part I, immediately after line 3 on page 7 the following:

"(3) Everyone has the right to use English or French in any debates and other proceedings of the legislature of Ontario."

3. by adding to Clause 18 of Part I, immediately after line 12 on page 7 the following:

"(3) The statutes, records and journals of the legislature of Ontario shall be printed and published in English and French and both language versions are equally authoritative."

4. by adding to Clause 19 of Part I, immediately after line 20 on page 7 the following:

"(3) Either English or French may be used by any person in, or in any pleading in or process issuing from, any court of Ontario."

APPENDIX "B"

(*See p. 2383*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

PRELIMINARY REPORT ON SUBJECT MATTER OF BILL C-57 "AN ACT TO AMEND THE EXCISE TAX ACT AND THE EXCISE ACT AND TO PROVIDE FOR A REVENUE TAX IN RESPECT OF PETROLEUM AND GAS"

April 1981

On January 26, 1981, Bill C-57 intituled "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas" was tabled in the House of Commons. This Bill is intended to implement (i) the Ways and Means Motion (no. 1) relating to the *Excise Tax Act* tabled by the Minister of Finance on January 22, 1981, (ii) the Ways and Means Motion (no. 2) relating to the *Excise Tax Act* tabled by the Minister of Finance on January 22, 1981, (iii) the Ways and Means Motion relating to the *Excise Act* tabled by the Minister of Finance on October 28, 1980, and (iv) the Ways and Means Motion with respect to the taxation of petroleum and gas net revenues tabled by the Minister of Finance on October 28, 1980.

By resolution of the Senate on February 18, 1981, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider the subject-matter of the Bill in advance of the Bill coming before the Senate, or any matter relating thereto.

In accordance with the Order of Reference, your Committee has carefully considered Bill C-57 and in connection with such consideration has retained as its counsel, Mr. Thomas S. Gillespie of Ogilvy, Renault, Montreal. The Committee has heard representations from representatives of Quebec weekly newspapers, the Canadian Daily Newspaper Publishers Association, Dome Petroleum Limited, the Allied Beauty Association, the Canadian Petroleum Association, the Independent Petroleum Association of Canada, Mobil Oil Canada, Ltd., the Brewers Association of Canada, the Association of Canadian Distillers, the Canadian Wine Institute, the Canadian Institute of Chartered Accountants and the Motorcycle and Moped Industry Council. The Committee has also received a written submission from Gulf Canada Resources Inc. The Committee has also heard from representatives from the Department of Finance and the Department of National Revenue.

Bill C-57 consists of five parts. Part I proposes to reduce the rate of federal sales tax from 12% to 9% and introduces other amendments to the federal sales tax system; Part II contains the provisions for a new tax on natural gas and natural gas liquids; Part III deals with changes in the taxation of alcoholic beverages and tobacco; Part IV establishes an 8% tax on petroleum and gas revenues under a separate Act; and Part V prescribes the commencement dates for all of them.

Part II will amend the *Excise Tax Act* to impose a new tax on all natural gas and gas liquids produced in Canada. The Bill proposes that the tax come into effect November 1, 1980 for sales in Canada and on February 1, 1981 for sales outside Canada.

The Petroleum and Gas Revenue Tax Act (Part IV of the Bill) introduces a new tax of 8% on revenue from the production of oil and gas in Canada. The tax came into effect on January 1, 1981. It is imposed on net revenue from the production of petroleum or gas in Canada and the processing of petroleum to any stage up to and including crude oil or its equivalent and on any amount paid in respect of a royalty or other interest in such production.

This preliminary report is limited to the areas discussed with the foregoing groups. A further report or reports may be tabled.

DOME PETROLEUM LIMITED

Dome Petroleum Limited carries on in Canada the business of exploration for and the production of petroleum products, including the transportation, separation and processing of oil gum, natural gas and natural gas liquids.

It owns and operates a fractionation plant at Sarnia, Ontario which receives natural gas liquids from various processing plants in Alberta. This plant now produces approximately 50,000 barrels per day of propane, 35,000 barrels per day of butane, 25,000 barrels per day of natural gasoline and 20,000 barrels per day of ethane-propane mix. The present plant represents a total capital investment of $65,000,000 and it is anticipated that another $65,000,000 will be expended on expanding its Sarnia facilities.

On October 28, 1980, the Minister of Finance tabled a Notice of Ways and Means Motion establishing a natural gas and gas liquids tax. However, there was exempted from the tax gas used in plants which processed marketable pipeline gas and natural gas liquids. The fuel gas used in the fractionation of natural gas liquids was exempted as long as the fractionation process took place in a "gas reprocessing plant" as defined. This motion would have excluded Dome Petroleum's Sarnia fractionation plant from the definition of "gas reprocessing plant" in that the Sarnia plant, as well as Chevron's Fort Saskatchewan plant, are unique inasmuch as they merely separate natural gas liquids into their individual components but do not separate natural gas liquids from marketable pipeline gas. In the case of the Sarnia plant, the marketable pipeline gas is removed from the natural gas liquids at various processing plants in Alberta and the liquids arrive at Sarnia

free of any marketable pipeline gas. As a result, Dome's Sarnia fractionation plant and Chevron's Fort Saskatchewan fractionation plant would have been subject to tax on gas used in the plants.

On January 22, 1981, the Minister of Finance tabled a second Notice of Ways and Means Motion which appeared to change the policy set forth in the earlier motion by purporting to remove the exemption for gas consumed in the process of natural gas liquids in all plants which process marketable pipeline gas and natural gas liquids, thereby apparently removing the discrimination against Dome's Sarnia plant and Chevron's Fort Saskatchewan plant.

The Committee was advised by Dome's representatives that this second motion, as reflected in Clause 43 of the Bill (pages 49 and following), failed to remove the discrimination against these two plants.

The Committee was advised that all other gas reprocessing plants in Canada are involved in the initial process of removing natural gas liquids from the gas stream and then fractionating them. As such, they currently use secondary heat recovery or are in a position, after making certain modifications, to use secondary heat recovery generated in the initial processing function such that the incidence of tax for such other plants will be minimal or nil. Neither the Sarnia nor the Fort Saskatchewan plants generate or are able to use secondary heat recovery as neither plant is involved in the initial processing function of extracting natural gas liquids. As a result, the Sarnia and Fort Saskatchewan plants will be the only fractionation plants that will be taxed under the provisions of Part II of Bill C-57 and will therefore be placed at a competitive disadvantage with the other plants serving the market.

Department officials have argued that the tax is not discriminatory because the exemption applies for processing of raw gas to marketable state, not to the fractionation process; that it was Dome's choice to build its fractionation plant in Sarnia to obtain competitive advantage; that the application of the tax results from Dome's decision as to where to locate its plant, not from the provisions of the Bill; that the economics of Dome's overall operation is still favourable to fractionating near Dome's markets notwithstanding the provisions of Bill C-57.

Dome admits that it is recovering all of its waste heat at its Empress and other plants but that waste heat can only be allocated to the "tax free" part of the operation. Other plants have the additional opportunity of allocating part of the waste heat to the taxable fractionation function and thus reduce or avoid altogether the incidence of tax on natural gas or gas liquids.

Dome has not discharged the onus upon it to show that it (and Chevron) has been discriminated against. Pending the introduction of any additional evidence, the Committee is not prepared to recommend any amendment to the Bill in this respect.

QUEBEC WEEKLY NEWSPAPERS AND THE CANADIAN DAILY NEWSPAPER PUBLISHERS ASSOCIATION

Advertising material is subject to tax imposed by the *Excise Tax Act*. Newspapers are exempt from tax under that Act.

Amendments are proposed to Part III of Schedule III to the Act (subclause 29(2) of the Bill) which would remove from the exemption available to newspapers:

(i) any single issue of a newspaper if more than 90% of the space therein is devoted to advertising;

(ii) all issues of a newspaper in any calendar quarter if more than 75% of the space per issue in more than 50% of the issues of the newspaper in that calendar quarter is devoted to advertising;

(iii) programs, advertising supplements or advertising inserts that are supplied by or on behalf of an advertiser to the publisher of a magazine or newspaper;

(iv) programs, advertising supplements or advertising inserts that, being substantially the same, are for distribution in two or more separate magazines or newspapers;

(v) programs, advertising supplements, advertising inserts and other advertising material if they meet any one or a combination of the following conditions even if for distribution in only one newspaper:

  (a) they are printed in a format different from the rest of the newspaper;

  (b) they are not sequentially numbered in a manner consistent with the rest of the newspaper;

  (c) they are composed of one or more sheets folded separately from any other section of the newspaper.

The Bill contains certain modifications in its application to publications made prior to January 22, 1981 (subclause 29(1) of the Bill).

Officials of the Department of Finance have advised that these amendments are proposed to correct a bias that existed prior to the tabling of the Ways and Means Motion and which resulted in a significant loss of tax revenue. That is to say, advertisers were subject to sales tax on material printed and distributed door to door in any other manner other than by newspaper. On the other hand, if the material were placed inside a newspaper, it would be part of the newspaper and exempt from tax.

Both the Quebec weekly newspapers and the Canadian Daily Newspaper Publishers Association have resisted the 75% test and the taxation of advertising supplements.

Advertising Newspapers

The Canadian Daily Newspaper Publishers Association deems the attempt to define a newspaper by its percentage of editorial content unacceptable. The Committee notes that the definition contained in the Bill relates to advertising content, not editorial content. Furthermore, the Committee recognizes the difficulty in making a distinction between a bona fide

newspaper and an advertising newspaper other than putting a limit on advertising content.

The Quebec weekly newspaper publishers have, by amended recommendation, suggested that the 75% threshold be raised to 80%. They have argued that the weekly newspapers must compete with daily newspapers published on Wednesdays or Saturdays. Daily newspapers published on those days traditionally carry much more extensive advertising than on other days of the week. The weekly newspapers are disadvantaged because the daily newspapers may average the advertising content of their editions over a six-day period whereas the weekly newspapers cannot. They have also advised the Committee that if subject to tax, many of the Quebec weekly newspapers would become unprofitable and go out of business.

The Quebec weekly newspapers supplied the Department of National Revenue with a résumé of financial information concerning the impact of the imposition of sales tax to the cost of production of ten weekly newspapers (distributed free of charge). From a review of the data submitted, the Department of National Revenue concluded that of the ten newspapers in question, nine would appear to meet the 75% advertising content criterion with only one exceeding this criterion. The particular newspaper would not necessarily be taxable in all calendar quarters as the advertising content of each quarter's issues is the determining factor rather than a yearly average. Based on the figures submitted, the tax liability of the publisher of the taxable newspaper would appear to be approximately $4,500 per calendar quarter.

Officials of the Department of National Revenue admitted to the Committee that all newspapers, including the newspaper exceeding the 75% advertising content criterion, were, in their view (and without taking into account the criteria contemplated by the Bill), bona fide newspapers and not advertising newspapers.

The profit margin of the vast majority of weekly newspapers in Canada is small. The imposition of such a tax could mean the difference between a weekly newspaper being profitable or unprofitable. A high advertising content is necessary for these newspapers (particularly those distributed free of charge) in order that they may compete with the daily newspapers and maintain their profitability. It is therefore recommended that the Bill be amended insofar as it may apply to weekly newspapers to allow for the advertising threshold to be raised to 80%. Daily newspapers could remain subject to the 75% test. While it is admitted that the raising of the threshold may encourage advertising newspapers to escape tax by inserting enough "editorial" content to meet the 80% test, the Committee considers it far more important to give the weekly newspapers as much protection as reasonably possible.

Advertising Supplements

The Canadian Daily Newspaper Publishers Association has argued that the Courts of Canada have long held that advertising is as integral a part of the newspaper as news itself. Furthermore, it has been held that newspaper supplements, though not physically attached to the newspaper, are also an integral part of a newspaper.

They argue that the proposal to tax advertising supplements represents a significant incursion by the government into the publisher decision-making process. They insist that a newspaper publisher must continue to have the right and the obligation to determine the content of a newspaper for which that publisher is responsible if the publisher is to maintain independence from economic sanction by advertisers or political sanction by government. The right and obligation to determine content of a newspaper extends to all content, including advertising. The government should not intrude into this process; such intrusion represents a derogation from the principle of freedom of the press.

They suggest that all advertising revenues, including those received for newspaper advertising supplements, appropriately contribute to meeting editorial and other overhead, as well as the newspaper publisher's profit. An important part of what the advertiser is seeking and is paying for, and normally paying a substantial premium for, compared with door-to-door circulation, is to have the supplement be part of the newspaper. Furthermore, daily newspapers are purchased. The reader makes an independent decision as to whether or not the content of the daily newspaper is wanted by the purchaser in the form presented. In this respect, newspapers are distinguished from other material which is distributed by other means. The consumer can exclude the newspaper's product from his or her environment. If the purchaser does not want the mix of material found in a newspaper, the reader has the right to ignore the newspaper.

It has also been suggested that the proposed amendments relating to advertising supplements will give a competitive advantage to the large daily newspapers inasmuch as they would have the printing facilities to prepare programs, advertising supplements and advertising inserts which would be distributed with their newspaper only. The smaller daily newspapers and the weekly newspapers do not have such facilities. Furthermore, it is uneconomical to distribute such programs, supplements and inserts in only one small newspaper. To be competitive, such programs, supplements and inserts must be distributed in two or more smaller newspapers.

In its testimony given to the House of Commons Standing Committee on Finance, Trade and Economic Affairs, the Canadian Daily Newspaper Publishers Association refused to distinguish between advertising newspapers and bona fide newspapers on the basis that the Courts have made no such distinction. They admitted before this Committee that if any abuse existed, it existed with respect to the distribution of catalogues with newspapers.

On the other hand, the Quebec weekly newspapers have admitted that there is a distinction between an advertising newspaper and a bona fide newspaper and have admitted that there have been abuses.

The Committee recognizes that there have been inequities and recognizes the Bill's attempt to have tax applied on a more uniform basis. The purpose of the Bill is not to intrude in the freedom of press; its purpose is to amend the *Excise Tax Act* in such a manner as to prevent bias and maximize tax revenue.

The Committee therefore recommends no amendments be made to the Bill with respect to newspaper supplements and inserts.

THE ALLIED BEAUTY ASSOCIATION

The Allied Beauty Association (ABA) is a national trade association of manufacturers and distributors of beauty supply products in Canada. Their products are sold to approximately 15,000 beauty salons across Canada. In exceptional circumstances, their products are sold to individual consumers. Most of the products sold to beauty salons are consumed by the salons and not resold to the salons' customers. The distributor members of ABA acquire their products from integrated manufacturers or Canadian distributors of products manufactured outside Canada.

Federal sales tax is paid by the producer or manufacturer at the time the goods are delivered to the purchaser or by the importer when goods are imported into Canada. Subclause 1(3) of the Bill proposes an amendment to the definition of "manufacturer or producer", the net effect of which is to shift the imposition of federal sales tax to the wholesale or distribution level of trade in the case of the cosmetic industry.

Officials of the Department of Finance explained to the Committee that the proposed amendment results from an uneven imposition of federal sales tax in the cosmetic industry. In the case of integrated manufacturers, federal sales tax is imposed upon the sale price which includes all costs of manufacturing such as marketing, the protection of proprietory rights, etc. However, some firms in the cosmetic industry have been able to arrange their affairs so that federal sales tax is being calculated on bare manufacturing costs which would exclude such costs as marketing costs and costs to protect proprietory rights. In such cases, a product would be manufactured by the manufacturer who would sell the product to a pseudo manufacturer-distributor-wholesaler. Federal sales tax would be imposed on the manufacturer's bare costs only, the pseudo manufacturer-distributor-wholesaler bearing all other costs. Federal sales tax would thereby be imposed on a substantially lesser amount. Officials have admitted that all such arrangements were made at arm's length and there was no suggestion of artificiality or abuse. Furthermore, they agreed that no member of the ABA was involved in such practice.

A similar inequity existed with respect to goods manufactured outside of Canada. Sales tax would be imposed on the price charged to the importer and not on the price charged by the Canadian importers to Canadian wholesalers. This inequity encouraged many articles to be manufactured outside of Canada.

The ABA agreed with the proposed amendments insofar as they would apply to imported cosmetics but have suggested to the Committee that the proposed amendments are discriminatory insofar as they apply to cosmetics manufactured in Canada. They argued that if the tax base were to be shifted to the wholesale or distribution level of trade, it should be applied to all industries, not just the cosmetic industry. In particular, the ABA felt that they would be prejudiced by the proposed amendments as beauty salons would be encouraged to buy their products directly from integrated manufacturers.

On April 14, 1981, amendments were tabled which would exempt sales tax from being imposed at the distributor-wholesaler level for members of the ABA who would sell their cosmetic products exclusively and directly to beauty salons for use in the provision of their services and not for resale. The Committee welcomes this amendment.

PETROLEUM AND NATURAL GAS

The Committee received many representations from this industry respecting the impact of Bill C-57.

Canadian Petroleum Association

The Canadian Petroleum Association expressed its concern to the Committee with respect to the impact of the National Energy Program on Canada's ability to achieve oil self-sufficiency.

(i) Petroleum And Gas Revenue Tax

The base for the petroleum and gas revenue tax (PGRT) is the revenue derived from the production of oil and gas less operating costs.

The Canadian Petroleum Association recommends that the computation base for PGRT be modified from the provisions in Bill C-57 and be the oil and gas resource income computed in accordance with the *Income Tax Act* before deductions for exploration and development expenditures and earned depletion. This would require a re-examination of the proposed 8% rate of PGRT.

The Committee notes that these proposals are based on the premise that the oil and gas sold in Canada be moved to world prices. Until such policy is established, it would not be appropriate to implement these proposals.

They also recommended that marginal or stripper wells be exempted from PGRT as any level of tax could result in abandonment of such wells.

The PGRT is based on production revenue after taking into account operating costs. The deduction for operating costs to some extent recognizes the fact that stripper wells are less profitable. If the PGRT were based on production revenue from each well, there would be no problem. However, as drafted, the PGRT does not so apply and could result in the closing down of some marginal wells.

The Provinces impose royalties on all wells, including stripper wells. They have the ability to charge royalties on a well-by-well basis and charge less royalties for less productive wells.

The response of officials from the Department of Finance to the suggestion that the federal government do the same as the Provinces is that the federal government does not have the data or the administration available to deal with the question on a well-by-well basis.

In the view of the Committee, these wells should continue in production as their contribution on a collective basis is significant to Canada. Our tax and royalty systems should not be so onerous as to force the abandonment of marginal wells. If such proves to be the case, relief should be afforded these wells.

(ii) Natural Gas And Liquids Tax

The Canadian Petroleum Association have suggested that in order for Canada to develop to the fullest extent possible all forms and stages of oil production, the use of natural gas in all stages of oil production, including secondary and tertiary production of conventional crude oil, extraction and separation of bitumen and production of synthetic crude oil from oil sands, and the upgrading of heavy oil, be exempted from excise tax. They suggest that the imposition of this tax is counter-productive to bringing oil production on stream.

The Department of Finance has taken the position that the tax is a substitute for price increases in Canada. To tax the natural gas used in oil production has the same effect as if the price of natural gas had been increased. Operating costs are the same and it would not be logical to make any exception.

The Court of Appeal of Alberta has addressed the narrow question as to whether or not certain natural gas owned, produced and to be exported by the Crown in the Right of the Province of Alberta is subject to this tax, having regard to the Provincial Crown ownership and the protection afforded Provincial Crown property by Section 125 of the *British North America Act*. The question addressed by the Court of Appeal did not relate to gas owned by persons other than the Crown in the Right of the Province of Alberta. The Court of Appeal held on March 20, 1981 that the proposed tax on exported natural gas owned, produced and to be exported by Alberta was *ultra vires* the Parliament of Canada. This decision is being appealed to the Supreme Court of Canada.

Independent Petroleum Association of Canada

The Independent Petroleum Association of Canada (IPAC) is a Canadian trade association representing the "independent" sector of the Canadian oil and gas industry.

IPAC, as Mobil Canada, supports the principle and aims of the NEP but not the methods to achieve those aims.

They have argued that the NEP will reduce cash flows of Canadian oil and gas companies by 20-25% from expected 1981 levels. They suggested that the NEP would affect most severely the independent companies with predominantly Canadian production, who operate in the Western Canadian Sedimentary Basin and who are primarily dependent on the netbacks received directly from that production. The netbacks will suffer in particular from the 8% PGRT.

IPAC suggests that the proposed fiscal measures, including in particular the PGRT, will make it significantly more difficult and perhaps impossible to finance the NEP's stated objective of oil self-sufficiency. The reasons for this include:

(1) industry netbacks being the principal source of reinvestment in exploration will decline in current and constant dollars from the 1980 level;

(2) the earnings growth to attract investors will be reduced under the NEP;

(3) because of the negative financial impact of the NEP, it may not be possible to finance the level of activity required to achieve self-sufficiency.

At the same time, other jurisdictions such as the United States will be more attractive to investors and explorers.

As a result, IPAC has recommended a full scale Parliamentary examination of all elements and impacts of the NEP due to its far ranging implications to Canada's energy, economic and national security. Furthermore, domestic crude oil and natural gas prices should be increased significantly and the PGRT and excise tax on natural gas and natural gas liquids be withdrawn. They suggest that the federal government's revenue need from Canadian petroleum sources should be derived through revision to the present income tax system or a refinery gate tax.

Mobil Oil Canada, Ltd.

Mobil Canada emphasized that it respected the objectives of the government in the National Energy Program, namely, energy self-sufficiency, a larger Canadian presence in the oil industry and increased federal revenues from the production of oil and gas in Canada. However, they felt that any proposals, an integral part of which is contained in Bill C-57, would fail substantially in achieving these objectives and would be counter-productive to Canada's energy goals and economic prospects. They felt that the NEP and the PGRT would slow down the development of oil and gas in Canada because the cash flow to the industry would not provide the funds essential to the development of recently discovered major reserves.

Mobil Canada recommended that the government consider further federal-provincial industry discussions and negotiations for the purpose of implementing a workable energy program. More specifically, they felt that the movement towards international price levels for Canadian oil should be accelerated; that the PGRT and excise tax proposals should be abolished; that Crown royalties should be deductible for income tax purposes; that the resource allowance should be removed; and that depletion should be eliminated while retaining the pre-1981 amortization system for exploration expenses and allowing the immediate amortization for development expenses, including land acquisition costs.

Mobil Canada testified that the combined effect of the elimination of depletion allowances and the PGRT would raise the effective tax rate to Mobil from 50.6% of financial statement income before taxes to approximately 80% of the same income. Mobil Canada's income before taxes in 1980 was

$308,000,000 and their income after taxes for the same year was approximately $155,000,000. They projected their income before taxes for 1981 to be $226,000,000 and their income after taxes for the same year to be only $35,000,000.

Subsequent to their presentation, Mobil Canada forwarded to the Committee an addendum to their brief illustrating the impact of the proposed NEP on their taxes, the computation of netbacks for crude oil and natural gas production and illustrating the comparative profitability in oil exploration and development for Canada versus certain other countries. A copy of the addendum is attached hereto. If the figures submitted are correct and representative of the effect of these taxes, the Committee feels there should be a full review of the effect of these taxes.

Gulf Canada Resources Inc.

Gulf Canada's written submission closely parallels that of the Canadian Petroleum Association.

They feel it inappropriate to introduce measures to drastically cut petroleum industry revenues while artificially depressing the price of domestic oil. Under the current crude oil price schedule, the NEP will reduce the petroleum industry's cash flow by 20-30%. As a result of reduced cash flow, Gulf Canada has been forced to decrease its investment plans by $900,000,000 over the next five years.

Of particular concern to Gulf Canada are the following:

(1) The PGRT will make production from marginal wells uneconomic.

(2) The PGRT will dampen the incentives granted to enhance oil recovery programs.

(3) The NEP provides for a higher price for enhanced recovery heavy oil but the imposition of the PGRT makes the development of heavy oil produced by primary means uneconomic. As in the case of conventional oil, the PGRT will have a dampening effect on heavy oil tertiary recovery projects.

They recommend that Canadian domestic oil prices should rapidly move toward imported oil price levels and that these prices should be made available immediately to all types of new oil.

Gulf Canada also recommends that natural gas or gas liquids used in the production of gas, oil or oil equivalent be exempt from the tax on natural gas and gas liquids.

Conclusion

The PGRT and the Excise tax on natural gas and natural gas liquids implement only part of the National Energy Program. Other aspects of the NEP are reflected in Bill C-48, in amendments to the *Income Tax Act* introduced by Bill C-54 and will be reflected in other legislation yet to be introduced.

Furthermore, other factors such as negotiations between the federal government and the energy producing provinces will have an important impact on the matters raised before the Committee. The Committee concludes that until all such matters are taken into account, it is not able to make any recommendation or comment, other than indicated above, with respect to the submissions made by the Canadian Petroleum Association, Mobil Oil Canada, Ltd., Gulf Canada Resources Inc. and the Independent Petroleum Association of Canada.

ASSOCIATION OF CANADIAN DISTILLERS, BREWERS ASSOCIATION OF CANADA AND THE CANADIAN WINE INSTITUTE

Apart from objecting to the high level of tax imposed on the spirits trade in Canada, the principal thrust of the submissions from the three associations was that the proposal to index alcoholic beverage excise levels automatically was self-inflating because the alcoholic beverage consumer price index includes tax increases.

The Department of Finance argues that the proposed formula is not self-inflating, that it is simply designed to maintain the federal government's share of the total revenue generated on the sale of alcoholic beverages.

The Committee is concerned about an increase of taxes on an automatic basis without reference to Parliament. Without reference to Parliament, control of the tax is lost.

The Committee objects for the same reason to giving power to the Governor in Council to adjust or alter the formula in such manner as he may, by regulation, prescribe.

THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS

The CICA prepared a brief concentrating on the technical aspects of the proposed legislation. Some of the more important aspects raised and recommendations given are set forth below.

Cosmetics

Subclause 1(1) of the Bill proposes to add the words "whether possessing therapeutic or prophylactic properties or not" to the definition of "cosmetics". As a result, health goods which meet the definition of "cosmetics" are denied exemption from sales tax by virtue of their classification as cosmetics. The CICA recommends that health goods should not automatically be denied exemption because they possess both "cosmetic" and "health good" attributes.

The have recommended that this phrase in the definition be amended to read "whether possessing incidental therapeutic or prophylactic properties or not".

Department officials argue that the distinction between "cosmetics" and "health goods" is very often arbitrary. For example, toothpaste containing fluoride is considered to possess therapeutic or prophylactic properties and is therefore exempt from sales tax whereas toothpaste without fluoride is taxable. The proposed amendments to the Act are being made to ensure a more even and equitable tax burden.

The Committee agrees that the CICA's recommendation would prevent unwarranted exemption being granted to goods possessing incidental health attributes while recognizing a distinction between health goods and cosmetics.

Marginal Manufacturing

It has been suggested that subclause 1(3) of the Bill extending the meaning of manufacturing to include "marginal manufacturing" is an intermediate step in moving the federal sales tax to the wholesale or some other level. Rather, the CICA regard the proposed changes as refinements of a tax which is imposed on, and collected from, manufacturers.

The CICA suggest the wording in this paragraph is too broad, particularly the phrase "or otherwise prepares goods for sale". For example, if a dealer were to wash a car before delivering it to a customer, this could be deemed to be manufacturing and the sales tax could be imposed on the vehicle's selling price to the customer rather than its cost to the dealer.

The Department of National Revenue—Customs and Excise has released a special edition of Excise News wherein it identifies a number of activities which, administratively, it considers do not constitute manufacturing for purposes of this definition. Furthermore, district offices have been responding to specific situations and have issued rulings designating certain activities as being beyond or within the scope of the definition. The CICA notes that there is no legislative authority for an equitable resolution of some of the problem areas raised. They recommend that more certainty be provided in the definition as to what is and what is not manufacturing. They submit that this can be accomplished by deleting the phrase "or otherwise prepares goods for sale". Furthermore, they suggest it would be appropriate to provide the Department of National Revenue—Customs and Excise with regulatory scope and mechanisms to define the application of this paragraph.

The Committee agrees with the first suggestion that the phrase "or otherwise prepares goods for sale" be removed from the Bill.

The Committee does not agree with the latter suggestion. The Committee has always been in favour of legislation by statute rather than legislation by regulation where Parliament has the opportunity to review and, if necessary, amend proposed or existing legislation. In some instances, legislation by regulation is desirable but the Committee is not convinced that regulations are necessary in the present instance. Officials from the Department of Finance have advised that the Department of National Revenue will monitor problems raised by this definition with a view of providing a more precise and equitable definition which could be introduced by subsequent amendment to the Act. Should the phrase not be removed from the Bill, the Committee would prefer to have the Act amended once the Department has had sufficient experience with the problems raised by the definition.

Exemption For Printed Matter

The Committee agrees with the CICA's suggestion that the discretion granted to the Governor in Council by subclause 29(2) of the Bill to designate, unilaterally, that any printed matter or class of printed matter does not qualify for exemption from sales tax is inappropriate. As a matter of principle, the Governor in Council should be given the right to exempt matter from tax, not to designate matter as taxable.

Products For The Deaf

The CICA recommends that goods referred to in Section 6.1 of Part VIII of Schedule III should be granted unconditional exemption from sales tax. The requirement for a written order by a registered medical practitioner is unnecessary as the goods enumerated in this section are, by their very nature and design, only for use by the deaf.

The officials from the Department of Finance correctly point out that products for the deaf may be ordered by governments, the courts, corporations and other persons and that they should be taxable when ordered by persons other than the deaf.

Handicapped Persons

Section 18 of Part VIII of Schedule III grants exemption for "specially constructed appliances made to order for a person having a crippled or deformed foot or ankle". There does not appear to be any justification for a specific limitation in this exemption and the Committee agrees with the CICA's recommendation that the exemption be broadened to apply to specially constructed appliances made to order for a person having a crippled or deformed elbow, wrist, knee, hand or hip.

Refunds And Deductions—Limitation

As a general rule, an application for a refund or a deduction from any of the taxes imposed by the *Excise Tax Act* must be made within four years after the time the refund or deduction first became payable—subsection 44(6). Exceptions to the four-year rule are contained in proposed subsections 44(6) and (7) and reflected in subclause 15(3) of the Bill. In the circumstances set forth in these subsections, a taxpayer must make his application for a refund or deduction within twelve months of the later of the time the taxes became payable or the time the refund, deduction or amount first became payable.

The CICA suggest two situations where the Minister could frustrate the four-year limitation period under subsection 44(6). If a taxpayer settles his refund or deduction claim with the Minister, then he may presumably go back four years from the date of his application with respect to his refund claim. However, if the taxpayer takes his claim to The Tariff Board and is successful, proposed subsection 44(7) restricts his refund to the twelve-month period referred to above. Thus, the Minister by refusing to negotiate a claim and forcing a taxpayer to go to The Tariff Board or Federal Court, could reduce the period for which the taxpayer could claim the refund or deduction. Furthermore, the addition of ministerial applications and interpretations to subsection 44(7) would also allow the Minister to reduce the time period for which the taxpayer could claim a refund or deduction.

Subsection 44(7) affects not only the taxpayer who is the subject of The Tariff Board declaration or court order or ministerial interpretation but also other taxpayers claiming a

refund as a result of the declaration, order or interpretation. There is no provision for informing the public of all decisions of the Minister respecting the interpretation or application of the Act. Thus, taxpayers would be unaware and could have their time limit for applying for a refund or deduction expire unknowingly.

The CICA have recommended that the limitation period of four years apply in all cases.

The response of the Department of Finance is that the provisions of the *Excise Tax Act* are more generous than the provisions of the *Income Tax Act*. Under the *Income Tax Act*, a taxpayer must file a Notice of Objection within 90 days from the date of mailing of the Notice of Assessment. No such procedure is necessary to protect a taxpayer's rights under the *Excise Tax Act*. Furthermore, they argue that to extend the period to four years would give the opportunity for taxpayers to make windfall profits. A manufacturer selling a product to a customer will collect federal sales tax from the customer and, should the manufacturer recover such sales tax, he will not pass it on to his customer. However, there are instances when the customer may realize that he has overpaid sales tax and may wish to be refunded directly or through the manufacturer. In such instances there would be no windfall profit for the manufacturer. The Committee agrees that taxpayers should be given full opportunity to obtain a refund within a four-year period.

Annual Return

Clause 20 of the Bill requires a licensee to submit information "in such form as the Minister may prescribe". Based on draft returns seen by the CICA, there is considerable doubt as to the ability of taxpayers to extract the required information on a retroactive basis. Many taxpayers will have to make major modifications to their information system.

It is understood that this problem will be resolved by the Department of National Revenue prescribing a form to be used as applying only from a date to be chosen, which date will give taxpayers sufficient opportunity to be aware of the information required and to be in a position to give it.

Other Recommendations

The CICA's brief contains numerous suggestions for amendments of a technical nature. It would be impractical to comment upon them all in this report but the Committee recommends that the Department of National Revenue—Customs and Excise and the Department of Finance carefully consider these recommendations with a view to introducing appropriate amendments to the Bill.

MOTORCYCLE AND MOPED INDUSTRY COUNCIL

The Council has suggested to the Committee that the provisions respecting marginal manufacturers are arbitrary and unclear.

It is the custom of the trade to break down motorcycles and mopeds and ship them to dealers in a broken down state. The dealer assembles a vehicle for a cost of approximately $75 before selling it to a customer. If the assembly is made in a dealer's retail premises, the dealer is exempt from tax; if it is made elsewhere, he is deemed to be a marginal manufacturer. The Council is concerned that a dealer may sell a product without assembling it to avoid paying the tax and to have the vehicle assembled elsewhere may be hazardous. Officials from the Department of Finance have indicated that the Department of National Revenue is aware of the problem and is prepared to look at each circumstance in order to ensure that the Act is administered in as equitable a manner as possible. It is also understood that discussions are being held between the Council and the Department of National Revenue respecting an exemption for products that are re-assembled which would solve the major problems of the industry.

OTHER

Reports that the marginal manufacturing provisions may lead to marginal manufacturers manufacturing outside Canada have come to the attention of the Committee. Of particular concern is the sheltered workshop where the handicapped assemble, package or otherwise prepare goods for sale.

The Department of Finance doubts that there will be many instances where marginal manufacturing operations in Canada will be affected. Goods shipped into Canada in an assembled state will usually involve higher transportation costs.

Furthermore, the added value represented by the assembly operations will be taxable.

The Committee recommends that these reports be studied and amendments made to the Bill if it can be established that marginal manufacturing activities will shift from Canada to elsewhere.

Respectfully submitted,

A. I. BARROW
Deputy Chairman

APPENDIX "A" TO REPORT

April 10, 1981

Addendum to Brief of Mobil Oil Canada, Ltd. to the Senate Banking, Trade & Commerce Committee Studying the Contents of Bill C-57

The following information was requested by members of the Committee during the questioning of witnesses of Mobil on 9 April 1981:

1. Attachment 1 illustrates the impact of the proposed N.E.P. on Mobil Oil Canada, Ltd. taxes.

2. Attachments 2 and 3 illustrate the computation of representative netbacks for crude oil production in Alberta and Saskatchewan. Attachment 4 shows the split of revenues resulting from exports of crude oil produced in S.W. Saskatchewan.

3. Attachments 5 and 6 illustrate the computation of representative netbacks for natural gas produced in Alberta and British Columbia.

4. Attachment 7 contains information on netbacks to producers in Alberta, Sasktachewan and B.C. for both oil and gas during the period 1975 to 1981 inclusive.

5. Attachment 8 illustrates the comparative profitability of investment in oil exploration and development for Canada vs. Norway, Indonesia, U.K. and U.S.A.

ATTACHMENT 1

MOBIL OIL CANADA, LTD.

IMPACT OF NEP ON TAXES

During the six years preceeding the NEP, Mobil Canada's income and taxes paid thereon were as follows:

Years	Income $ Millions	Income Taxes		
		Federal	Provincial	Total
1975	158.4	79.0	11.0	90.0
1976	173.7	85.2	13.4	98.6
1977	207.6	98.7	19.9	118.6
1978	243.4	112.6	23.7	136.3
1979	292.7	127.1	29.4	156.5
1980	299.4	83.2	13.1	96.3
1975-80	1,375.2	585.8	110.5	696.3
1981	226.7	119.7	22.4	142.1
1975-80	Average Income Tax Rate $= \frac{696.3}{1375.2} \times 100 =$			50.6%
1981	Income Tax Rate Excluding PGRT $= \frac{142.1}{226.7} \times 100 =$			62.7%
1981	PGRT As % of Income $= \frac{49.0}{226.7} \times 100 =$			21.6%
1981	Taxes (Including PGRT) as % of Income $= \frac{191.1}{226.7} \times 100 =$			84.3%

Note: The above calculation illustrates the impact of the NEP on taxes. The 12.1% increase in 1981 rate (exclusive of the impact of PGRT) over the preceeding 6 year average (62.7% versus 50.6%) is almost entirely attributable to the redefinition of earned depletion in the Income Tax Act. PGRT is expected to increase taxes in 1981 by a further 21.6%.

ATTACHMENT 2

MOBIL OIL CANADA, LTD.

ESTIMATED 1981 INCOME LEVELS
ALBERTA — PEMBINA FIELD
$/BBL — OLD OIL

Revenue/Expense Item	North Pembina Cardium Unit No. 1	Four Way Group Properties Blocks 1 - 10
Gross Revenue	18.26	18.26
Operating Cost	3.92	4.35
Provincial Royalty	5.57	5.99
Provincial Income Tax	0.97	0.90
PGR Tax	1.15	1.11
Federal Income Tax	4.07	3.94
Producer Netback	2.58	1.97
Percentage of Net Wellhead Value*		
Provincial	46	50
Federal	36	36
Producer	18	14

*Gross Revenue Less Operating Costs.

ATTACHMENT 3

MOBIL OIL CANADA, LTD.

ESTIMATED 1981 INCOME LEVELS
SASKATCHEWAN — CONVENTIONAL PRODUCTION
$/BBL — OLD OIL

	Area		
Revenue/Expense Item	Lloydminster	S.W. Sask.	S.E. Sask.
Gross Revenue	16.72	17.05	18.48
Operating Cost	7.18	3.21	3.31
Provincial Royalty	6.00	8.97	8.72
Provincial Income Tax	0.50	0.68	0.90
PGR Tax	0.76	1.11	1.21
Federal Income Tax	2.70	3.92	4.31
Producer Netback	(0.42)	(0.84)	0.04
Percentage of Net Wellhead Value*			
Provincial	68	70	63
Federal	36	36	37
Producer	(4)	(6)	—

*Gross Revenue Less Operating Costs.

ATTACHMENT 4

SOUTHWEST SASKATCHEWAN CRUDE

ESTIMATED 1981 AVERAGE REALIZATION
FROM EXPORT SALES

	$/B	
Laid Down Cost in Joliet, Illinois	43.60	
Less—U.S. Duty	0.06	
—Transportation Costs	1.01	
—Marketing Fee	0.02	
—Export Tax (January)	25.46	
Sub-Total	17.05	
Wellhead Price	17.05	
Less—Operating Cost	3.21	
—Provincial Royalty	8.97	
—Provincial Income Tax	0.68	
—PGR Tax	1.11	
—Federal Income Tax	3.92	
Producer's Netback	(0.84)	
	$/B	%
Summary		
Canadian Federal Take*	17.76	41
Provincial Take*	22.38	51
U.S. Government Duty	0.06	—
Transportation Costs	1.01	2
Operating Cost	3.21	8
Market Fee	0.02	—
Producer's Netback	(0.84)	(2)
	43.60	100.0

*Includes proposed 50/50 Federal/Provincial split of export tax. If remains as is, Federal Take would be $30.49 (70%) and the Provincial Take would be $9.65 (22%).

ATTACHMENT 5

MOBIL OIL CANADA, LTD.

ESTIMATED 1981 INCOME LEVELS
NORDEGG GAS UNIT 1, ALBERTA
$/MCF (SALES)

REVENUE/EXPENSE ITEM	
Gross Revenue	2.83
Operating Cost	0.13
Provincial Royalty	1.23
Provincial Income Tax	0.16
PGR Tax	0.22
Federal Income Tax	0.77
Producer Netback	0.32
PERCENTAGE OF NET WELLHEAD VALUE*	
Provincial	51
Federal	37
Producer	12

*Gross Revenue Less Operating Costs.

ATTACHMENT 6

MOBIL OIL CANADA, LTD.

SIERRA GAS FIELD, BRITISH COLUMBIA
ESTIMATED 1981 INCOME LEVELS
$/MCF SALES

Revenue/Expense Item	"Old" Gas	"New" Gas	Average
Gross Revenue	1.75	1.75	1.75
Operating Cost	0.11	0.11	0.11
Provincial Royalty	0.89	0.64	0.77
Provincial Income Tax	0.11	0.15	0.13
PGR Tax	0.13	0.13	0.13
Federal Income Tax	0.47	0.47	0.47
Producer Netback	0.04	0.25	0.14
Percentage of Net Wellhead Value*			
Provincial	61	48	55
Federal	37	37	37
Producer	2	15	8

*Gross Reserve less Operating Costs.

Note: 1. Sierra Gas Field, which is Mobil's largest gas development in Canada, produces "old" and "new" gas in roughly equal proportions.

ATTACHMENT 7

INDUSTRY NETBACKS

OIL — $/BBL

YEAR	ALBERTA "OLD"	ALBERTA "NEW"	SASKATCHEWAN "OLD"	SASKATCHEWAN "NEW"	B.C. "OLD"	B.C. "NEW"
1975 July	1.65	2.40	.17		0.72	
1976 July	1.77	2.68	.80		1.02	2.35
1977 January	1.84	2.83	.74	1.91	1.62	3.04
1977 July	2.02	3.15	.85	2.19	1.86	3.45
1978 January	2.13	3.40	.87	2.39	2.96	3.81
1978 July	2.31	3.71	.80	2.55	3.28	4.20
1979 July	2.43	3.96	.81	2.68	3.58	4.58
1980 January	2.44	4.11	.79	2.83	3.83	4.91
1980 August	2.80	4.71	.78	2.99	4.40	5.62
1981 Post-NEP	1.62	3.74	Lloyd.	(.48)*		
			S.W. Sask.	(.86)*		
			S.E. Sask.	(.01)*		

GAS — $/MMBTU

YEAR	ALBERTA "OLD"	ALBERTA "NEW"	PERIOD	B.C. "OLD"	B.C. "NEW"
1975	.12	.14	Nov./74-Oct./75	.07	.16
1976 January	.21	.29	Nov./75-Dec./76	.12	.22
1976 July	.24	.34	Jan./77-Oct./77	.16	.33
1977 January	.25	.37	Nov./77 Forward	.20	.41
1977 August	.29	.42	June 1980	.14	.35
1978 February	.30	.45	1981-Post NEP (Sierra Gas)	.04*	.25*
1979 August	.33	.51			
1981 First Half	.38	.65			
Second Half	.39	.68			
1981 Post-NEP	.25	.53			

*Reflects anticipated netbacks for Mobil-operated properties only since at this time it is extremely difficult to predict industry netbacks.

ATTACHMENT 8

COMPARATIVE PROFITABILITY OF INVESTMENT IN OIL EXPLORATION AND DEVELOPMENT

Recently proposed Canadian energy policies will severely impact on the financial attractiveness of oil exploration and development investment opportunities. Compared to other countries, investment in offshore resources in Canada will be generally less attractive even at the most favorable price level accorded other production, i.e. oil sands prices. Other countries permit production to be sold at international prices and provide accelerated amortization of investment for tax purposes. Only giant fields in Canada with reserves of one billion barrels or more would approach the profitability standard of the poorest of the other countries studied. With expected field size and lower price levels, e.g. the prices established for conventional onshore production, investment in offshore resource development would not be attractive.

RELATIVE OFFSHORE PROFITABILITY

	Average Field Size (million bbls)	Profit per Dollar Invested	
		1981 Values	1985 Values
Norway	1,000	2.30	2.07
Indonesia	200	1.59	1.65
UK	400	1.38	1.32
US Gulf of Mexico	20	1.07	1.53
Canada — Average Size			
Oil Sands Prices	250	1.13	1.15
Conventional Prices	250	0.22	0.40
Canada — Giant Size			
Oil Sands Prices	1,000	1.48	1.50
Conventional Prices	1,000	0.39	0.61

Profitability of investment in onshore oil exploration and development in the United States is substantially greater than in Canada. This is due to decontrol of oil prices which more than compensates for higher unit investment costs than in Canada.

RELATIVE ONSHORE PROFITABILITY
(1-5 million bbl. fields)

	Profit Per Dollar Invested	
	1981 Values	1985 Values
United States	1.53	1.56
Canada — Alberta	0.23	0.46

ATTACHMENT 9

COMPARATIVE PROFITABILITY

OFFSHORE	Field Size (Million Bbls)	1981 Prices and Costs			1985 Prices and Costs		
		Profit ($/Bbl)	Profit Ratio* ($/$)	Gov't Take**	Profit ($/Bbl)	Profit Ratio* ($/$)	Gov't Take**
US Gulf of Mexico	20	10.74	1.07	74%	16.96	1.53	70%
Norway	1,000	7.28	2,30	82%	10.19	2.07	82%
UK	400	5.62	1.38	85%	7.91	1.32	85%
Indonesia	200	5.36	1.59	85%	8.01	1.65	85%
Canada							
Expected Field Size:	250						
—Conventional Prices		1.18	0.22	84%	2.91	0.40	81%
—Oil Sands Prices		6.01	1.13	77%	8.60	1.15	77%
Giant Field Size:	1,000						
—Conventional Prices		1.76	0.39	81%	3.77	0.61	79%
—Oil Sands Prices		6.61	1.48	77%	9.45	1.50	77%
Onshore							
US	1-5	12.16	1.53	67%	17.32	1.56	66%
Canada - Alberta	1-5	1.24	0.23	89%	3.04	0.46	85%

*Profit Ratio - Dollar Profit per Dollar Invested

**Government Take - Percentage of Gross Revenue taken by Governments through Taxes and Royalties

THE SENATE

Wednesday, May 20, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE SENATE

REQUEST FOR PERMISSION TO PHOTOGRAPH SITTING

The Hon. the Speaker: Honourable senators, the Gentleman Usher of the Black Rod has received a letter from Mr. R. N. Hilton, Senior Training Officer of the Correctional Service of Canada, requesting permission for a photographer to take photographs of a sitting of the Senate.

Mr. Hilton is completing a program entitled "The Government of Canada", which will be used in providing new employees with an understanding of the relationship between the law-making process and the Public Service. Additional photographs of the Senate are required to provide a complete representation of the role of the Senate within the parliamentary process of Canada.

No one can give permission for photographs to be taken in the Senate chamber except the Senate itself. Therefore, I ask honourable senators if they are ready to grant Mr. Hilton's request.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, perhaps this is a question which should be brought before the Standing Committee on Internal Economy, Budgets and Administration for determination. If it is decided that the taking of photographs should be permitted, the timing for such photographs should be arranged, in conjunction with members of the Senate, through the committee.

The Hon. the Speaker: Do I understand that honourable senators agree with Mr. Hilton's request?

Senator Flynn: Let it be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Senator Frith: I believe the feeling of the Senate is that the request should be referred to the Standing Committee on Internal Economy, Budgets and Administration, where it can be dealt with and recommendations made on the question of whether we should grant the request and, if so, under what circumstances.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Document entitled "Economic Review, A general review of recent economic developments", dated April 1981, issued by the Department of Finance.

Report of the Canada Employment and Immigration Advisory Council for the 1980 calendar year, pursuant to section 21(2) of the *Employment and Immigration Advisory Council Act,* Chapter 54, Statutes of Canada, 1976-77.

Report of the National Harbours Board, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to section 32 of the *National Harbours Board Act,* Chapter N-8, R.S.C., 1970.

• (1405)

QUESTION PERIOD

[*Translation*]

CONSUMER AND CORPORATE AFFAIRS

DIRECTOR OF COMBINES INVESTIGATION AND RESEARCH

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the distinguished Leader of the Government. I am adopting his own method of showering people with compliments, even if they do not deserve them. We have been informed that the Director of Combines Investigation and Research has been dismissed from his duties. I do not know whether the Minister of Consumer and Corporate Affairs, the Honourable André Ouellet, is supposed to make a statement in the other place to explain this decision. If the Leader of the Government can give us an explanation, I would appreciate it if he would make it available now.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the information made available to me indicates that this was a voluntary resignation, not a discharge from a position. I understand that a request to resign was received by the minister and the resignation was purely voluntary. However, the question will be taken as notice so that a more complete explanation can be brought to the Senate.

[*Translation*]

Senator Flynn: Honourable senators, can the Leader of the Government also tell us whether this has really been a resignation or whether it was requested? Is this also the opinion of Senator Frith?

[*English*]

CROWN CORPORATIONS

CANERTECH—MANDATE

Hon. Cyril B. Sherwood: Honourable senators, I, too, have a question for the Leader of the Government in the Senate. It arises from the news release dated May 11 last to the effect that the Minister of Energy was to open the head office of Canertech, the new crown corporation, in Winnipeg on May 12.

In checking various references to Canertech made in the other place by the minister, his parliamentary secretary and others, I saw no indication that Canertech has ever been mandated specifically to develop environmentally sound or environmentally preferable alternative energy technologies.

Is the leader able to verify this impression?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is a determination on the part of the government, as part of its National Energy Program, that the people of the regions of Canada be fully informed of the details of the program and the availability of the program to meet particular needs. With respect to the scheduled opening of an office in Winnipeg I have no information, but I will take that part of the question as notice.

However, as I said earlier, there is a determination on the part of the government to make certain that the details of the energy program—including agencies associated with the program, such as Canertech—are made known fully in all parts of Canada, and there will be an active federal government program in this regard.

Senator Sherwood: Honourable senators, Canertech has been given an initial budget of $20 million. Obviously, within that amount the corporation will not be able to dedicate equal attention to the various alternative technologies.

By way of a supplementary question I will ask the leader if he will inquire specifically as to why Canertech has not been given a precise mandate to assign budget priority to the pursuit of the most environmentally attractive alternative technologies.

Senator Perrault: The question will be taken as notice, honourable senators.

Senator Sherwood: As a further supplementary, will the leader, in making his inquiries, determine whether that crown corporation has been asked to examine, as a potential game plan for its operations, the recommendations of the Special Committee on Alternative Energy and Oil Substitution?

Senator Perrault: Well, the report of the special committee is important and contains many useful proposals that have come about as a result of all-party consideration of the energy challenge. Under the circumstances, however, I think a statement with respect to this corporation should be brought to the Senate, and that will be requested and presented when available.

[Senator Flynn.]

[*Translation*]

CANADIAN BROADCASTING CORPORATION

STRIKE BY FRANCOPHONE JOURNALISTS

Hon. Martial Asselin: Honourable senators, my question is for the Leader of the Government. Is he aware of the fact that for the last several months the news service of the French section of the CBC has been paralyzed by a major strike of its journalists? Because of this, Canadian francophones are deprived of an extremely important news service. It seems that the journalists have exerted pressure upon their employer and the present government. It also seems that the government was utterly confused in their reply concerning this important issue.

Can the minister tell us whether the cabinet will decide to appoint a mediator in this conflict so that the francophone population of Canada can get news services in French?

• (1410)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no immediate information as to the up-to-the-minute situation. The question will be taken as notice.

[*Translation*]

Senator Asselin: Honourable senators, can the minister inquire whether the Secretary of State and Minister of Communications has received representations from CBC authorities or the journalists to have a negotiator appointed in the near future? When does he expect to be able to provide a satisfactory answer to my question?

[*English*]

Senator Perrault: Honourable senators, I hope that a reply concerning this matter can be brought to the Senate tomorrow.

ENERGY

EFFECT OF NATIONAL ENERGY PROGRAM

Hon. R. James Balfour: Honourable senators, I have a question for the Minister of State for Economic Development. In his delayed answer to my question yesterday concerning the number of drilling rigs which have fled Canada to the United States, the honourable senator stated that customs officials report on the dollar value only. My question is: What is the reported dollar value of drilling equipment that has left Canada for the United States since the introduction of the Lalonde energy policy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I presume that Senator Balfour is asking for the dollar value since October 28, 1980. I will try to obtain that figure. I do not have it with me at the moment.

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

BELL CANADA—APPLICATION FOR RATE INCREASE

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate regarding the

recent rate increases applied for by Bell Canada which would increase that corporation's revenues by 14 per cent to $550 million. These increases will hit hardest those people with low incomes and, particularly, single people who must have a telephone in case of emergency. Their rate will go up from $8.45 to $11 a month. Would the Leader of the Government tell us if the government is taking any action, other than the application hearing before the CRTC, to offset this lack of good corporate citizenship?

Hon. Raymond J. Perrault (Leader of the Government): The honourable senator states an application has gone forward, and that is precisely the fact of the matter. The rates are those being sought by Bell Canada, and there is an opportunity for interventions at any hearing, as the honourable senator is aware. It would be improper for the government at this point to pre-judge the situation or to intervene in any way. Indeed, it would be contrary to the law.

Senator Marshall: It is very obvious that it is only an exercise in futility; that the CRTC is, in most cases, going to grant the application for an increase. It not only has to deal with Bell Canada, but also with CN/CP, Air Canada, Canada Post Office, and all those supposed good corporate citizens. I think it is time there was an investigation into the reasons why they are able to increase their profits at the expense of the people of Canada. It should be stopped. The Senate could take some initiative by trying to investigate it.

Senator Perrault: It is regretted that the honourable senator has attacked an independent body such as the CRTC in this way. The history of the CRTC demonstrates it is not a body that automatically grants increases to telephone companies or other entities.

The honourable senator states there is a case to be made in opposition to the rate increases sought by Bell Canada. Perhaps he will intervene in the hearing before that commission, and present his views and statistics. He may wish to encourage other consumer organizations to do the same thing. I suggest that is the proper course to take, rather than one of encouraging the government to undertake some action which is contrary to the law.

Senator Marshall: Honourable senators, the Leader of the Government is not answering my original question. Regardless of what the CRTC says, the cabinet has the last word. There should be an investigation made beyond the normal routine that goes on time and time again. It is time the government recognized the hardships faced by the citizens of Canada, and did something about these extraordinary increases which really are unfair.

● (1415)

Senator Perrault: Honourable senators, the hearings have not yet been held, and the honourable senator is asking whether the government is going to intervene in opposition to whatever decision is made with respect to Bell's request for a rate increase. Surely it would be most improper at this stage for the government to indicate that it is going to intervene to affect a decision which has yet to be made.

[*Translation*]

THE ECONOMY

INFLATION—INTEREST RATES

Hon. Martial Asselin: Honourable senators, I should like to put a question to the Minister of State for Economic Development. Since yesterday, has the government decided to do something to reduce interest rates?

[*English*]

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, there were a number of valid explanations given by the Minister of Finance, and I am sure they are well known to the honourable senator.

Hon. Jacques Flynn (Leader of the Opposition): Answer the question.

Senator Asselin: Just answer my question.

Senator Olson: It seems to me that it would be useful for the honourable senator to at least try to be consistent. One of the problems we are experiencing with some unanticipated increase in inflationary pressure is that since this government came to office—

Senator Flynn: A short answer only.

Senator Olson: —there has been a very significant increase in economic activity in this country. In fact, the 8 per cent real growth in the economy during the last quarter of 1980—

Senator Flynn: Come on! Not a speech.

Senator Olson: —was substantially higher than was anticipated in the budget, and the Minister of Finance has frankly admitted that. As a matter of fact, the performance of the economy in the first quarter of 1981—a growth rate running at somewhere between 4 per cent and 6 per cent—was also above—

Senator Flynn: Order.

Senator Olson: —the anticipated level at that time.

Senator Perrault: Hear, hear.

Senator Olson: If the honourable senator would like more information, I can give him some facts.

Senator Flynn: We don't want a speech.

Senator Olson: This is strictly factual.

[*Translation*]

Senator Asselin: On a supplementary. Naturally, the minister has memorized his lesson, as have all the other ministers since they started being asked questions about interest rates and inflation. They all give the stock answer: "Just wait and see: time will take care of everything!" I appeal to the compassion of the minister. Does he not know that homeowners are now being forced to sell their homes because they cannot meet the interest rates being charged by the banks?

Is he not aware, also, that many businesses are being forced into closing shop, going bankrupt, because the government

refuses to act on interest rates, because they have no policy but to let time solve all those problems?

Is that all the minister has to say in reply to the important questions I put to him about homeowners who borrow at excessive rates of interest, who are unable to meet their payments? Businesses as well will be forced into bankruptcy. Is that the answer of the minister: that the government could not care less, that its only policy is to let time take care of things?

[*English*]

Senator Olson: Yesterday the honourable senator's office wanted information. Now that I have come prepared to give it to him, he does not seem to want it.

Senator Asselin: Would you answer my question?

Senator Olson: What we have just heard is another dissertation from the honourable senator who referred to Statistics Canada, but when he spoke about housing, he forgot to include some other important factors. In the month of April there was a large increase in total housing starts in this country. It followed a strong 14.8 per cent increase during the first quarter of the year. As a matter of fact, housing starts in April rose by 38.5 per cent in urban areas. That did not apply to selected regions only; it is happening all across the country. Of course, my honourable friend knows that this kind of activity does, in fact, lead to some inflationary pressure because of the significant increase in economic activity across the country. Whether or not the government wants to take credit for this is another matter.

● (1420)

I do know that senators opposite were complaining some months ago that housing starts were down, that economic activity was down, and so on, yet we were trying, despite that kind of debate in this chamber, to increase economic activity in the country. Now they come along and ignore the fact that it is happening and tell us the other side of the problem. I think anybody knows that if you have these significant increases in housing, and in many other important sectors of the economy, inflationary pressure builds up and goes along with them.

[*Translation*]

Senator Asselin: I note that the minister did not answer my question. I also note that the government will do nothing to lower interest rates. Also that this government reneges on all the promises made during the 1980 election campaign to the effect that under a Liberal administration Canadians would again know happier times.

[*English*]

Senator Olson: Honourable senators, I will not deal with the details of that assertion, except to say that it is completely incorrect.

Senator Flynn: Honourable senators, may I try to elicit an explanation? When the minister says that housing starts have increased, despite the increase in the rate of interest, is he suggesting that the increase in the rate of interest has no bearing at all on inflation, and that it is a useless performance to increase the rate of interest, since it does not do anything to curb inflation? Is this what the minister suggests?

Senator Olson: There is another conclusion my honourable friend ought to draw from the remarks I made, and that is that there is obviously a demand for more housing in this country, a demand to increase the inventory, and it is also obvious that in spite of the change in the interest rate there is a very strong demand for new housing starts. I could go through the details of it. It is not exactly uniform across the country, but that surge, or increase, is in fact taking place in all regions of the country.

Senator Flynn: Yes, but my understanding is that when the government permits the interest rate to rise, the objective is to curb the rate of inflation. It seems that at least in this area of housing starts it has no bearing at all. Would the minister therefore admit that the increase in the rate of interest does nothing to curb inflation?

Senator Olson: Well, honourable senators, that question is based on a false premise. The Honourable Leader of the Opposition says, "when the government permits the interest rate to rise".

Senator Flynn: Certainly.

Senator Olson: Is my honourable friend advocating some kind of restricted financial market? Is he advocating that the government introduce legislation so that they may either permit or not permit it? If that is what he is advocating, it represents a change in what I presumed his policy was. My honourable friend knows exactly what the various stages are in the setting of the interest rate. The process is based on the market. It takes place every Thursday. Is he advocating that the government intervene in that process? If he is, that would be a rather significant change in what I think his policy has been.

Senator Flynn: I would ask the honourable minister what he has to say about the Honourable Walter Gordon's statements of yesterday concerning the policies of the government in this respect. What he said does not mean that we have necessarily to intervene directly. There are many ways in which this sort of thing could be done. But it is the government's responsibility. The situation, after all, is of your making; the results are of your making. We were in power for only nine months. The situation today has to be ascribed to the Liberal government that we have had in this country for over 12 years. That is too long.

Senator Olson: My honourable friend will realize, of course, that though they were only in office for nine months, some significant and severe repercussions flowed from that period that are taking quite a long while to correct.

Senator Flynn: You lied to the Canadian electorate; we didn't.

Senator Olson: To get back to the other part of your question—

Senator Flynn: You lied.

Hon. Raymond J. Perrault (Leader of the Government): That is unparliamentary.

Senator Flynn: When I say that the government lied, that is not unparliamentary, it is simply the truth.

Senator Olson: The truth according to St. Jacques, I guess.

Honourable senators, the other part of the Leader of the Opposition's question, which had at least a suggestion of intelligence in it, was with regard to what I had to say about the remarks made yesterday by the Honourable Walter Gordon about a number of alternatives. In fact, this morning I have been so busy that I have not been able to study those remarks in detail. I know that he has great expertise in some of these matters, but I would also caution him that sometimes his views and our views do not exactly coincide.

• (1425)

Senator Flynn: No, there has been quite a change since the time of Walter Gordon.

Senator Olson: Well, I cannot complain about that.

Hon. G. I. Smith: Honourable senators, I should like to direct a supplementary question, if I may, to the Minister of State for Economic Development with reference to the high interest rates.

Has he tried out the explanation he offered the opposition questioner a few moments ago on his colleague, the Honourable Eugene Whelan, about the way increased housing starts cure the effect of high interest rates upon farmers?

Senator Olson: If a question of that nature were directed to me, I would attempt to give an intelligent reply. The question was directly related to the cost of housing and that sort of thing. I was trying to demonstrate that there has been a significant increase in the demand for housing, and I gave the figures.

Senator Smith: I have another supplementary question. By what means does the honourable senator connect the increase in housing starts with any helpful effect on those who are suffering from foreclosures, near foreclosures or forced sales?

Senator Olson: I am having some difficulty in making myself understood by the opposition. One conclusion I could reach is that I am not explaining myself well. The other conclusion is that the opposition is incapable of understanding the relationship between the two. What I said—and I can say it again—was that there has been a very strong increase in the demand for housing, supported by the figures, in spite of the interest rates, which somewhat contradicts the structure in which the question was framed in the first instance.

Senator Asselin: It does not, no.

ENERGY

QUEBEC AND MARITIMES PIPELINE—GOVERNMENT COMMITMENT AS TO COMPLETION

Hon. Richard A. Donahoe: Honourable senators, at the risk of being inundated by a spate of irrelevant words, I direct my question to the Minister of State for Economic Development.

Hon. H. A. Olson (Minister of State for Economic Development): You are setting a bad example.

Senator Donahoe: Just before the parliamentary recess, the National Energy Board was urged by the Alberta Petroleum Marketing Commission, the Quebec government, the IPAC and the CPA to adjourn hearings on the Quebec and maritimes pipeline. The members of the board refused that request and said that the hearings should continue.

My question is: Is the minister at this time able to reiterate the clear commitment of the government, as enunciated previously by himself and by the Minister of Energy, confirming that this line will be built and that it will be completed on schedule?

Senator Olson: I think the answer is yes, if that is all you wanted to know. There are, of course, some responsibilities that the Parliament of Canada has given to the National Energy Board for the purpose of hearing an application and taking into consideration the details of that application before a permit is issued. I would not think that the honourable senator would want the government to intervene in a process that has been set up by Parliament.

Notwithstanding that, we certainly are committed to having that done, for the reason that was given at the time, which is to endeavour to substitute gas for oil in as wide an area of Canada as possible.

Hon. Jacques Flynn (Leader of the Opposition): You don't intervene when it's a project you favour; but you would not be above intervening if it were something to which you objected.

Senator Donahoe: We do not forget the statements made in the other place as to the decision of the National Energy Board being made before the hearings were held or completed, so I take what my honourable friend has just said with a grain of salt.

I have a supplementary question. The people who made the request to the National Energy Board—the companies and the groups concerned—obviously doubted the economic viability of the line. I believe that was because there is reference in the budget to $500 million being made available for pipeline construction, but the government has declined to be specific about how much money it will allocate to any particular pipeline. The government refuses to say whether that money will cover only capital costs or will help defray operating costs as well. My question is very simple. Is the minister equipped and willing to clarify that matter at this time?

• (1430)

Senator Olson: Honourable senators, obviously, the construction of a major extension to the gas distribution system of this country would affect not only the main line but also a number of other laterals and other incentives which have been offered through the National Energy Program to encourage the use of gas and offset the necessity to import crude oil. All the details as to the economic viability of some of those laterals have not been worked out. I am sure that my honourable friend realizes that it takes a little time to work out such matters.

There were other questions raised in the application vis-à-vis the hearing that was held some months earlier respecting what was then called the Q & M line but what is now called the TQ & M line which also require further explanation by the applicant. While it does take time to work such matters out, the government's resolve has not diminished to see that the line is put in place in order that there may be a significant increase in delivery capabilities to alleviate the need to import oil for that part of Canada.

Senator Donahoe: Honourable senators, I have a further supplementary question. Did I understand the honourable minister to say that the extension of the so-called Quebec pipeline into and through the maritimes is merely a lateral to the main system?

Senator Olson: The honourable senator should not take that understanding at all from what I said.

Senator Donahoe: That is what you said.

Senator Smith: That is what I heard you say.

Senator Olson: I did not. I said that there was a main line plus the laterals.

Senator Donahoe: The laterals were a side issue.

THE SENATE

MINUTES OF THE PROCEEDINGS—PRINTING OF WRITTEN QUESTIONS—PRINTING OF RESOLUTION RESPECTING THE CONSTITUTION—MOTION

Hon. John M. Godfrey: Honourable senators, I should like to address a question to the Leader of the Government in the Senate. On January 24, 1980 the then Chief of English Minutes and Journals, Mr. Richard Greene, sent a memorandum to the then Speaker of the Senate, Senator Grosart, making certain representations with respect to matters to be included in the *Minutes of the Proceedings of the Senate* and *Debates of the Senate*.

Altogether, there were four recommendations and, to me, they make a great deal of sense. For example, Mr. Greene pointed out that during the Fourth Session of the Thirtieth Parliament, a total of 74 questions appeared on the Order Paper and an average of 11 pages of questions were printed each sitting day during the session. I note that today's Order Paper contains five pages of questions. The House of Commons prints such questions once a week.

Mr. Greene has suggested and recommended that questions asked pursuant to rule 20A(1) be printed on the day they are sent to the Clerk of the Senate and that all questions be printed once a week until they are answered. This would occur on the last sitting day of each week.

On March 6 I sent to Senator Frith a copy of this memorandum. My question is: Has any consideration been given to the recommendations contained in Mr. Greene's memorandum?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, may I suggest that the proper procedure to follow on this question of printing would be to refer the matter to the Standing Committee on Internal Economy, Budgets and Administration? I am sure that the committee can find a way of reducing these costs and that the members of the committee will give serious attention to the recommendations we have received with respect to those costs.

Perhaps this is the appropriate time to answer a question asked by Senator Godfrey last evening concerning the printing of the full text of the Address respecting the Constitution in the *Minutes of the Proceedings of the Senate*. Senator Godfrey's question was:

> Is it intended to keep printing this resolution on a weekly basis, pending the receipt of the judgment of the Supreme Court of Canada, or can we dispense with printing it until after we receive that judgment?

Therefore, honourable senators, I am prepared to move:

> That the motion adopted by the Senate on February 19, 1981, whereby it was ordered that the full text of the motion for an Address to Her Majesty the Queen respecting the Constitution of Canada be printed in the Orders of the Day for the first sitting day of each week, be suspended, and, that the abbreviated version be printed until the Leader of the Government in the Senate names a day on which the said motion shall be debated, pursuant to the Order of the Senate of April 15, 1981.

Hon. G. I. Smith: Honourable senators, I should like to ask a supplementary question to the one posed by Senator Godfrey, and I direct it to the Leader of the Government in the Senate. Has the Leader of the Government considered, as an alternative method in reducing the number of times a question has to be printed in the *Minutes* or records of the house, the idea of producing answers to such questions quickly?

Hon. Jacques Flynn (Leader of the Opposition): It would be a good method of practising for the day when the access-to-information legislation comes into force.

Senator Perrault: Honourable senators, these questions are constantly on the minds of those who serve on the government side in this chamber. I suggest that all these matters could be considered at an early date by the Internal Economy Committee. There is a good deal of merit in the proposals advanced.

Senator Godfrey has done a service to the entire Senate by taking this line of questioning in this matter. I know that he has received willing assistance from our distinguished Speaker and the officers of the Senate, including Mr. Greene.

Senator Smith: Honourable senators, is the Honourable Leader of the Government suggesting there is no merit in the suggestion that an alternative means should be explored, namely, that of answering questions promptly?

Hon. H. A. Olson (Minister of State for Economic Development): We are doing that.

Senator Smith: Do you want me to read some of them?

Senator Perrault: Honourable senators, in our assiduous search for detail and accurate replies, we often take longer than anyone would wish to produce the required information.

A constant effort is being made to provide the information as quickly as possible.

The Hon. the Speaker: Honourable senators, it may be of interest to know whether or not the motion proposed by the Leader of the Government is acceptable.

Senator Flynn: Leave is granted to move the motion of the Leader of the Government.

Senator Perrault: Honourable senators, without repeating the words of the motion, I so move.

Senator Flynn: Agreed.

The Hon. the Speaker: Is the motion moved by the Honourable Senator Perrault seconded by the Honourable Senator Flynn?

Senator Flynn: No, let Senator Frith second it.

The Hon. the Speaker: It is moved by Senator Perrault, seconded by Senator Frith—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

• (1440)

TRANSPORT

VIA RAIL—AIR CANADA—REPRESENTATION OF ATLANTIC PROVINCES ON BOARDS OF DIRECTORS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to questions asked by Senator Flynn and Senator McElman on March 25 and April 1 concerning appointments to the boards of directors of VIA Rail and Air Canada.

Hon. Martial Asselin: Didn't you get a job, Charlie?

Senator Perrault: The honourable senator may wish to apply. We do not want to railroad him into anything.

Hon. Jacques Flynn (Leader of the Opposition): You would like to, though.

An Hon. Senator: Give him a one-way ticket.

Senator Perrault: In the caboose.

On May 4, the Honourable Jean-Luc Pepin announced that Clarence Surette, of Grand Falls, New Brunswick, had been appointed to the board of directors of VIA Rail Canada Inc. for a one-year term.

After a long career with the Bank of Montreal, Mr. Surette became industrial commissioner for the newly formed Grand Falls Region Development Commission Inc., in 1975. Mr. Surette is also director of the Atlantic Provinces Chamber of Commerce and a director of the Stabilization Committee of the Caisse D'Entraide in New Brunswick.

It may also be of interest to honourable senators to learn that Ross Phillips of Calgary has been reappointed to the board of directors of Air Canada for a one-year term.

I will complete the information from the minister, although this goes beyond the terms of the question.

Senator Flynn: What else is new?

Senator Perrault: Mr. Phillips is president of Benning Investments Ltd., Calgary. He has served on the board of directors of the national airline since 1978 and is chairman of the corporation's investment policy committee. The chairman of the 15-member board is Pierre Taschereau of Montreal.

Honourable senators, we have gone beyond the call of duty in this particular reply today.

Hon. Orville H. Phillips: Did it take you three months to find out who was chairman of Air Canada?

Senator Perrault: In his zealous quest for the very best person available for the position.

Senator Flynn: He has been there for three years.

Senator Perrault: I was talking about the other appointment.

ENERGY

REVIEW OF NUCLEAR INDUSTRY

Hon. Raymond J. Perrault (Leader of the Government): On April 9 the Honourable Senator Macquarrie asked when the internal review of the nuclear industry would be made public and if the review process is designed to investigate the diminution of safeguards as a method of improving foreign sales of reactors abroad.

The government has been conducting a review of the nuclear industry in Canada, and various background papers covering all aspects of the nuclear fuel cycle have been prepared and will soon be made available to the public upon completion of their translation. It is hoped that these will contribute substantially to a well-informed public discussion of all aspects of nuclear energy generation and use.

At the international level, Canada, historically, has been a firm proponent of stringent nuclear safeguards. We will continue to strive to encourage the highest possible standards, and we will certainly not compromise those standards for purely commercial purposes.

Canada is an active participant in two current International Atomic Energy Agency (IAEA) activities aimed at improving international non-proliferation standards. These are the Experts Group on International Plutonium Storage (IPS) and the Committee on Assurance of Supply (CAS).

TRANSPORT

NORTH SYDNEY FERRY TERMINAL EMPLOYMENT STUDY—COST

Question No. 60 on the Order Paper—**By Hon. John M. Macdonald:**

What was the cost of the study entitled: "North Sydney Ferry Terminal Employment Study" prepared for Transport Canada, Water Transport Assistance Directorate, by A.D.I. Limited of Fredericton, N.B., and dated February 12, 1981?

Reply by the Minister of Transport:

The cost of the ADI Limited Study entitled "North Sydney Terminal Employment Study" was $16,800.

CUSTOMS TARIFF
IRISH FREE STATE TRADE AGREEMENT ACT, 1932
UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932
UNITED KINGDOM TRADE AGREEMENT ACT, 1937

BILL TO AMEND AND TO REPEAL—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Connolly for second reading of Bill C-50, to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, The Union of South Africa Trade Agreement Act, 1932, and the United Kingdom Trade Agreement Act, 1937.

Hon. Orville H. Phillips: Honourable senators, last evening, on introducing Bill C-50 the sponsor referred to certain concerns and discontent within the fishing industry. Before the Easter recess, I had asked an official of the Department of Fisheries and Oceans to prepare some information for me. Unfortunately, that official is involved in meetings today, but it is my hope to discuss the subject with him tomorrow morning and to proceed tomorrow afternoon with my remarks. In the meantime, it is my understanding that if the Senate is agreeable, we could be favoured with the lofty wisdom of the Honourable Senator Godfrey. I shall deliver my humble remarks tomorrow.

● (1450)

Hon. John M. Godfrey: Honourable senators, my intervention in this debate will not be lengthy; it will not take two minutes. It simply refers to the question that Senator Everett asked Senator Connolly last night.

You may recall that Senator Connolly said that certain inhibitions were put on the Senate with respect to money bills. In his reply to a question by Senator Everett he said:

> It is very difficult for the Senate to reduce a tax,

This subject came up in this chamber on December 18, 1975, and I think I should put the remarks made at that time on the record today. Because of a remark made by the Deputy Leader of the Government at that time, I asked a question and I referred to the highly regarded book on the Senate by Robert A. Mackay which went into the subject rather extensively. I quoted from that book as follows:

> Yet it is abundantly clear that whatever the rules of the Commons, the Senate has made good its claim to have legal authority to amend money bills, and, of course, to reject them.

In reply to my question, Senator Perrault referred to section 1 of the Ross report of May 1918 which states:

> The Senate of Canada has, and always has had since it was created, the power to amend bills originating in the Commons appropriating any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without consent of the Crown.

It is important to note that Senator Perrault went on to say:

> That is the position which I happily hold, together with the Deputy Leader of the Government in this chamber.

I just wanted to put that on the record so there is no question of there being feelings of inhibition on any committee as to whether or not it can amend a money bill.

Hon. Jacques Flynn (Leader of the Opposition): That has always been the view on this side. I must say that the view of the Leader of the Government, as expressed by Senator Godfrey, was contested at one time by his former deputy leader, Senator Langlois.

Senator Godfrey: I should explain that Senator Langlois went on to explain that day that he had not really meant what he had said the previous day.

Senator Flynn: I don't remember that.

Hon. Sidney L. Buckwold: Honourable senators, I should like to make a small contribution to the debate on Bill C-50, which was so well introduced by Senator Connolly. My comments will relate basically to the fact that, although we profess a very real interest in developing trade relations with underdeveloped countries and in encouraging every possible trade interchange between Canada and those areas of the world that need help, this particular bill, and the agreements that have been signed under the GATT treaties, really contribute very little in that respect. I am sure the Government of Canada is well aware of this and I would hope that the Prime Minister, in dealing with North-South relations, will also consider the importance of some freedom in trade relations, and allowing Canadian importers to bring in goods and services from those parts of the world that desperately need the business which could be generated.

In a discussion I had with some officials, I was advised that the Tariff Board is studying ways of improving a preferential system for developing countries and that we can expect recommendations soon. As a matter of fact, it was indicated that they may recommend free entry for some items now dutiable, and that is very encouraging.

However, speaking as a westerner, I think I should draw the attention of the Senate again to the concern of my part of the world with the very restrictive quotas on the import of textiles and footwear. I know that the Senate discussed this question quite extensively a few years ago, basically from the point of view of the Quebec industry, and made a significant contribution. As a westerner, I should like to say that this country is

paying a very real price in dollars as a result of the restrictive quotas which were imposed.

I received some information from the Research Branch of the Parliamentary Library which indicates that the primary feature of the bilateral quota agreements is that administrative control over who obtains export licences is given to the governments of exporting countries.

Originally, when quotas were placed on the importation of textiles and footwear from certain countries, the importer would make arrangements with his supplier and, if he had a quota, he would get the goods. However, that arrangement has been changed and, as I have indicated, the issuance of export licences is now decided by the exporting countries. This means that Canadian importers must deal with licenced exporters and are no longer free to place import orders with the least expensive supply sources of textile and clothing. In other words, you go where you can get it and, in fact, the export supplier directs you to the company from which you will buy the product.

Basically, economics being what it is, the quotas are arranged not so much by dollars but by quantity so that, in fact, you find your importers bringing in higher-priced merchandise and the result is a disappearance, to some very marked degree, of lower-priced goods which generally have been consumed by low income families in this country.

As my final comment on this subject, I would mention the study done by G. P. Jenkins entitled *Cost and Consequences of the New Protectionism*, which states that the case of the Canadian clothing sector indicates an overall cost to the consumer in 1979 of $467 million. That is the price we pay as consumers for what I feel is a restrictive import policy of the Government of Canada. Admittedly, it is designed to protect an industry that needs protection, but, on the other hand, that industry is costing the Canadian consumer a great deal to support.

• (1500)

I draw these facts to the attention of the Senate, when it is dealing with this bill, in order to indicate that, although we are making substantial progress in reducing tariffs under the General Agreement on Tariffs and Trade, we still have a long way to go. The fact that we have these kinds of restrictive policies respecting the importation of textiles and footwear is a matter of real concern to westerners, who feel they are paying a high price to support these industries that are located, for the most part, in eastern Canada.

On motion of Senator Phillips, debate adjourned.

SPECIAL INVESTMENT TAX CREDIT

CONCEPT AND DESIGN OF PROGRAM—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Murray calling the attention of the Senate to the government's *Special Investment Tax Credit Program* for areas of greatest disparity, announced in the Budget address of October 28th, 1980, and to interministerial confusion in the concept and design of the program.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I wish to take a moment to explain why I will ask that this order be stood. It is an inquiry introduced by Senator Murray, and although I am ready to proceed with my observations on its subject, I will not because Senator Murray is not here. I think it more appropriate to wait until he is present.

I am informed that Senator Murray's father has passed away. I am sure you will not think it presumptuous of me to express, on the record, our sympathy to him. Anticipating that he will be back next week, I hope to proceed with the inquiry then.

Honourable senators, for those reasons I ask that the order stand.

Order stands.

FOREIGN AFFAIRS

ZIMBABWE CONFERENCE ON RECONSTRUCTION AND DEVELOPMENT

Hon. Sidney L. Buckwold rose, pursuant to notice of Thursday, April 2, 1981:

> That he will call the attention of the Senate to the Zimbabwe Conference on Reconstruction and Development held in Salisbury from 23rd to 27th March, 1981.

He said: Honourable senators, I apologize for speaking twice on the same day, but by having me do so you will probably be rid of me for the next three or four months. It is just as well to take the dose all at once.

Hon. Jacques Flynn (Leader of the Opposition): We will provoke you, don't worry.

Senator Buckwold: Thank you very much, Senator Flynn.

Honourable senators, my inquiry, to call the attention of the Senate to the Zimbabwe Conference, has been on the Order Paper for several weeks. Actually, the conference took place, as you know, from March 23 to 27. That is almost two months ago. However, because of the lengthy debate on the Constitution and because of other priority items, the Deputy Leader of the Government has kept putting me off, with the significant result, I think, that the speech now becomes shorter and shorter owing to the fact that the relevance of the conference is much less timely than it was then.

I did feel that I wanted to speak about Zimbabwe and about the conference in order to bring the members of the Senate up to date on developments in that formerly strife-torn country, Rhodesia, which suffered through seven terrible years of guerrilla-racial warfare.

Let me begin by saying that the Government of Zimbabwe called a Conference on Reconstruction and Development, inviting the nations of the world to participate and, in fact, inviting those nations to bring with them pledges of financial

assistance to support programs which had been prepared by that very able government.

● (1510)

Let me bring you back to the fact that in late 1979, through the diplomacy of expert foreign ministers and, I think, the genius of Lord Carrington and some of the British officials, guerrilla warfare ended as a result of the Lancaster House agreement and an orderly transition from a racial to a multiracial society was agreed to, a constitution was prepared which provided a house of 100 members, of whom 20 would always be white, and a Senate of 40 members, some elected and some appointed, and a promise was made by all sides to do whatever they could to have an orderly transition in a very difficult regime. The nations of the world said at that time that they would be prepared to help. Elections were held in February and independence was declared on April 18, 1980—just over a year ago.

At the end of March, Zimbabwe called together the nations of the world. Forty-five nations responded, along with 27 international agencies representing almost all the major nations of the free world, including two of the communist countries but not Russia or other major communist countries. You could almost compare it to a campaign to raise money for a local parish. The groundwork was done. Proposals were made to the governments of various countries of the world regarding projects in three different areas: first, the rebuilding of the war-torn country and the resettlement of millions of refugees; secondly, land resettlement and rural agriculture; and, thirdly, the necessary technical assistance to upgrade this country which is rich in natural resources. I had the honour of being named chairman of the Canadian delegation, and I was the only parliamentarian on the delegation. The other very capable members were senior civil servants of interested departments. Of course, we were significantly aided by the Canadian High Commissioner to Zimbabwe.

The conference was a great success. Perhaps the following comment will amuse you. The first speech was made by Lord Soames, the last British Governor of Rhodesia, who came wearing another hat representing the United Kindgom, imploring the nations there represented to put their money where their mouth was. They had all promised assistance, and now was the time to support this government which had shown itself to be responsible by having made an orderly transition from a racial to a multiracial society. He quoted an old Chinese proverb he had heard on a recent trip to China, which went something like this: If you are not going to lay an egg, don't make a noise like a chicken. That was a very good start to the conference. In other words, it was not words they needed, but money.

As I said, the homework was well done. The chairman of the conference was Dr. Bernard Chidzero, who had been educated in Canada and had a very warm feeling for Canadians. He was especially courteous to me and the other members of our delegation.

I had the privilege, as I have said, of speaking for Canada, and I was proud to be able to announce a $50 million bilateral aid program over a five-year period. In addition, I had with me a cheque for $3 million which I presented to the Minister of Finance for the use of that country. That was a $3 million no-strings-attached cheque. I can assure you that the Canadian High Commissioner watched me very carefully as I made my way through Zimbabwe with that cheque, but I can also assure honourable senators that it was properly deposited with their Minister of Finance.

[Senator Buckwold.]

You might be interested in some of the remarks I made at the conference, which I will make as brief as I can. I said:

> We are most impressed by the pragmatic and sensible approach which the Government of Zimbabwe has taken with respect to development issues. The conference documentation which has been expertly prepared by the Ministry of Economic Planning and Development gives us a clear picture of what the needs are. The three items on the ZIMCORD agenda—port-war recovery programs; land settlement and rural and agricultural development, and training and technical assistance—are certainly vital areas. In its development assistance activities to date, Canada has tried to respond to Zimbabwe's needs in precisely these areas—through a $3 million Canadian cash grant for reconstruction and resettlement, which I had the personal pleasure of presenting yesterday;—

Another affirmation that it was presented.

> —through a $2.9 million Canadian grant of food aid for use in the resettlement of displaced persons; through a $3 million Canadian line of credit for road-building equipment; through a special grant of $600,000 Canadian to the repatriation of refugees; and through our special program for the training of Zimbabwean civil servants.

That represented a total of $9.1 million that had already been expended.

> Because Canada feels strongly that our relationship should be based on more than financial assistance, we have, in addition, made available more than $1 million Canadian for the identification of opportunities for industrial co-operation.
>
> Looking towards the future, the Government of Canada has committeed a minimum of $50 million Canadian in bilateral development assistance to Zimbabwe over the next five years, beginning April 1, 1981, and in light of the Canadian government's commitment to raise its official development assistance to 0.7 per cent of GNP by 1990, there is a good prospect that our efforts in Zimbabwe can be increased still further. However, we would like to impress that your ability to utilize these funds will play an important role in determining the level of our future assistance.

This was very well received, and I can tell you that, in total, the Government of Zimbabwe got commitments for $2½ billion Canadian, which was about their objective. Of that amount, about $1 billion were new dollars that had not previously been committed in one way or another. Financially, it was considered a great success.

There are some challenges ahead. I think honourable senators would be interested to know what Zimbabwe is like. First of all, Salisbury is a beautiful city with a very temperate climate. Its elevation is over 5,000 feet. The British have left a legacy, as they have in so many countries, of a very efficient infrastructure, good government services and good health services. It is one of the few areas in Africa where it is safe to drink the water. Hygiene standards are high. You can eat the food without any danger of contamination. The hotels are first class. I certainly recommend Salisbury as a pleasant place in Africa to visit. The country itself is very rich. It is the only African country, other than South Africa, that ended up with a surplus of food this year, that being a million tonnes of maize available for export. One of the major problems is how to export, because the starving nations around it—Mozambique, Tanzania and many of these other countries that some of us have visited, especially Somalia which is faced with 1½ million refugees with very little food—really do not have the funds to be able to buy that surplus maize, nor can Zimbabwe afford to give it away. Added to that, of course, is the tremendous problem of transportation. How do you get it to these areas? They are just not geared to being able to move that much needed food to those parts of the world which are desperately hungry. The country is rich in mineral, agricultural and, indeed, manufacturing resources. It is amazing how the country survived the economic boycott, the sanctions imposed during those years of guerrilla warfare.

● (1520)

The Honourable Robert Mugabe is the Prime Minister. He was known as an avowed Marxist, and it was with some trepidation that the nations of the world learned that he would become the Prime Minister. He has, in fact, proved himself to be very moderate. His major opponent, you will recall, was Joshua Nkomo, whom I also met and who represents basically another tribal group. There are still some serious problems concerning the relationship between some of the tribes from different areas of Zimbabwe.

Zimbabwe is a country with seven million blacks and 230,000 whites. Together with other members of our delegation, I had the opportunity to meet with many of the white community, and I can tell you that they are determined to make the system work. There has been a very orderly transition.

The cabinet, which, of course, is dominated by blacks, still has two significant portfolios filled by whites. The Minister of Agriculture, whom I met, is white. Through his good offices I visited a prosperous white farm approximately 100 miles from Salisbury. Five thousand white farmers produce 80 per cent of the nation's food, so honourable senators can imagine the productivity and expertise of the white farmers. The real challenge is to make sure that the Mugabe government resists the temptation to break up those large, efficient, productive white farms into small units and for Zimbabwe to find itself, as so many other African countries have done, with a shortage of food when it is well able to produce a large quantity.

Senator Roblin and I were in Zambia some months earlier, and we found that such a situation had occurred, where a productive country had been turned into one which suffered from food shortages because of policies which did not lead to the development of the agricultural potential of the country but, in fact, had the reverse effect. So far, that temptation has been resisted in Zimbabwe, and there is a movement of peasants, and others who would like to own some land, to areas where the land has not been utilized, such as undeveloped and vacant land. There is much of such land in Zimbabwe, but the government has pledged that the white farmers will be encouraged, by the Minister of Agriculture and through strong marketing boards, to continue to be the major food producers.

So there has been a great deal of progress in Zimbabwe. Some of the white farmers told me that those of their children who had left the country were beginning to return, although there are still some people who are leaving. I believe, however, that things have settled down and very soon we could see a reverse migration, with people returning to Zimbabwe.

Therefore, Zimbabwe is a country that is rich in resources and that has immense potential. It has been a symbol to the world that it is possible to bring together two warring factions to form a strong government that will work for all of the people.

I mentioned that Mr. Mugabe, the Prime Minister, had Marxist tendencies. In fact, he had declared himself to be a Marxist. Yet in every speech to the conference he indicated his support of private endeavour, and he has taken a cautious outlook on the development of industry and agriculture in his country. He has not maintained any significant relationship with communist countries; one of his major supporters has been the United States of America. Therefore, some of the fears held by the nations of the world, particularly the free nations, that Zimbabwe would suddenly become another Marxist dictatorship have now disappeared, and personally I am satisfied that Mr. Mugabe is a realistic, socialistically inclined but responsible leader of a strong African nation.

Hon. Martial Asselin: How many white ministers are there in the cabinet?

Senator Buckwold: There are two white ministers in the cabinet.

In conclusion, I should like to indicate the major problems that I feel are likely to face Zimbabwe in the near future. The first, of course, is the resettlement of the country, the rebuilding of the devastated areas. There is also the problem of technical training, of being able to ensure that people are available to carry out the government's programs. In addition, there is the problem of the country's relationships with its neighbours.

It is interesting to note the relationship between many African countries and South Africa. They are the avowed enemies of South Africa. Everywhere you go you hear critical speeches condemning what is happening in South Africa, and there are militant expressions of what will happen, that the black majority of South Africa must be free. Indeed, financial and military support is often given. On the other hand, many of those countries depend on South Africa for the existence of

their trade. A country like Zimbabwe does 70 per cent of its trade with South Africa.

In a recent United Nations debate, in which an attempt was made to impose sanctions on South Africa until such time as there is some relaxation of its present policy, many of the very nations who led the assault indicated that they themselves could not afford to take part in the imposition of such sanctions. In fact, the situation would be similar to Canada's refusing to do business with the United States. The economies are so intertwined. Most of Zimbabwe's exports go to South Africa, and most of its imports come from South Africa. So, although there is this real dichotomy between the two countries—and it will become more severe in the years to come—nevertheless, such trade relationships exist either openly or surreptitiously in many of the African countries. One sees South African goods in those countries because the economics of the area force upon the country that kind of trade relationship.

Those are some of the problems facing Zimbabwe, a very rich country, a country which all of us might look at as an example of what can be done and, hopefully, will continue to be done.

With the amount of money that was pledged at that conference and the kind of goodwill that was expressed by the nations of the world, a major concern of many of us is as to whether Zimbabwe will have the competence, administratively and technically, to be able to utilize those funds and that good will for the benefit of the people of Zimbabwe, so that they can achieve the great potential which is certainly theirs.

Hon. Frederick W. Rowe: Before the honourable senator resumes his seat, I wonder if I might ask a question. I regret that I was not in the chamber when he began his speech. What is the approximate size of the cabinet?

Senator Buckwold: I am not sure of its exact size, but it is in the vicinity of 20 members.

Senator Rowe: So the ratio of two to 20 is probably roughly the ratio of whites to blacks?

Senator Buckwold: Yes. The whites were guaranteed 20 members. Mr. Ian Smith is their leader. Unfortunately, I did not meet him, as he was not present at the gathering. Basically, the ratio is about the same, yes. I should perhaps mention that some members of the cabinet are senators.

Hon. Louis-J. Robichaud: Honourable senators, I have listened attentively to the eloquent and erudite exercise on the part of Senator Buckwold on Zimbabwe. However, one thing puzzles me. I should like him to enlighten us on this. He says that Zimbabwe is rich in natural and human resources, but at the same time we in Canada, with only 24 million people, although also rich in all sorts of resources, have to supply them with millions of dollars. I am not against that concept, but I would like the honourable senator to enlighten us on the matter and reconcile the two points of view.

● (1530)

Senator Buckwold: The honourable senator asks a question that many of us ask. The fact is that although Zimbabwe is rich in resources, those resources are undeveloped. In addition, one has to bear in mind the hundreds of millions of dollars' worth of damage that were done during a vicious, seven-year guerrilla blood war. Added to that is the fact that there is a very real differential between rich and poor. The average wage of a white industrial worker is 10 times that of an industrial worker who is black. You must then add to this that there are millions of peasants living in abject poverty, so the distribution of wealth has become a very significant factor with regard to future relationships. We must also bear in mind that we do not want to frustrate the expectations of so many people who have fought and whose families, in some cases, have died for the privilege of having a multi-racial society.

A large amount of funds from around the world is going to be required in order to bring up these standards in Zimbabwe. Those 7 million blacks that I talked about are, to a very large extent, living well below the poverty line. The minimum wage has just been raised, by the way, industrially, to about $130 Canadian a month, which is considered to be a very significant increase and which will help many of those people. There is also a tremendous illiteracy problem. Most of the people live in small villages in rural areas.

Although it is true that Zimbabwe has immense resources, most of them have not been developed, and they need to be developed in order to raise standards and so that there can be a better distribution of income to make life more tolerable for those who live there.

Hon. Gildas L. Molgat: I wonder if Senator Buckwold would entertain another question. I was interested in his statement that representatives of 45 countries attended this conference. Would it be possible to get a list of those countries, together with their contributions? It seems to me that the Canadian contribution of $50 million is indeed a large amount; but we can only consider it in the perspective of what others have given. If it is possible to obtain that list, I would like to have it.

I wonder if the honourable senator could answer another question, now, however, on one specific item. If I understood him correctly, he said that two countries from the communist world attended. Could he tell us which countries they were, and what their contribution was?

Senator Buckwold: The only one that I can name off hand is Yugoslavia. There was one other country, the name of which I will get for you, but its contribution was relatively modest. I will, of course, be glad to supply you with the other information you have asked for.

The American contribution was $225 million, over a three-year period. Our contribution, of $50 million over five years, represents only $10 million a year. Quite frankly, I hope that in due course the Government of Canada will be able to be more generous. This was not an extravagant gift. We might also keep in mind that these are bilateral gifts, in terms of which the funds are mostly expended in Canada and the products made here are delivered to the requirements of the Zimbabwe government.

Hon. Royce Frith (Deputy Leader of the Government): What is the portfolio held by the other white minister? You told us, I think, that there are two white ministers, one of whom is the Minister of Agriculture.

Senator Buckwold: I would have known two months ago, if you had let me speak then.

Senator Flynn: You mean that Senator Frith prevented your speaking?

Senator Buckwold: I should not have said that it was Senator Frith. It was the Leader of the Opposition who kept the debate on the Constitution going so long.

Senator Flynn: I wanted to interrupt it!

Senator Buckwold: The only white minister I came into contact with was the Minister of Agriculture; but I will find out for you the portfolio of the other white minister.

Senator Asselin: What is the meaning of the name "Zimbabwe"?

Senator Buckwold: It is an African word for that area, as named by the original natives. It was referred to by that name before the colonials took over. By the same token, "Salisbury" has been changed to "Harare", which, again, was the native name for that particular part of the country. What the actual meaning of the name "Zimbabwe" is, I am not sure, any more than I know what the meaning of "Ottawa" is, which is getting to be more questionable all the time.

The Hon. the Speaker: Honourable senators, as no other senator wishes to speak, this inquiry is now considered as having been debated.

PARLIAMENT

VISIT OF DELEGATION TO ROMANIA AND BULGARIA

The Hon. the Speaker: Honourable senators, I take this opportunity to thank the senators who accompanied me to Romania and Bulgaria during the recess. We will have to consult among ourselves in order to see how we can furnish a report to the Senate and the House of Commons. There was complete co-operation among all members of the delegation.

[*Translation*]

I should like to thank them for co-operating with me as they did during that trip. Thank you very much.

[*English*]

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 21, 1981

The Senate met at 2 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem,* in the Chair.

Prayers.

ANDREI SAKHAROV

BIRTHDAY FELICITATIONS

Hon. Martha P. Bielish: Honourable senators, I should like to draw your attention to the fact that today, May 21, is the sixtieth birthday of Andrei Sakharov, the Soviet human rights activist and Nobel Laureate who so often has spoken out in defence of human liberty in the Soviet Union and who today remains in exile in the northern reaches of Siberia. On this occasion we wish him well and hope that the Soviet authorities will release him from his confinement.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Document entitled "Evaluation of the Canadian Gun Control Legislation. First Progress Report," issued by the Solicitor General of Canada.

Report by the Tariff Board, pursuant to the Inquiry ordered by the Minister of Finance respecting the General Preferential Tariff, Part I, Reference No. 158, pursuant to section 6 of the *Tariff Board Act,* Chapter T-1, R.S.C., 1970.

Report on the Actuarial Examination of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 1980, pursuant to section 56 of the *Royal Canadian Mounted Police Pension Continuation Act,* Chapter R-10, R.S.C., 1970.

Report of Telesat Canada for the year ended December 31, 1980, including its accounts and financial statements certified by the Auditors, pursuant to section 37 of the *Telesat Canada Act,* Chapter T-4, R.S.C., 1970.

Report of the Minister of Finance respecting Olympic coins for the period ending March 31, 1981, pursuant to sections 17(1) and 17(3) of the *Olympic (1976) Act,* Chapter 31, Statutes of Canada, 1973-74 (as amended).

NORTHERN PIPELINE

FINANCING—STATEMENT BY MINISTER

Hon. H. A. Olson (Minister of State for Economic Development): I should like to advise honourable senators that I have officially received from the President of Northwest Alaskan Pipeline Company confirmation that the sponsoring companies and the producing companies of the pipeline in the Prudhoe Bay area have reached agreement with regard to a financial plan and package that will be presented to the financial community for the financing that is necessary in order to do all of the construction of both the pipeline and the conditioning plant in Alaska.

Although I have received some of the details, I have not received all of them. Therefore, I am not prepared at this time to go into the terms and conditions of the agreement that has been reached. I can tell you that it appears to be a viable plan with respect to both equity and debt which will be assumed by the sponsors and the producing companies. Hopefully, it will be accepted as to debt financing by the financial community. Approximately, it works out to a 30 per cent commitment of debt and equity by the producing companies and 70 per cent by the 15 sponsoring companies in the pipeline consortia. There will be more details available within the next 24 to 48 hours, but as far as we are concerned it is a major step towards the completion of the entire line.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I believe we will all be much relieved if this project is carried through to completion because of its particular reference to Canadian gas export problems.

When my honourable friend is inquiring into the details of this matter, can he find out whether the arrangement proposed is on all fours with the conditions laid down by the United States Congress some time ago? I heard him say today that the producing companies would be taking part in the financing, but, if my memory is correct, they were barred from this role by the resolution adopted in the United States Congress.

Can my honourable friend tell me if my assumption is correct, that it is not on all fours with the United States resolution? Perhaps he could go a little further and hazard an opinion as to whether there is any problem in getting the terms and conditions changed in the United States Congress.

Senator Olson: Honourable senators, I can, and it is not a matter of opinion only, although that opinion was expressed to me by some of the leaders on both sides of the house in both houses of Congress last summer. It is a fact that there is a law that prevents these producing companies from participating in the equity position of the pipeline, but we have a commitment from the United States administration that they will sponsor a resolution to be presented to Congress which will change that to conform, I presume, to at least the ratio of equity that is involved in the terms of agreement that has now been reached between the producing and the sponsoring companies. I cannot

predict—and I suppose it is improper to do so—what Congress will do. That is a decision they will make when the resolution comes to them, but certainly with the commitment that was made last summer, and repeated by the new administration when President Reagan and a number of his senior secretaries visited Ottawa, I think it is fair to say that they have given a commitment that they would be willing to support a resolution which would amend the law to conform to a reasonable and, hopefully, workable agreement between the equity positions of the sponsors and the producers.

● (1405)

STATE IMMUNITY BILL

REPORT OF COMMITTEE PRESENTED

Hon. H. Carl Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, May 21, 1981

The Standing Senate Committee on Legal and Constitutional Affairs to which was referred Bill S-19, intituled: "An Act to provide for State Immunity in Canadian Courts", has in obedience to the order of reference of Wednesday, February 11, 1981, considered the said Bill and now reports the same with the following amendments:

1. *Page 2, Clause 2:* Strike out line 1 and substitute the following:

   "political subdivision" means a province, state or other like political sub-"

2. *Page 2, Clause 4:* Strike out lines 42 to 44 and substitute the following:

   "step in proceedings before a court, other than an intervention or step to which paragraph (2)(*c*) does not apply, submits to the"

3. *Page 5, Clause 9:* In the French version, strike out line 24 and substitute the following:

   "si l'acte introductif d'instance a été signifié à l'organisme d'un État"

4. *Page 6, Clause 11:* Strike out lines 29 to 35 and substitute the following:

   "(2) Subject to subsection (3), property of an agency of a foreign state is not immune from attachment and execution and, in the case of an action *in rem*, from arrest, detention, seizure and forfeiture, for the purpose of satisfying a judgment of a court in any proceedings in respect of which the agency is not immune from the jurisdiction of the court by reason of any provision of this Act".

5. *Page 7, Clause 11:* Strike out line 3 and substitute the following:

   "that is held for its own account and is not used or intended for a commercial activity is immune"

6. *Page 8, Clause 14:* Strike out lines 9 to 25 and substitute the following:

   "14. The Governor in Council may, on the recommendation of the Secretary of State for External Affairs, by order restrict any immunity or privileges under this Act in relation to a foreign state where, in the opinion of the Governor in Council, the immunity or privileges exceed those accorded by the law of that state."

Respectfully submitted,

H. CARL GOLDENBERG
Chairman

Senator Goldenberg moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

● (1410)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(*g*), that when the Senate adjourns today, it do stand adjourned until Tuesday next, May 26, 1981, at 8 o'clock in the evening.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Jacques Flynn (Leader of the Opposition): Leave is granted, but I would like the deputy leader to tell us what the agenda is for next week.

Senator Frith: Honourable senators, the reason I believe we should sit as usual next week is as follows: First, with regard to business coming from the other place, they have allocated two opposition days for this week and two for next week, and that will have the effect of reducing the amount of business coming before us. However, I count some 30 to 35 bills that are "in the works" in the other place. I know that the other place plans to sit on Tuesday evenings, Friday mornings and Friday afternoons in an attempt to deal with the less controversial bills and, therefore, have them ready for the Senate. When we put that possibility in the context of lengthening hours of daylight, the fact that the end of June is not very far off and the fact that the summit meeting will be taking place in July, it is my hope that we will be ready to deal with any of those bills by sitting regular hours, certainly until the end of June or until the end of the session. Then, when the more controversial items come before us, we will be in a position to deal with them. There is also the fact that there are at least two inquiries on the Order Paper that I hope we will be able to proceed with next week.

Senator Flynn: Honourable senators, I suggest that the projection of the deputy leader with regard to legislation is not very convincing. I suggest to him that perhaps our committees have sufficient business before them to require our sitting next week.

Hon. H. A. Olson (Minister of State for Economic Development): It would help us get some bills through.

Senator Frith: I thank the Leader of the Opposition for adding yet another reason for our being here next week. He has again answered his own question.

Senator Flynn: I wanted it on the record.

Motion agreed to.

HEALTH, WELFARE AND SCIENCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Health, Welfare and Science have power to sit at 9.30 o'clock in the evening on Tuesday next, May 26, 1981, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

He said: By way of explanation and before honourable senators are asked to grant leave, I will say that we try very hard to plan our work in such a way that the committees do not sit while the Senate is sitting so that we do not deplete attendance in the Senate. I am advised that in this case the committee has called a special witness who can only attend that evening. The committee feels that the witness is important to their work and it is very eager to hear him. The Chairman of the committee, Senator Bonnell, is not in the chamber at this moment, but I was advised that Senator Marshall may be able to give a further explanation, if the one I have given is not adequate to convince honourable senators to grant leave.

• (1415)

Hon. Jack Marshall: It has to do with a request by the Dieppe Veterans Prisoners of War Association who have grievances with regard to the pensions they are receiving as a result of their incarceration in prisoner-of-war camps. They asked to appear before the committee, and we agreed to that request.

Hon. John M. Godfrey: I would like to make an observation. In the past, when the Senate was not very busy on a Wednesday afternoon, we arranged to conclude the sitting at 3 o'clock so that committees could meet regularly thereafter. I would suggest that we try to do that again in the future. For example, I was supposed to attend four different committee meetings this morning, but fortunately one of them was cancelled. As I say, I think we should try to follow the procedure that we tried out a year or so ago, of adjourning at 3 o'clock on Wednesday afternoons and having committee meetings afterwards.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE ECONOMY

INCREASE IN INTEREST RATES—EFFECT ON SMALL BUSINESS

Hon. Martial Asselin: Honourable senators, I have a question for my good friend, Senator Olson, P.C., M.P.

Hon. Jacques Flynn (Leader of the Opposition): "M.P."?

Hon. David Walker: "Good friend"?

Senator Asselin: Today the interest rate stands at 19.06 per cent, up from 18.98 per cent last week. Even prior to today's increase, the President of the Bank of Montreal, Mr. William D. Mulholland, expressed his concern that very heavy financial casualties can be expected, particularly in the small business sector, should this interest rate escalation continue.

Does the minister agree with Mr. Mulholland that small business is particularly vulnerable to escalating interest rates? Is the government anticipating a rash of small business failures, and is it about to introduce policies to avoid such an eventuality, or is it preparing policies so as to be able to deal with such failures when they occur?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I shall discount the last question completely, because we are not preparing legislation to deal with failures after they have happened. We think that industries—especially small businesses—should continue, and continue in a viable way, because they are an important sector of the whole Canadian economy.

As far as the other part of the question is concerned, the Minister of Finance has expressed concern a number of times with respect to the higher cost of operating small businesses. He has also indicated, however, that there has been a significant increase in economic activity in Canada, even beyond what he had anticipated in his budget of October 28 last and what has followed since. There has been inflationary pressure from the international sector, and there has also been an escalation, although the rate of increase has slowed down.

I am interested in the comments made by the officer of the bank. If the banks have any proposals that would be useful in bringing about a situation in which they would in fact charge a lower rate, in the interests of supporting the small business sector—he suggested that perhaps they need some relief from this additional cost of doing business—we would study them with a great deal of interest.

Senator Asselin: As a supplementary, I am sure that the minister is aware that the interest rate one year ago was 11.83 per cent. Today it is 19.06 per cent. Bankruptcies for the first quarter are up 14 per cent from last year.

• (1420)

My question to the minister is this: Is the minister considering implementing the option proposed by Mr. Mulholland, and others, of a rapid increase in oil prices, allowing the government higher revenues with which to reduce its deficits, thereby

removing some pressure on the dollar and allowing the Bank of Canada to reduce its prime rate?

Senator Olson: Honourable senators, it is interesting to note the manner in which my friend poses the question. He indicates that it is Mr. Mulholland's view that oil prices ought to increase. It would be interesting to have my friend's opinion with respect to whether oil prices should escalate more rapidly than is outlined in the National Energy Program.

Senator Asselin: You should know.

Senator Olson: I notice he carefully avoided saying that.

Senator Asselin: If you know it, explain it.

Senator Olson: From some statements made by him and by some of his colleagues in the past, it is obvious that they disagree with Mr. Mulholland's view.

Hon. Guy Charbonneau: The chairman of the Economic Council of Canada also says that.

Senator Flynn: We said that we would not be as hypocritical as you.

Hon. Royce Frith (Deputy Leader of the Government): Hypocritical, but not as hypocritical.

Senator Flynn: More frank.

Senator Olson: On a number of occasions my friend opposite has been extremely critical of even the rate of increase within the National Energy Program. It now seems to me he is advocating that there would be some desirable results derived from following Mr. Mulholland's advice. It would be interesting if my friend would indicate whether or not he supports that conclusion after an analysis of the economic situation in the country.

Senator Asselin: Am I right in saying that once more the government will do nothing to help reduce interest rates?

Senator Olson: No, that would be a very wrong conclusion to reach.

TRANSPORT

AIR FREIGHT RATES BETWEEN NORTHERN COMMUNITIES

Hon. Willie Adams: Honourable senators, my question is for the Leader of the Government in the Senate and arises from the recent increase in air cargo rates from Churchill to Keewatin.

I have information which indicates that general freight rates for transportation of air cargo from Churchill to Keewatin increased by 400 per cent in 1980-81. The minimum charge for a small package moving between Churchill and Eskimo Point, which is a distance of approximately 162 miles, has now been increased to $22. In contrast, however, the Air Canada rate for a similar package between Winnipeg and Halifax, a distance of approximately 1,600 miles, is $19, and the CP Air rate from Winnipeg to Vancouver, a distance of 1,157 miles, is $19 per package.

This 400 per cent freight rate increase is necessitated by the fact that small airlines do not have the authority to operate on a charter basis from communities in the south to communities in the north.

At the present time the cost of shipping an item from Churchill to Repulse Bay is $1.36 per pound, the highest freight rate in force.

Last year the cost of shipping 170 pounds from Churchill to Eskimo Point was $23.43, and on May 1, 1981 that rate was increased to $95.20 for the same weight.

Would the Leader of the Government ascertain whether anything can be done to lower the cost of shipping goods between these communities?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I thank Senator Adams for bringing this information to my attention. He has provided me with a revised schedule of rates which, indeed, indicates substantial increases. Inquiries will go forward immediately to determine what prompted these very large increases.

• (1425)

ENERGY

MARINE DIESEL FUEL—INCREASE IN PRICE

Hon. Richard A. Donahoe: I should like to direct a question to the Minister of State for Economic Development. On May 1 last the price of a barrel of marine diesel fuel increased by $17.15. There was a request from the Dominion Marine Association that Canadian shipowners be exempted from this surcharge. The surcharge was intended to be on international consumption, as I understand it. That request was refused.

Is the Minister of State for Economic Development able to indicate whether the government is prepared to reconsider its decision to refuse that exemption?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I cannot answer that question directly, but I will refer the matter to the proper authorities.

Senator Donahoe: I have a supplementary question. It was brought to my attention that the industry itself calculates that much of its $500 million business with the United States will be jeopardized as a result of this surcharge. As a consequence of that, I ask the minister if he can indicate to us when the industry may expect the government to proclaim the remainder of its policy designed to promote the expansion of the Canadian merchant marine.

Senator Olson: That question will also be taken as notice, although I am not quite sure there is a direct relationship between the two.

Hon. Duff Roblin (Deputy Leader of the Opposition): What has that got to do with it?

Hon. Jacques Flynn (Leader of the Opposition): Anyway, you can reply.

HEALTH AND WELFARE

HEALTH OF JAMES BAY CREE INDIANS—GOVERNMENT POLICY

Hon. Nathan Nurgitz: I should like to direct a question to the Leader of the Government in the Senate. My question stems from a delayed answer he gave on Tuesday evening concerning the James Bay Cree Indian problem. His answer was in response to a question I had asked in March.

First, I want the leader to know that, while he may subscribe to the department's efforts to re-write the facts of that case, he would do well to review the answers which the departmental staff have prepared for him, so as not to read into the record what I consider to be utter falsehoods.

The answer I was given correctly noted that last December the Minister of Indian Affairs undertook to assist the Crees in a remedial measure program against the outbreak of gastroenteritis.

My first question to the leader is whether he would inquire as to why the department has seen fit to approve only the sum of $300,000 for this remedial program, as compared to the $1 million that was committed by the minister.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question must be taken as notice. I do not have further information on that subject. However, in connection with the James Bay Agreement, the Honourable Senator Nurgitz asked a question on April 14 concerning government practice respecting agreements.

The government is firmly committed to fulfilling all obligations which it assumed pursuant to the James Bay and Northern Quebec Agreement and will do likewise with regard to all future land claims agreements.

The so-called "leaked memorandum" referred to by the honourable senator a few days ago was an internal working document which does not necessarily reflect the position of the Minister of Indian Affairs. In any case, a careful reading of that memorandum indicates that the writer's reference to funding of agreements relates to general problems in the process of implementing land claims, and not to specific problems relating to the James Bay Agreement.

As honourable senators may know, the Honourable Minister of Indian Affairs recently announced in the House of Commons that he has instructed his department to carry out a comprehensive review of the implementation of the James Bay Agreement in order to respond meaningfully to the grievances put forward by representatives of the Cree and Inuit.

It is true that there is imprecise language in the agreement. That is largely due to the fact that the final James Bay Agreement was negotiated under most severe time constraints.

The information requested, however, will be sought and will be brought to the Senate as quickly as it is available.

Senator Nurgitz: Honourable senators, I should like once again to refer to the delayed answer I received on May 19. Perhaps, while the minister is seeking the information I have requested, he could verify the following, dealing specifically with the James Bay project. In the response given to me in the delayed answer, the minister was correct in saying that the construction of permanent facilities is now under way in both Nemaska and Rupert House, but what he failed to point out is that the Cree themselves have paid for all of the construction to date.

While the minister is ascertaining the shortfall in the commitment in terms of the remedial medical program, will he be able at the same time to determine what has been considered by many to be the failure to produce on the commitment for the housing portion of that agreement?

As a further supplementary, may I say that the leader asserted in his answer that there were two cases of tuberculosis in the community of Mistassini, but that the appropriate medical care is now being provided by the Government of Quebec.

● (1430)

I want to point out to the minister that doctors who have been working on the site appeared before the Commons committee this week and indicated that adequate health care is not being supplied by the Government of Quebec. Furthermore, their testimony was that approximately 30 cases of tuberculosis have been reported in Mistassini alone, that only 700 of the 2,200 residents have been tested for TB, and that only 20 per cent of the children are even near being up to date in terms of immunization.

Would the Leader of the Government also make inquiries regarding the obvious discrepancy between the testimony of the medical people given in the Commons this week and the response which obviously the department gave to him to give to us on Tuesday night.

Senator Perrault: Honourable senators, additional information will be sought. However, it does appear that Senator Nurgitz has a source of information which may indeed be helpful to the government. If there is evidence of a widespread outbreak of tuberculosis or other ailments there, I hope the honourable senator will co-operate with the government by sharing his information and providing any evidence and data which he may have so that we can pursue the question and do what must be done in order to alleviate the situation.

Senator Nurgitz: Since the request has been made, I refer the Leader of the Government to the report of the committee, which I am sure will be forthcoming within the next few days, on the testimony of those medical people who appeared before the Commons Health Welfare and Social Affairs Committee this week. I believe that will provide ample evidence of a rather disgraceful form of conduct, which I am sure even he would find to be awfully bad.

CONSUMER AND CORPORATE AFFAIRS

DIRECTOR OF COMBINES INVESTIGATION AND RESEARCH

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the Leader of the Opposition asked a question yesterday concerning the resignation of the Director of Combines Investigation and Research.

I want to state, in the strongest possible terms, that the honourable gentleman mentioned, Mr. Robert J. Bertrand, the outgoing Director of Combines Investigtion and Research, was not dismissed from his post. He was re-assigned to the post of President of the Anti-dumping Tribunal. He was not pressured into resigning. He was not asked to resign. He was not in any way persuaded to leave his former position. I understand that Mr. Bertrand's new appointment is one which he himself accepted. Indeed, I understand he sought the position. I hope that this answer will serve to clear up any misunderstanding on the subject, either in this chamber, in the other place or in the media.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a supplementary on this matter. I heard what Mr. Ouellet said in the other place, and I should like to ask the Leader of the Government if Mr. Bertrand's change of position was initiated by him or by the minister, because we know very well the technique used to kick someone upstairs.

Senator Perrault: Honourable senators, there seems to be an almost unwholesome pursuit of some sort of conspiracy theory with respect to Mr. Bertrand. Let me suggest to the official opposition in the Senate that if it wishes to ascertain the facts it should talk to Mr. Bertrand and ascertain from Mr. Bertrand his wishes in the matter. Mr. Bertrand sought the position—

Senator Flynn: When he was asked to leave.

Senator Perrault: He was not asked to do anything. It is rather unworthy of the Leader of the Opposition, in the face of the evidence and the facts, to pursue this rather destructive line of questioning with respect to Mr. Bertrand.

Senator Flynn: Destructive of what?

Senator Perrault: It is destructive of the facts; it is destructive of Mr. Bertrand's reputation—

Senator Flynn: No, no.

Senator Perrault: —to infer that somehow he has been eased out of his position.

Senator Flynn: No, no. Mr. Ouellet said—

Senator Perrault: Mr. Bertrand is an honourable servant of the people of this country, and has served for a great many years in various positions and posts. He sought this position, and the government was pleased to have him re-assigned to the position of President of the Anti-dumping Tribunal, which is a very important position.

Senator Flynn: It all depends on under what circumstances his position was changed.

CANADIAN BROADCASTING CORPORATION

STRIKE OF FRANCOPHONE JOURNALISTS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, yesterday Senator Asselin asked a question concerning the CBC dispute. I have received a great body of information which is really too long to incorporate in my remarks. A mediator was appointed some time ago. NABET walked off the job today, as some honourable senators may have discovered when they turned on the radio this morning. There is a long chronology of events beginning on April 16, 1980. Perhaps I should review some of those dates, in order to give honourable senators an idea of the government's efforts to achieve an agreement.

On April 16, 1980, Mr. St-Hilaire was appointed as conciliation officer to assist the parties in their negotiations.

Between May 13 and 15, 1980, conciliation commenced on May 14 and continued through May 15, 1980.

On May 20, 1980, the conciliation officer's report of May 16, advising that he was unable to effect a settlement, was received.

On May 27, 1980, Mr. Pierre Dufresne was appointed as conciliation commissioner.

On June 13, 1979, conciliation commissioner proceedings began.

On July 11, 1980, conciliation commissioner hearings were adjourned until September 4, 1980.

On September 4, 1980, conciliation commissioner hearings resumed.

On October 2, 1980, conciliation Commissioner Dufresne's report was received and released to the parties.

To bring the matter down to the present time, on October 10, 1980, the parties acquired the right to strike/lock-out action.

Between October 23 and 28, 1980, the union staged 24-hour strikes.

On October 29, 1980, the employer locked out the striking newsroom employees for 24 hours.

On October 29, 1980, the parties met in post-conciliation commissioner negotiations.

On October 30, 1980, the union commenced full strike action.

In November-December, 1980, the parties met in post-conciliation commissioner negotiations on several occasions without making any progress.

On January 16, 1981, a request was received from the union for mediation assistance.

On January 19, 20 and 21, 1981, Mr. Guy de Merlis, Director of the Federal Mediation and Conciliation Service's Conciliation and Mediation Branch, met with the parties.

On February 3, 4, 11, 13, 16, 19, 23, 25, 27 and 28, 1981, Mr. Guy de Merlis met with the parties.

On March 1, 1981—I am almost finished—while meeting with mediator Guy de Merlis, the company tabled a final offer which the union agreed to place before its membership.

On March 6, 1981, the union membership rejected the company's final offer.

On March 8, 1981, mediator Guy de Merlis met with the union.

On March 15, 1981, mediator Guy de Merlis met with the parties. The company presented a revised final offer and the union agreed to review and inform the company and the mediator on the outcome of its review.

On March 17, 1981, the mediator met with the parties and suspended any further mediation sessions until such time as either party indicated a willingness to compromise on the revised final offer tabled by the employer, and rejected by the union.

On March 24, 1981, the union membership rejected the latest company offer.

On April 28, 1981, the mediator met with the parties again.

On May 13, 1981, the mediator again met with the parties.

On May 20, 1981, the mediator met with the union. And so on.

Hon. Jean-Paul Deschatelets: May I ask the Leader of the Government a question? Is there any indication with regard to what is coming next? Today is May 21. Is there any indication in the last paragraph of that report of what is likely to happen next?

Senator Perrault: Honourable senators, we are really dealing with a situation which may change hour by hour. Efforts are being made to try to effect a settlement.

Hon. Martial Asselin: It has been the same for a few months now.

Senator Perrault: I presume that Senator Asselin has received many letters from CBC listeners who want normal service restored. If he has copies of any letters, perhaps he would make them available to the government.

Senator Asselin: That's unfair—

Senator Perrault: I say that seriously. If any information or letters of protest are available to the honourable senator, I would like to give that information to the Minister of Labour.

Senator Asselin: I am sure the government has received some correspondence.

Senator Perrault: Yes, we have received correspondence. I have reviewed this chronology of events to indicate the efforts which have been made to try to bring about a settlement. It has been a very difficult and vexatious situation, and, certainly, any ideas that the official opposition may have, which may lead to a settlement, will be sincerely welcomed by the government.

[*Translation*]

Senator Asselin: Is it the government's intention to let the situation get worse?

[*English*]

Senator Perrault: All I can report at this time is that NABET walked off the job today. The technicians are not manning the CBC facilities. If later information is received, it will immediately be given to honourable senators.

• (1440)

FOREIGN AFFAIRS

ZIMBABWE CONFERENCE ON RECONSTRUCTION AND DEVELOPMENT

Hon. Sidney L. Buckwold: Honourable senators, there were two questions asked of me yesterday by Senator Frith and Senator Molgat further to my remarks on Zimbabwe. If I am allowed, I should like to respond to Senator Frith's question. He asked me to supply the names of the white cabinet ministers in the Government of Zimbabwe. There are two such ministers, one being the Honourable David Smith, formerly the Minister of Finance in the Ian Smith government, who is now the Minister of Trade and Commerce; the other being the Honourable Dennis Norman, the Minister of Agriculture.

Senator Molgat asked me for the names of the Communist countries which sent representatives to the conference. One of those countries was Yugoslavia, which I mentioned, and the other was Romania. At the moment I am not aware of the contributions of those two countries, nor am I aware of the individual contributions of every other country. However, I have asked for that information.

CANADIAN BROADCASTING CORPORATION

LABOUR DISPUTES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, before we leave the CBC matter I should point out that there have been a number of other meetings held with respect to other sections of the CBC operation. I would ask leave of the Senate to have the entire record of these negotiations printed in today's proceedings. I have only read part of the record, primarily that relating to the newsroom employees in Montreal, Quebec City and Rimouski. There are other aspects of these negotiations which should be made known to honourable senators.

The Hon. the Speaker *pro tem:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*Records of negotiations follow:*)

RECORD OF NEGOTIATION BETWEEN CBC FRENCH SERVICES DIVISION AND SYNDICAT DES TECHNICIENS

The parties to this dispute are attempting to negotiate revisions to their collective agreement, which expired June 30, 1980, covering 900 technicians in the employer's French Services Division.

Sept. 17/80	Mr. R. St-Hilaire was appointed as Conciliation Officer.
Sept. 20/80	The Conciliation Officer began meeting with the parties.
Nov. 6, 20, 21/80	The Conciliation Officer met with the parties.

Nov. 25/80	Conciliation Officer's report of November 21, 1980, advising that he was unable to effect a settlement was filed.
Dec. 22/80	Roland Tremblay of Montreal was appointed as Conciliation Commissioner.
Jan. 16 week of Jan. 19/81	Conciliation Commissioner meetings.
Feb. 23, 28	Conciliation Commissioner meetings.
Mar. 03, 05, 06/81	Conciliation Commissioner meetings.
Apr. 2/81	Report of Conciliation Commissioner released to the parties.
Apr. 10/81	Parties acquired the legal right to strike or lockout.
Apr. 13/81	Union membership rejected recommendations of the Conciliation Commissioner.
Apr. 14/81	Parties met in post-Conciliation Commissioner negotiations.
Apr. 15/81	Some technicians walked off the job for a period of time thereby disrupting CBC's live baseball coverage from Montreal.
Apr. 23, 24, 25/81-27, 28/81	Parties met in post-Conciliation Commissioner negotiations.
May 15/81	Parties met in post-Conciliation Commissioner negotiations.
May 19/81	Half day study session held by union membership.
May 19-22/81	Further post-Conciliation Commissioner negotiations scheduled.

RECORD OF NEGOTIATION BETWEEN CBC ENGLISH SERVICES DIVISION AND NATIONAL ASSOCIATION OF BROADCAST EMPLOYEES AND TECHNICIANS

The parties are attempting to negotiate revisions to their existing collective agreement, which expired on June 30, 1980, covering some 2,100 technicians in the employer's English Services Division.

Sept. 19/80	Conciliation Officer K. Hulse appointed.
Oct. 15, 16. 17/80	Conciliation Officer held meetings with the parties.
Nov. 5/80	Conciliation Officer resumed meetings with the parties.
Nov. 28/80	Conciliation Officer's report of Nov. 25/80, advising that he was unable to effect a settlement was received.
Dec. 22/80	Mr. R. G. (Dick) Geddes was appointed as Conciliation Commissioner.
Jan. 13, 14, 15/81	Commissioner meetings were held.
Mar. 13/81	The Conciliation Commissioner's report was released to the parties.
Mar. 21/81	The parties acquired the right to strike or lockout.
Apr. 7/81	The union recommended acceptance of the Conciliation Commissioner's recommendations.
Apr. 16/81	The union membership voted in favour of accepting the Conciliation Commissioner's report, but after further talks broke down, the union conducted a strike vote. The results of the vote showed 74% in favour of a strike.
May 3, 4/81	The union conducted a one-day strike.
May 6/81	Union officials and CBC President Al Johnson met.
May 7/81	CBC locked out the union membership.
May 8/81	The lockout was lifted.
May 15/81	The parties met.

VETERANS AFFAIRS

PROPOSED AMENDMENT OF STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

Hon. Jack Marshall: I wonder if the Leader of the Government would ask for hastened action with respect to the question I asked this week relating to veterans affairs. Today he replied to two questions which I asked only two days ago. The other question I raised is a simple one.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the request for that information has gone forward. As soon as it is received, it will be brought to the Senate.

THE SENATE

MINUTES OF THE PROCEEDINGS—PRINTING OF WRITTEN QUESTIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have received a letter from the Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration in response to a suggestion made yesterday by Senator Godfrey. The letter reads as follows:

The question of reducing the cost of printing has been raised again by Senator John Godfrey this week in the Senate chamber. As Chairman of the Standing Committee on Internal Economy, Budgets and Administration I thought you might be interested in being informed of the present status of this matter, which has been of concern to the Committee for quite some time, and is still under active consideration.

As Senator Godfrey indicated in his remarks, consideration was given by the Committee to suggestions made before it for the reduction of the cost of printing of Senate publications during the First session of the Thirty-first Parliament, but the study was interrupted when Parliament was dissolved.

The matter was again raised in Committee by Senator McElman on October 23, 1980, and the Committee requested additional information from the Clerk of the Senate.

On November 6, 1980, the Clerk of the Senate reported on a number of areas including Mr. Greene's suggestions, where savings in costs could be arrived at by eliminating certain details in printing of Senate publications. Members of the Committee also at that time cited other examples where savings could be affected. It was agreed that the Clerk of the Senate, based on these discussions, would submit a number of recommendations to the Committee for approval of the Senate.

This matter is on the Committee's agenda for consideration at the next meeting of the Committee scheduled for Thursday, May 28, 1981.

You may wish to inform the senators that the Committee is very much interested in recommending to the Senate an acceptable formula which will considerably reduce the cost of printing, and that is to be accomplished in the very near future.

The letter is signed by our distinguished colleague, the Honourable Alasdair Graham, the chairman of the committee.

CUSTOMS TARIFF
IRISH FREE STATE TRADE AGREEMENT ACT, 1932
UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932
UNITED KINGDOM TRADE AGREEMENT ACT, 1937

BILL TO AMEND AND TO REPEAL—SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Connolly for second reading of Bill C-50, to amend the Customs Tariff and to repeal the Irish Free State Trade Agreement Act, 1932, the Union of South Africa Trade Agreement Act, 1932, and the United Kingdom Trade Agreement Act, 1937.

Hon. Orville H. Phillips: Honourable senators, the sponsor of Bill C-50, in his introduction, dealt with and gave an excellent explanation of its various clauses. In my remarks I shall attempt to deal with the concerns expressed by different groups and the possible effects of the tariff reductions on those groups.

[Senator Perrault.]

The Minister of State (Finance), the Honourable Pierre Bussières, in his introduction of Bill C-50, in the other place, stated the objectives of the Tokyo Round of GATT negotiations to be the promotion and development of industry, agriculture and fishing in Canada and the increase of the national income. Honourable senators who are interested can find the minister's remarks on page 6513 of the House of Commons *Hansard*.

The Minister of State (Finance) then proceeded to state that the effect of the tariff reductions contained in Bill C-50 will be to lower the cost of production as well as the cost of many consumer goods. He further stated that the tariff reductions would be phased in gradually. These statements seem to be contradictory. On the one hand, the minister sees great benefits from the reduced tariffs, and, on the other hand, he is delaying the phasing-in of the tariff reductions until 1987. This would seem to be cutting off a little bit of the tariff tail each year.

If the cost of consumer goods can be lowered, why not do it now? Inflation is already running at an annual rate of approximately 12.6 per cent, and I am sure that consumers would welcome any relief they can get. Certainly small industries, hard hit by record interest rates—and interest rates are a major factor in the cost of production—would welcome any relief they can get. The same principle applies to our basic industries, agriculture and fishing.

I was in Prince Edward Island last week, and talking to a quite established farmer who deals largely in potato production, but who also carries on other forms of farming. He told me he had been to the bank to arrange for the necessary money to finance his operations for the year. He gave the bank manager a list of the funds required and the reasons for the requirements. The bank manager said that he had forgotten one major item. The farmer inquired as to what that item was. The bank manager replied that it was $55,000 for interest on the loan for one year.

That, honourable senators, is in excess of $1,000 a week; it is roughly $200 a day for each operating day. These costs of production must then be passed on to the consumer.

If, as the government alleges, Bill C-50 will result in lower prices, why are we not acting on it at once? Perhaps the explanation is the fact that the government has some doubt, some considerable concern, about the effects of Bill C-50. The effects of the bill are already being felt in agriculture.

The tariff on pork has been reduced to zero—or free entry—effective January 1, 1981. Traditionally Canada has been an exporter of pork. In the years 1975 and 1976, Canada imported pork from the United States. The pattern has now returned to its more traditional form and Canada is once again exporting pork to the United States. Meanwhile, within Canada, pork production has undergone various changes.

The Lévesque government, in conjunction with DREE funds, has given extensive aid to the Quebec pork producers. That province now ranks number one in pork production, while Ontario has slipped back to the number two position and Alberta has slipped to the number three position. The Atlantic provinces, with the exception of Prince Edward Island, are deficient in pork production.

The market for western hogs in central Canada has been effectively eliminated. Formerly, 150 carloads of dressed pork entered central Canada from western Canada each week. Today there is hardly one passing the Lakehead.

● (1450)

Canadian hog producers are presently awaiting the announcement on stabilization payments. The industry maintains it is entitled to stabilization payments of around $160 million to $175 million. I expect the government to make the announcement soon. I am under no illusions that the payment will be as high as those in the industry feel they are entitled to. Once this payment is made, then we get into difficulty with the United States. The GATT arrangements do not allow for the export of a subsidized product. The American hog producers will certainly object to the stabilization payments. We can expect protests and retaliatory action. It is only a question of the form the retaliation will take. In 1975 the Americans closed their border to both Canadian hogs and beef for a period of six months. We cannot expect our Canadian hog producers, who maintain they are operating at a loss, to give up their stabilization payments for a GATT agreement. I point this out to illustrate to the chamber that the agreement can produce a lot of unnecessary and, perhaps, undesirable side effects.

Beef production can also be affected. Canada and the United States have lowered their beef duty from 2½ cents a pound to one cent a pound, effective immediately. Yet, both nations are effectively using non-tariff barriers to restrict the trade. Canada has effectively used DES as a means of restricting American beef imports, but even at that, we have heard the Minister of Agriculture this week complain that large fat American beef was coming into Canada. I do not know what type he expected to come into Canada other than the fat American beef, but I was interested to hear, when he pointed out that 24 per cent of our beef now comes from the United States. That means one roast or one steak in four comes from the United States.

Formerly, in this chamber we heard a great deal about the western beef producer and his problems. Lately, there has been a rather ominous silence in this regard. Perhaps it is time we had another look at that situation.

Canada also imports beef from Australia and New Zealand. The beef is mostly frozen and used in hamburgers, bologna and other prepared meat products. That pattern, too, is changing. We are now importing more steak from Australia and New Zealand. The steak finds its way into the fast food industry, and the Canadian market there is being lost as a result of duty-free imports.

The Minister of State (Trade) said we are conducting further negotiations with Australia and New Zealand to increase the trade between our two areas. Honourable senators, we should inquire as to what area the government is negotiating in. Certainly we do not need additional beef taken in from these two countries, and I am not so sure as to what products we do import. We could probably get that information from the committee.

Fisheries will also find it difficult to derive any great benefit from Bill C-50. I recall a CBC radio series on the GATT negotiations dealing with fisheries. The operator of a fish cannery in Yarmouth, Nova Scotia, was pointing out that there is very little reduction in duties being charged by other countries on Canadian fish. The duties being charged by other countries usually run in the vicinity of 15 per cent. This means that many of our surplus species, such as mackerel and herring, cannot be canned and exported. Fish which are normally frozen and filleted are caught on a quota basis which is set by the federal government, and it is difficult to increase your production when you are operating under a quota system.

Yesterday I advised this chamber that I wished to discuss the fisheries problem with officials in the Department of Fisheries and Oceans. The individual I was in contact with was most helpful. It would be impossible, within a reasonable time constraint, to relay all of the information provided to me.

Briefly, I would like to refer to the major problems and concerns of the fishing industry in regard to Bill C-50. Historically, the Canadian fisheries have always felt that they have been subjected to unfair tariff protection in other countries, especially in Europe. It might be of interest to honourable senators to realize that our canned fish exports last year totalled $100 million—a considerable benefit to Canada. In meeting exports to other countries and their 15 per cent tariff, Canada must compete with countries such as Iceland, which is exporting into the same market at a 3 per cent tariff. In order to overcome this, the Canadian government is presently negotiating with the European Common Market for a reduction in tariffs. In return, the EEC nations demand a quota on fish caught in Canadian waters. It is very unlikely that this agreement will be completed in the near future. A new president has taken over in France today and, regardless of his views, he will certainly need time to study the matter before entering into any agreement.

The fishing industry is also concerned about the amount of fish caught in Canadian waters and then taken to other countries. They are caught under two systems. One is the national allocation system whereby countries with which Canada has a bilateral fisheries agreement receive the quota for a specific species and, in return, allow the importation of another species which has been processed in Canada. There are also the over-the-side sales, where the inshore fishermen catch their fish and sell it to foreign draggers which are anchored off our shore. The catching of fish within our waters is controversial, and there is no easy or absolute answer to the problem. The trawlers have one requirement and the inshore

fishermen have another. Here again, I am sure the committee will wish to have a further look at that item.

• (1500)

There is also a problem with regard to the production of manufactured goods. Much of our trade consists of raw materials which are exported to other countries where the goods are manufactured and are imported into Canada as finished products. I fail to see how the lowering of tariffs will increase our manufacturing. Manufacturing costs are increasing each year and, as a result, there will be the tendency for manufacturers to build one large and efficient plant. If there are no tariff barriers in Canada, many of these plants will likely be built in other countries where the market is greater, and the market itself will justify the large cost of building a new plant.

Many of our manufacturing plants are subsidiaries of foreign-owned companies. If there is no tariff, it is difficult to imagine a head office in another country deciding to expand a Canadian plant to deal with a limited market. Of course, there are other factors which would affect the decision, and, here again, I return to the high interest rates. If it is necessary to pay an interest rate in excess of 20 per cent, I am sure that many smaller Canadian plants will be forced to close. The ultimate result will be one large plant.

An alternative would be to specialize in smaller industries such as the electronics industry which is developing in the Ottawa area. Here again, this industry requires government assistance for its development. If that assistance is provided, will the complaint arise that the product is subsidized and thus meet non-tariff barriers? We seem to be going around in circles with these problems.

Already we are receiving protests and objections based on the fact that Canadian producers are helped by our subsidized oil prices. Certainly with our oil price at between $18 and $19 per barrel, while other countries are paying the world price of $34 to $35 per barrel, Canada has a definite advantage. The Americans are paying a higher price but are remaining competitive. The Europeans and the Japanese pay approximately three times what we pay for a gallon of fuel. I can understand why they are beginning to question our subsidized fuel policy. The European nations, in particular, seem to be increasing the intensity of their objections, and it would appear that Bill C-50 is putting us on a collision course with our fuel policy.

The United States government has an income tax program which benefits firms exporting products to other countries. The so-called DISC program, which was initiated by President Carter, has been in effect for some time. Perhaps the sponsor of this bill could tell us what representations Canada has made to the United States with regard to the DISC program, and if it is to be continued in the United States, will the government introduce a measure to assist Canadian industries?

Tariff Item 47810-1 requires special consideration. Because of my profession, it is one that interests me considerably. For a period of several years the Department of National Revenue collected duties on dental materials on the basis that the department considered that the words "surgery" and "surgical materials" under this tariff item did not include dental surgery or dental surgical prostheses.

Senator Frith: At what page are we in the bill?

Senator Phillips: I do not have the bill with me, but it is near the back. On November 9, 1979, the Tariff Board, in ruling 1377, ruled that the term "surgery" did include dental surgery and dental prostheses. In effect, the ruling stated that the tariff had been illegally collected for a number of years. Following the Tariff Board's ruling, the firm of Johnson & Johnson, which does a little more in Canada than merely importing, sterilizing and packaging surgical gauze, approached the Department of Finance for protection. The Canadian Dental Association opposed the tariff, pointing out that the cost of dental materials had already risen by 27 per cent.

The Department of Finance persisted in its view that the tariff should be collected. Interestingly enough, it explained the tariff to the Canadian Dental Association by saying that it was starting a study on the matter to determine the effect, but would be putting the tariff into effect while the study was going on, which is a rather unusual procedure. I believe that the Department of Finance is attempting to prove that its officials were right, even though it has been demonstrated that they were wrong for a period of nine years.

I am tempted to ask what happened to the millions of dollars which had been collected over the years from tariffs on dental materials. I suppose I should ask if the money would be returned, but were I to ask that question I am sure some one would ask whether it should be returned to the dentists or to the patients. So I think I shall skip that subject. I hope that the committee will consider this item. The Progressive Conservative members in the other place moved an amendment to eliminate the tariff, but it was defeated.

There is a certain amount of irony in this situation. The tariff item allows for aural, nasal and other medical or surgical prostheses, materials for reconstructive surgery and certain other items, but the dental material is taxed.

• (1510)

The next tariff item, 48200-1, states that hearing aids and similar appliances will be imported duty free. In the past, honourable senators, I have been known to suggest that this government has difficulty hearing and listening, and I presume the reason hearing aids will come in duty free is because the government is now, finally, going to get around to listening and needs these appliances duty free.

Then, of course, the fact that the government is trying to create a new image leads me to believe that that is the reason why materials used in plastic surgery come in duty free, but materials used in restoring a mandible are subject to duty.

The sponsor of the bill mentioned the elimination of the British Preferential Tariff for Britain and Ireland, and that is a natural step after the entry of those two countries into the Common Market. South Africa, of course, is no longer a member of the Commonwealth, so it loses its preferential tariff also.

Senator Connolly, in introducing the bill, mentioned various studies and committee meetings that the Senate has held in the past on the subject matter of Bill C-50. I hope that these past studies will not allow the committee to avoid having a new, detailed look at Bill C-50 and the various problems that face different industries. I am particularly concerned, honourable senators, about the non-tariff barriers. It appears to me senseless to spend years negotiating on tariff reductions if various governments can use an excuse to bring in a non-tariff barrier.

Honourable senators will be interested to know that the OECD has started a study on non-tariff barriers. This will take years, and I am sure that any ill effects will be felt long before that study is completed.

May I suggest that Canada should have a team of experts to negotiate on the non-tariff barriers? I will briefly refer to two cases to illustrate the need for such experts.

Canada, in selling lumber to Japan, sent over its own experts from the lumber industry. They were able to persuade the Japanese to accept their standards and to convince them that Canadian lumber had a future in the building industry in Japan. Then the Japanese industry began to demand the inspection of the lumber in Japan, and because our people were experts and were familiar with their product they were able to convince Japan to drop this idea.

Recently Italy asked permission to import seed potatoes from Prince Edward Island and New Brunswick. The European Common Market was unwilling to give consent, and we sent the Minister of State for Trade to Europe to discuss this matter. I am not sure that he was an expert on seed potatoes—I do not know of anyone who ever bought seed potatoes in Cornwall—and he came back and reported that the European countries refused to give consent for the export of the potatoes. That is the difference between sending someone who is familiar with the subject and knows the industry and sending a minister and one or two bureaucrats.

Honourable senators, I know this subject matter has been at the stage of negotiation for a good many years, but I hope the committee will still find time to do a detailed study of it.

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker *pro tem:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Connolly speaks now his speech will have the effect of closing the debate.

Senator Connolly: Honourable senators, first of all, I should like to thank Senator Phillips for the obvious great care he has taken in looking into certain aspects of this bill. I am bound to say that some of the problems he has raised in connection with specific industries are important for the industries themselves, and from the point of view of the concessions that are proposed in the bill, which mainly result from the agreement that was signed by all the member nations of the GATT. These problems have to be looked at very seriously by the committee. In the committee's pre-study of the bill I remember someone—I think it was Senator Buckwold—talking about the problems confronting the dental profession with regard to the importation of materials for use by dentists. The fisheries problem I mentioned the other night, and it, too, has had some discussion. However, I should say to Senator Phillips that, as a result of his helpful speech, probably it can be said that these matters will be brought to the attention of the committee and those who will appear before it to represent the viewpoint of the government in respect of these concessions.

On the question of non-tariff barriers I am also bound to say that this has been a serious problem that has confronted those who have been active in the GATT negotiations over the years. Non-tariff barriers have also been of great concern to some Senate committees. I recall particularly the concerns expressed by members of the Foreign Affairs Committee in dealing with Canada-U.S. trade, because of the fact that some of the non-tariff barriers that are used, say, in the United States make it very difficult for Canadian products, in some cases, to get into that market.

I said in my speech the other night that at the present time a study is being made by the Finance, Trade and Economic Affairs Committee of the House of Commons of the question of non-tariff barriers. A position paper has been before that committee since last October. I do not know how soon the committee will be reporting, but I am almost certain that the conclusion will be that every effort must be made by international agreement to reduce these non-tariff barriers, because sometimes they can be as serious as, if not more serious than, tariff obstructions to the free flow of trade. During the Tokyo Round much time was spent on this subject, and a proposal is before the GATT member nations, as a result of the treaty, which will make it a little easier for exporters from any of the countries associated with the GATT to have their positions heard by an official organization in Geneva under the GATT treaty and to try to resolve some of the problems that arise as a result of the use of these non-tariff barriers.

• (1520)

I would again thank Senator Phillips for his thoughtful intervention and, certainly, as the sponsor of the bill, I will see to it that copies of his speech are placed in the hands of the appropriate officials of the department so that the committee will be able to obtain answers to the questions he has raised. Indeed, neither Senator Roblin nor the other members of the committee, including myself, will ask questions on behalf of Senator Phillips, since he can ask them himself if he so desires.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tem:* Honourable senators, when shall this bill be read the third time?

Senator Connolly moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

EXCISE TAX

PRELIMINARY REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-57

On the Inquiry of Senator Barrow:

That he will call the attention of the Senate to the Preliminary Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of the Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas", tabled in the Senate on 19th May, 1981.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this inquiry will stand today, but so that honourable senators are prepared, it is my understanding that Senator Barrow intends to proceed at the next sitting.

The Senate adjourned until Tuesday, May 26, 1981, at 8 p.m.

THE SENATE

Tuesday, May 26, 1981

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE LATE DAVID LEWIS

TRIBUTES TO FORMER LEADER OF THE NEW DEMOCRATIC PARTY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, David Lewis was a colleague of many of us in this chamber when we served in the other place. He was a man who earned the respect of all those who came in contact with him whether or not they were in agreement with his political views.

A great Canadian, Mr. David Lewis had a commitment to Canada that went far beyond his political activities. He was a man of principle who fought very diligently for his concept of social democracy.

As honourable senators are aware, David Lewis was a Rhodes Scholar. He was the son of a Polish immigrant to Canada. He worked for years in the background of his party, giving up much to build the organization of that party. Mr. Lewis was brought up in Quebec and was a man who understood well both of our linguistic traditions, as well as those of other cultural groups which make up our nation.

David Lewis devoted his life to Canada, and we can all be grateful that he did so in such an unstinting and selfless fashion.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I am very pleased indeed to join the Leader of the Government in paying tribute to David Lewis' contribution to Canadian political life. He was an extremely endearing person with deep convictions about the principles he fought for. When still young he studied at Oxford as a Rhodes Scholar. Later on, he was secretary of the CCF Party and eventually became leader of the New Democratic Party. He was an extremely convincing debater, indeed he was an excellent lawyer, and his career deserves to be remembered as well as his contribution to Canadian society.

As Leader of the NDP, in 1972 he achieved the best or at least the most important goal the NDP could reach, that is, the balance of power. At that point, he had the choice between allowing the Trudeau government to stay in power or giving Mr. Stanfield the opportunity of forming a new government. He chose Mr. Trudeau. I wonder if history will prove him right. Personally, I know that he often wondered about it later on. All that to say that in politics, a man is at times in a position to take a decisive step which, should he decide otherwise, might change the course of the history of Canada and perhaps even that of his own political history. Be that as it may, I am sure all Canadians will agree with me in praising David Lewis for his achievements in saying that he was a great Canadian who did a lot in parliamentary, social and political affairs, that we all owe him a debt of gratitude, and that his life was indeed a full and fruitful one.

• (2010)

[*English*]

Hon. H. Carl Goldenberg: Honourable senators, I cannot refrain from joining in the tributes paid to David Lewis. I knew him longer than anyone in Parliament. We were contemporaries at McGill, where I was two or three years ahead of him. We debated against each other as students. I must admit that I could not match him in oratory or eloquence.

David Lewis had a remarkable career. He came to Canada from Poland in 1921. He knew neither English nor French, but within 10 years he had acquired a knowledge of both tongues, and had become one of McGill's leading debaters. As has been pointed out, he was awarded a Rhodes scholarship a little more than 10 years after he came to Canada. He became, and was to the end, a very loyal Canadian. He loved his country. He was genuinely interested in the welfare of Canadians. His background was one of relative poverty so he understood the poor of the country. He was heart and soul with them.

There was no hypocrisy in his adoption of the policies and the party which became his. It was with complete sincerity.

David Lewis went to Toronto for a period of time to practise labour law. He appeared before me in a number of arbitrations, one being a major arbitration concerning employees of Hydro Ontario who were about to go on strike; the government prohibited the strike and referred the matter to arbitration. Mr. Robarts, the Premier at the time, appointed me arbitrator. Of all the lawyers who have appeared before me in arbitrations, which I have conducted for over 40 years, he was by far the most brilliant, the most eloquent and the most convincing.

Honourable senators, we have lost a great Canadian but we are all the richer for his having been with us particularly during periods of difficulty and controversy over the years. He was an optimist, even in the period of depression during the thirties when he and I were associated in various endeavours. And he died an optimist because he had faith in Canada.

[*Translation*]

The Hon. the Speaker: Honourable senators, with your permission I would like to join with those who have paid tribute to David Lewis, a man I knew both in the labour movement and in the House of Commons. There is no question of course of discussing his political ideology. Those who believe

that political truth is one-sided or absolute are either naive or dumb. In fact, everyone searches for political truth, and it is probably one of the most complex truths there is. At David Lewis's funeral this morning, the words of the poet came to my mind: "There is no greater beauty than a child falling asleep". If I may clumsily adapt those words, I would say: "There is no greater beauty than a man who goes to his eternal rest having contributed to make this world a better place to live". That certainly was true of David Lewis, who fought relentlessly and with an undaunted tenacity for justice. Both in the labour movement and in politics, he remained loyal to his ideals and it was with exceptional abilities that he served so admirably his fellow men.

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—CHANGES IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

(*For text of messages, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate with a change in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

● (2015)

[*English*]

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of Petro-Canada, including its accounts and financial statements certified by the Auditors, for the year ended December 31, 1980, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act,* Chapter F-10, R.S.C., 1970.

Report of exemptions authorized by the Minister of Transport in cases where no master, mate or engineer was available with required certificate and experience, for the year ended December 31, 1980, pursuant to section 134 of the *Canada Shipping Act*. Chapter S-9, R.S.C., 1970.

[The Hon. the Speaker.]

QUESTION PERIOD

[*Translation*]

FOREIGN AFFAIRS

CANADA-FRANCE RELATIONS—ALLEGED STATEMENT BY MINISTER OF JUSTICE

Hon. Martial Asselin: Honourable senators, I have a question for the Leader of the Government in the Senate. Last Sunday, following a magnificent reception he had given for the wedding of his daughter, on which we congratulate him, the Minister of Justice went to Montreal to meet with militant Liberals and he told them that he was immediately challenging the new French Parliament to mind its own business and not to meddle into Canada's affairs.

Why he should give such a warning is not known because, since coming to power, the French government led by Mr. Mitterrand has made no statement against Canada or its government.

I would like the Leader of the Government to tell us why such a statement was made in such circumstances and whether it reflects the attitude of the Canadian government toward the new French government.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Asselin has quoted from remarks alleged to have been made by the Honourable the Minister of Justice at a meeting in Montreal. I do not have before me the complete text of the alleged speech. However, an inquiry will be made in order to ascertain whether a speech was made and, if so, whether a copy is available, and, on the basis of that inquiry, hopefully a reply can be brought to the chamber.

[*Translation*]

Senator Asselin: I thank the minister for his answer and I hope that he will be able to give us the comments of the government because the minister belongs to the Canadian government and is bound by cabinet solidarity. When making such statements to militant Liberals, he is reflecting the opinions of the government that he represents.

[*English*]

[*Later:*]

Senator Perrault: As far as relations with France are concerned, I think honourable senators are aware of the fact that a very warm message of congratulations was conveyed by the Right Honourable the Prime Minister, on behalf of the government and people of Canada, to President François Mitterrand following his election, and the Right Honourable the Prime Minister suggested that there are many ways in which France and Canada can co-operate and work together.

I must say that the Government of Canada is looking forward with keen anticipation to Mr. Mitterrand's presence at the forthcoming summit meeting in Ottawa. I know that all Canadians share the view that we should develop cordial relations with the new President and with France.

[*Translation*]

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN— PENDING JUDGEMENT BY SUPREME COURT OF CANADA— ALLEGED STATEMENT BY MINISTER OF JUSTICE

Hon. Martial Asselin: In another connection, the minister also addressing Liberal supporters, and he was reportedly exuberant, spoke in the following terms:

> If the Supreme Court of Canada decided in favour of the legality of the unilateral patriation of the Constitution by the federal government—

And by the way, I wonder whether this was not a discreet message sent by the minister to the Supreme Court while it is dealing with the matter, the minister then added the following:

> If the provinces reject the decision of the Supreme Court, if they question the legality of the step taken by the federal government, we will strictly adhere to the Canadian Constitution and see to it to restrict provincial powers and jurisdictions in some areas.

Could the minister tell us how the federal government could restrict provincial powers in certain jurisdictions and areas, and could he also tell us if the speech delivered by the Minister of Justice reflects the views of the Canadian government?

● (2020)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Again, honourable senators, the honourable senator is quoting from remarks allegedly made by the Honourable the Minister of Justice. Significantly, Senator Asselin did not refer to any text in his presentation, but perhaps he has memorized the remarks attributed to the Honourable the Minister of Justice. In any case, as I said earlier, inquiries will go forward. I will have a word with my colleague. I will discuss with him the question of these alleged remarks, if, indeed, he made the remarks quoted by the honourable senator.

Hon. Jacques Flynn (Leader of the Opposition): It was on TV.

[*Translation*]

Senator Asselin: I take note of the minister's statement and realize that he hastens to contradict what Mr. Chrétien said in Montreal last weekend. He certainly does. In the light of this contradiction, I wonder if the minister would be ready to say that the views expressed by Mr. Chrétien last weekend are not those of the Government of Canada, considering, as he said, that the Prime Minister has already indicated that he was looking forward to meeting President Mitterrand of France as soon as possible to deal with the issue of relations between Canada and France. Could he explain the reason for this uncalled for provocation on the part of the Honourable Jean Chrétien, who said that as far as Canada is concerned, Mr. Mitterrand and his government should mind their own business.

[*English*]

Senator Perrault: Well, honourable senators, let us place this line of questioning in its proper context. My honourable friend appears to have quoted from a tattered newspaper clipping which he has on his desk. The honourable senator has been in Parliament long enough to know—without casting any aspersions on the Fourth Estate—that newspaper quotations are not regarded as the best source of evidence in Parliament.

Senator Flynn: We heard him on TV.

Senator Perrault: I committed myself to an endeavour to obtain a text of the Honourable the Minister of Justice's remarks in Montreal—if, indeed, he made such a speech. I would think it to be highly irresponsible of me to attempt to reply to alleged quotations from a newspaper clipping which has been brought into this chamber by the Honourable Senator Asselin, much as I respect him. I am not contradicting the former minister.

Senator Asselin: You are.

Senator Perrault: I have yet to see the text of what the Honourable the Minister of Justice actually said. It seems to me that this refusal to comment until a text is produced is the responsible approach of the government under circumstances of this kind.

[*Translation*]

Senator Asselin: I would like to raise a question of privilege. I have never quoted from a newspaper clipping. The minister says that I am quoting from a newspaper clipping before me. I have never quoted a news report in this House. I am simply asking the minister whether he is aware that the Minister of Justice is reported as having made such a statement in Montreal, and whether it reflects the opinion of the government. That is simply what I am asking him. If he tells me that it is not the government's opinion, I will simply suggest that he is contradicting the statement of the Minister of Justice. He will then have to inquire and report to us whether the Canadian government is actually suggesting that Mr. Mitterrand and his government should mind their own business, even though that government has made no statement whatsoever regarding Canada since its election.

[*English*]

Senator Perrault: Honourable senators, I think it was a valid presumption on my part—

Hon. G. I. Smith: A presumption, anyway.

Senator Perrault: When I observed that I was not certain whether such a speech had been made, a newspaper clipping was held aloft and waved in the chamber by the honourable senator.

● (2025)

Let me repeat, in the clearest possible terms, that an inquiry will go forward to the Minister of Justice to determine whether

such a speech was made. If, in fact, such a speech was made, the minister will be asked whether or not he would like to clarify his remarks.

The honourable senator asked for an opinion from me about certain legal aspects of these alleged remarks. I would remind him that questions asked in respect of any matter should not involve a reply requiring legal opinion.

[*Translation*]

Senator Asselin: Honourable senators, I am not asking my honourable friend for a legal opinion at all. I know that this is not the place to do so. I also know that he would not be able to give me a legal opinion, because of his background. This is not what I am asking him.

But could he give us a clear and accurate statement from his government on our future relations with France and tell us whether that statement will be consistent with what the Minister of Justice stated in Montreal or whether it will simply be a denial of that statement.

[*English*]

Senator Perrault: Honourable senators, I hope that we can conclude on this note. Following the election of François Mitterrand, the Prime Minister issued a very clear statement which expressed the hope of Canada that there be close co-operation between Canada and France. If Senator Asselin would like a copy of that statement, I shall be pleased to provide him with it.

FOREIGN AFFAIRS

CANADA-FRANCE RELATIONS—ST. PIERRE AND MIQUELON

Hon. Jack Marshall: I have a supplementary question. I wonder if the Leader of the Government could extract from the Office of the Prime Minister information as to whether discussions will take place on the relations between Canada and France concerning the islands of St. Pierre and Miquelon. There are serious implications with regard to both the 200-mile limit and the eventualities of the Law of the Sea Conference.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—PENDING JUDGMENT OF SUPREME COURT OF CANADA—ALLEGED STATEMENT BY MINISTER OF JUSTICE

Hon. G. I. Smith: Honourable senators, I suppose my question is really a supplementary to one of those asked by my colleague, Senator Asselin.

In any event, I would like to ask the Leader of the Government by what unusual sense of proper practice did the Minister of Justice, on television—which I happened to see twice over the weekend—say words to the effect—and I will not attempt to quote them exactly—that if the Supreme Court of Canada should decide against the federal government, the Government of Canada will seriously consider what I took to mean working to rule, and would thus take away from the provincial governments things which the federal government had recently given them. More particularly, what did the honourable gentleman mean when he said that the federal government might take away from the provincial governments things which the federal government had recently given them?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, at this time I am not prepared to attempt to reply to a question based upon professed recollections of some television broadcast.

Senator Smith: If the honourable gentleman wishes to doubt my word, I would be glad to get him a script.

Senator Perrault: Good.

Senator Smith: Perhaps he ought to get the script himself.

Honourable senators, this is the first time in a number of years that I have heard somebody say to me that he doubted the substance of what I said I had heard. Of course, I have heard some strange things from the honourable gentleman opposite, so I should be prepared for anything, even if it is so close to being—what gentle word can I find to substitute for "insulting"?

Hon. George J. McIlraith: Be careful.

Senator Smith: Does the honourable gentleman wish to say something?

Senator McIlraith: I simply said, "Be careful."

Senator Smith: I am being careful. First, I would like the honourable gentleman to explain how it is that a member of the Government of Canada, while the question of constitutional change is before the Supreme Court of Canada, can find a precedent which would allow him to begin discussing that matter, which is *sub judice* in the strictest sense of the word?

• (2030)

Senator Perrault: Surely, honourable senators, for a Conservative senator to suggest that there should not be free speech in this country is not consistent with the great Conservative tradition in this country.

Some Hon. Senators: Oh, oh.

Senator Perrault: What we have here appears to be an uncommon attempt by the Official Opposition to pillory a very competent Minister of Justice. I think it is unfair.

Senator Smith: Isn't that awful!

Senator Perrault: I think it is unfair to haul into this chamber as "evidence" what appear to be tattered newspaper clippings which are alleged to carry fragmentary accounts of some speech supposed to have been made in Montreal.

Some Hon. Senators: No, no!

Hon. Martial Asselin: I never referred to clippings.

Senator Perrault: And here we have another honourable senator, who happened to tune in a television broadcast, alleging that he has further evidence.

Senator Asselin: On a point of order, honourable senators—

Senator Perrault: I presume—

Senator Asselin: A question of privilege.

Senator Perrault: I presume that—

Senator Asselin: Wait a minute! I never mentioned any clipping of any newspaper when I asked my question. When the honourable senator says that I quoted from a newspaper clipping, he is wrong and he should withdraw that remark; I never did that.

Senator Perrault: Honourable senators, I presumed that Senator Asselin was quoting from something because as he spoke he waved a newspaper clipping. Perhaps he was sending semaphore signals.

Senator Asselin: Never, never. I never quoted a clipping.

Senator Perrault: Was that sheet of paper being held aloft as a sign of surrender? The honourable senator had a newspaper page on his desk from which he quoted.

Senator Asselin: That was the *Journal*.

Senator Perrault: No, that was not the *Journal*. Secondly, honourable senators, regarding the Honourable Senator Smith—

Senator Smith: Yes?

Senator Perrault: —the fact that in some random fashion he caught some radio or television report with one ear and wishes to use that as the basis for an attack upon the Minister of Justice surely is beneath him and all he has stood for in his parliamentary career.

Senator Smith: Well, it may be that the honourable gentleman is saying that the Minister of Justice is beneath an attack by me. I don't have that poor view of the ability and importance in Canada of the Minister of Justice. I think he is a very able man.

Senator Perrault: Hear, hear.

Senator Smith: I don't have that view at all. I am sorry to hear his colleague in the cabinet so describe him, and I think the Minister of Justice will be sorry to hear himself being described that way by one of his colleagues too.

However, I was not listening with one ear: I was listening with both ears, and I was looking with both eyes, because I was so startled by such a voyage into, not only the uncharted but the forbidden that both my eyes and my ears were fully alive to what was going on.

Hon. Richard A. Donahoe: It was not random; you heard it twice.

Senator Smith: And in my view it was not at all random, because I listened to the news on the other major television network and there I heard the same thing.

I am saying again that the honourable gentleman need not try, and will not succeed if he does try, to hide behind his usual screen of useless and irrelevant words, even to the extent of running down the status of his colleague. The fact is that this distinguished gentleman, the leader of the administration of justice in Canada, departed from one of the longest standing and most observed rules—

Senator Donahoe: One of the most fundamental rules.

Senator Smith: —that when a case has been placed before the court and is being considered by that court, it is not discussed—

Hon. David Walker: Ever!

Senator Smith: —in public by either the lawyers or the people who are involved in it. And when that happens from the mouth and the lips of the leader of justice in Canada—the alleged leader of justice in Canada—then, indeed, it is worthy of the most vigorous denunciation.

As for the honourable gentleman talking about free speech, well, there are some rules of free speech, although I have never observed that he observed any. In fact, his speech is not only free, but nobody would pay even a penny for it anyway.

Senator Perrault: The honourable senator may be apprehensive as to the decision of the court. I want to tell the honourable senator, however, that neither the Minister of Justice nor any of my cabinet colleagues have commented at all on the merits of the matters before the court. There may have been some speculation unknown to me about the events following a decision by the court; I do not know. In any case, honourable senators, we have experienced so often in this chamber the opposition's predilection for selective recall—

Senator Smith: "Selective recall"?

Senator Perrault: Yes—engaged in so often by the opposition.

Senator Flynn: Engaged in by your side.

Senator Perrault: May I suggest that the responsible course of action is to obtain an accurate transcript of the broadcast? All radio broadcasting stations are obliged to keep their tapes for a thirty-day period of time.

Senator Smith: This was a television broadcast.

• (2035)

Senator Perrault: A sound recording of the television statement is available from the station from which the honourable senator apparently heard some remarks made by someone. Perhaps he could do us all a service by bringing a transcript of those remarks to this chamber so that they can be judged on the basis of merit and not rumour.

Senator Smith: Honourable senators, I would be delighted to fulfil the request of the Leader of the Government, unless of course that wonderful institution, the Canadian Broadcasting Corporation, says that it does not have to answer questions from senators, as has been its usual response to questions from this chamber.

As for the honourable gentleman's remarks about apprehensiveness over the decision of the Supreme Court of Canada, I look for its decision to be based on what it considers to be proper and reasonable, not with either hopefulness or appre-

hension. I wait, in full confidence that whatever its decision, it will be in accord with what it considers to be justice.

Senator Perrault: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): It looks like we are off to a good week.

ENERGY

CANADIAN OIL SUBSTITUTION PROGRAM—QUEBEC AND MARITIMES PIPELINE COMPLETION DATE

Hon. Cyril B. Sherwood: Honourable senators, I have a question for the Minister of State for Economic Growth.

Hon. Jacques Flynn (Leader of the Opposition): What is economic growth?

Hon. Lowell Murray: It was 0.1 per cent last year. Congratulations.

Senator Sherwood: The Minister of Energy finally announced yesterday that the government will proceed with its Off-oil Conversion Program, which was first announced in the budget introduced in October. My question to the minister is this: Will the government promise to consult the Consumers' Association of Canada and other organizations which have expressed doubts as to the likely fashion in which the program will be administered, before finalizing the details and administration of the new program?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, that is not a very difficult undertaking to make, because I believe that there have already been some consultations. However, if the honourable senator is asking that a specific meeting be arranged between the government and the Consumers' Association of Canada, I shall carry that representation to the minister. I do not believe that either he or I ought to give that kind of undertaking.

Hon. Duff Roblin (Deputy Leader of the Opposition): Why not, for goodness sake?

Senator Sherwood: The program has also been criticized by Energy Probe, which doubts the possibility of promoting conversion from what it sees as essentially one scarce fuel to another. Did the government consider supplementing those funds which it has already committed to energy conservation before agreeing to spend $650 million on off-oil conversion?

Senator Olson: Honourable senators, before one can answer that question, one must agree with the premise to it, and neither I nor the Minister of Energy, Mines and Resources agrees that the program involves a switch from one scarce commodity to another. The fact of the matter is that Canada has a very substantial supply of natural gas and the potential to develop more electricity. These are the two major energy sources which would be used in the substitution for oil. That being the case, the other part of the honourable senator's question does not apply.

Hon. Richard A. Donahoe: Honourable senators, I have a question which I would like to direct to the Minister of State for Economic Development. It relates to the matter raised by my seat-mate.

[Senator Smith.]

Hon. G. I. Smith: Then you will probably get the same answer.

Senator Donahoe: In proclaiming certain details of the off-oil conversion program, with which the government has said it will proceed, the Minister of Energy, Mines and Resources indicated that the emphasis in New Brunswick and Nova Scotia will be on conversions from oil to natural gas. The minister outlined a schedule for the extension of the pipeline, but he described only the various areas of Quebec which it is expected to reach by autumn 1983. Would the Minister of State for Economic Development indicate whether it is still the government's intention that the pipeline to Nova Scotia be completed by 1983?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am not sure of the exact date. Obviously, other regulatory bodies, such as the National Energy Board, will have to complete their hearings, and a permit to proceed must be issued before the project can get under way. The Minister of Energy, Mines and Resources was talking about something somewhat more firm in that it has already been approved by the regulatory board.

● (2040)

It is certainly the determination, and it continues to be the determination, of this government to give Canadians from one coast to the other access to natural gas.

Senator Donahoe: Before I address a supplementary question to the minister, I would point out that the National Energy Board has no responsibility whatever for forming the details of the off-oil conversion program. Having stated that premise, I would ask the minister, in the absence of a definite commitment by him with respect to time, if he will acknowledge that not knowing exactly when this conversion will take place, and when this gas will be available, puts the Atlantic region in a very difficult position? Having announced a conversion program from oil to gas to apply in Nova Scotia and New Brunswick, without telling us when the gas will be available, we are in the position that, as for now, no gas is available, and the government is unwilling to tell Atlantic Canadians when gas will be available.

My question then of the Minister of State for Economic Development is: Will the minister determine if this program will be indexed to 1980 costs so that when natural gas is finally made available—if it is—Atlantic Canadians will be able to enjoy the same advantages that other Canadians can begin enjoying right now?

Senator Olson: I will take that question as notice in order to bring a more precise answer from the Minister of Energy, Mines and Resources. However, I believe the minister has already made some comments to that effect.

TRANSPORT

CANADIAN PORTS POLICY

Hon. Jack Austin: Honourable senators, I should like to address two or three questions to the Leader of the Government in the Senate relating to the new Canadian Ports Policy announced on May 25.

I welcome the announcement and the indication that, at long last, some autonomy may be offered to the Port of Vancouver.

Would the Leader of the Government advise us what plans the government has with respect to the possibility of autonomous port operations for the Ports of Vancouver and Prince Rupert?

Hon. G. I. Smith: What about Halifax, while you are at it?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the announcement which has been made with respect to the Canadian Ports Policy is of great importance to every port of this nation. The document entitled *Canadian Ports Policy* is the result of consultation with many levels of government, and with individuals in shipping, transportation, port management and many others.

Let me say at the outset that most local port authorities, including Vancouver's, have extremely limited discretionary power at the present time. Indeed, as honourable senators may be aware, all port authorities must seek the approval of Treasury Board. Some of these legislative requirements are antiquated and have inhibited the modern development of Canada's ports. They have certainly inhibited effective management. For example, any contract in excess of $50,000 requires Treasury Board approval. This was enacted in 1936. Extensions of negotiations of new leases have required federal government approval. Surely it is time to change an antiquated regulation of that kind.

It is now proposed that local corporations have delegated authorities in contracting property management as well as in financial management. The corporations' day-to-day operations will not be impeded by having to seek Ottawa's approval. With this new power, port contracts would be awarded much more quickly, allowing for efficient administration and management.

A corporation's corporate plan would be subject to the approval of the proposed Canada Ports Corporation, but this procedure would be little more than a formality.

As far as the situation in Vancouver is concerned, undoubtedly the Port of Vancouver would meet the criteria which are being established for a new Canada Ports Corporation.

The situation in Prince Rupert could be somewhat different. It could be more of a "marginal" situation in that northern port. However, I can say that enabling legislation would permit ports such as Prince Rupert to achieve greater autonomy as they demonstrate financial viability, growth potential and proven ability in management.

The present situation, as perhaps honourable senators are aware, is that the Vancouver Port Authority, the Prince Rupert Port Authority and other port authorities in this country are simply advisory bodies which, in effect, operate as divisions of the National Harbours Board and whose general managers report directly to the Chairman of the National Harbours Board. Under the new proposals local corporations would be more flexible in management. New regulations would permit modern-day effective practices which would improve their competitive abilities, and they would be more responsive to the needs of shippers and of the local commercial environment.

Hon. Jack Marshall: I read that in the paper today.

Hon. H. A. Olson (Minister of State for Economic Development): Why did you ask about it?

Senator Marshall: He asked.

Senator Perrault: I can assure the honourable senator that he did not read all of this in the newspaper this morning. I hope he realizes the importance of this proposed new approach to port development in this country, coming, as he does, from one of the important coasts of this nation. I am not reading from a press release.

Senator Austin: I raised the matter of autonomous operation in the Port of Vancouver, honourable senators, because the document that was issued on May 25 under the title. *Canadian Ports Policy*—

An Hon. Senator: Page 12, paragraph 3.

Senator Austin: I do not understand the interventions on the other side because I know that my Conservative friends from British Columbia also have great concern for the achievement of an autonomous port in Vancouver.

In any event, I would direct the attention of the Leader of the Government to the first paragraph on page 5, which concerns me since it states:

> The Act would further be amended to provide the new board with the powers to establish local port corporations at National Harbours Board ports—

A fair reading of that paragraph shows that it is not the intention of the proposed legislation that the Governor in Council would establish an autonomous port, but that the new Canada Ports Corporation, in its wisdom and discretion, and after consideration, would decide whether the Port of Vancouver would be autonomous. I can assure the government leader, although he needs no assurance in this respect, that great concern will arise in our home city if there is not a clear level of assurance by the government that more is intended than that the members of the new Canada Ports Corporation would decide whether, in their wisdom, an autonomous operation were called for.

Having drawn that to the attention of the Leader of the Government, I would ask him whether, in the appointment of members to the autonomous local port corporation in Vancouver, consideration would be given to appointing, among others, representatives from some of the users of the port. For example, I would refer to Senator Argue's producers of grain and, in Alberta, producers of raw materials so that the port corpo-

ration has some consumer representation. I know that Senator Argue has been very keen to see consumer representation in other areas of his jurisdiction.

Senator Perrault: Honourable senators are aware, of course, that this blue book, which is the source of the quotation by Senator Austin, will form the basis of approximately two months of consultation before the bill, which will give legal status to the recommendations, is presented to Parliament. Therefore, there will be clarification of many of these points in the weeks to come. The views of those in port management, shippers, trade unions, and those in business are being sought.

I can give the assurance that, under this proposal, the Port of Vancouver will have effective independence.

● (2050)

There is certainly a relationship between the local corporation and the Canada Ports Corporation. The Port of Vancouver meets the requirements of policy for local and regional significance and interest and it is financially viable. So, there is no question about the Port of Vancouver.

A local port corporation would be established in the manner described in the blue book, responsible for the management and operations of the port. The board of directors of the local port corporation would be made up of local businessmen with authority to make decisions and plan locally for future development. The local corporation will have the authority to appoint a Chief Executive of the port, as well as other personnel responsibilities. The local corporation will have the ability to establish commercial tariffs for commercial business locally, enabling better business decisions to be made more quickly to develop new business and retain existing business. The local corporation will have delegated authorities in contracting, property management, as well as in financial management. The upper limit of $50,000 is clearly unrealistic in 1981. The upper limit of borrowing would have to be set after the national corporation comes into existence, but theoretically, at least, the upper limit of the local corporations could be as much as the central corporation.

The Ports of Vancouver and Prince Rupert in British Columbia will benefit from greater regional representation on the board of the Canada Ports Corporation, which will be responsible for national policy and development.

Hon. Martial Asselin: You are not answering a question; you are making a statement.

Senator Marshall: Refer it to committee.

Senator Perrault: I want to say this about the appointments to the board and representation.

Senator Asselin: That is a speech.

Senator Perrault: The new Canada Ports Corporation will replace the National Harbours Board and will have 11 or more members. To accommodate regional interests, consultative bodies will be established which will work with the local corporations, the Canada Ports Corporation, the minister and other interested bodies. On those consultative bodies would be representatives from the municipalities and provinces. So, it does admit the possibility of a very broad range of representation.

In addition, all corporation chief executive officers would be *ex officio* members of the Canada Ports Corporation.

Honourable senators, there is a great deal of material here. I do not want to burden the Senate by going through all of it, but I commend to honourable senators—

Hon. Duff Roblin (Deputy Leader of the Opposition): You mean there is more?

Senator Perrault: —the excellent report which has been prepared entitled *Canada Ports Policy*.

Senator Asselin: You are reading the report.

Senator Perrault: I assure honourable senators that the document is of great importance to all Canadians.

Hon. Jacques Flynn (Leader of the Opposition): Before I adjourn the debate, may I ask the Leader of the Government if what is proposed now is somewhat the same sort of situation that prevailed before 1936?

Senator Perrault: Honourable senators, it is a distinct improvement on the situation which existed prior to 1936, and I suggest a substantial advance over Bill C-6, which briefly saw the light of day.

May I quote for honourable senators a report from the Economic Advisory Commission of the City of Vancouver which said this about the program—

Senator Asselin: May I rise on a point of order. If the minister has a copy of the statement, can he not table it so that we can look at it and reply to it tomorrow afternoon?

Senator Perrault: Honourable senators, I was asked a question by Senator Austin—

Senator Flynn: That was a long time ago.

Senator Perrault: —in his diligent pursuit of information. I was asked what the reaction of local authorities was to this proposal. May I close with these words—

Hon. David Walker: As long as you close.

Senator Perrault: —from a memorandum from the Economic Advisory Commission of the City of Vancouver:

> It is our view that a new ports policy, emboyding a decentralized approach to NHB port management and administration: (1) accords well with recent government policy initiatives; (2) would confer very significant advantages for Canada's ports; (3) is broadly analogous to approaches adopted for many of the world's largest and most successful port operations; and (4) has increasing support among the ports of the nation and their respective communities.

This is a day of rejoicing for Canada.

Some Hon. Senators: Hear, hear.

Senator Smith: Honourable senators, of course, I am happy to know that the answer given by the honourable gentleman conforms so closely to the arguments of his colleague, the

Minister for State of Economic Development, that questions and answers should be brief and to the point.

Senator Perrault: It was as brief as I could make it.

Senator Smith: Since he was fortunate enough to be able to bring his music with him with reference to the Port of Vancouver, I must ask whether he also has his music with him with reference to some of the other very important ports in Canada such as Halifax; St. John's, Newfoundland; Saint John, New Brunswick and Charlottetown, Prince Edward Island.

Senator Perrault: Honourable senators, may I say that a number of those ports will qualify for precisely the same very much improved status, and I know that the Honourable Senator Smith will welcome this.

Senator Smith: I will welcome it if it is really improved, but I am surprised that the Leader of the Government, whose responsibility extends to all of Canada, could find it so necessary to know all about what is going to happen with respect to the Port of Vancouver, and was not able to say anything, except what he finds printed in the blue book, about the ports located on the eastern coast of Canada.

Senator Perrault: I remind the honourable senator that Senator Austin is an outstanding representative of the province of British Columbia and asked precisely about the situation for the Port of Vancouver and the Port of Prince Rupert. I am surprised that the Honourable Senator Smith did not leap to his feet and ask the question before my learned colleague did from British Columbia.

Senator Smith: I asked a question and you can't answer it. That is obvious. Perhaps the honourable senator who asked that question wrote the answer, too.

Senator Roblin: Honourable senators, I am encouraged to ask in this context whether any change is planned for the status of the Port of Churchill located in northern Manitoba?

Senator Perrault: Honourable senators, matters relating to the Port of Churchill are constantly on the mind of the government. It may be that an announcement will be made in due course with respect to ports and associated matters.

Senator Roblin: I know that it is constantly on the minds of the government, but I wish they would get it off their minds and get it on to the action desk. If in some respects Churchill does not fit the definitions my honourable friend is quoting to us tonight from the interesting document we have all had a chance of looking at will he say whether the Port of Churchill will qualify with respect to the advisory boards or management boards, which will include representatives of users, provincial governments and others?

Senator Perrault: The interests of Port of Churchill will be very much included.

Honourable senators, no one knows at the present time which ports will qualify for the status I described earlier. In that event, it would be irresponsible for me to suggest which category the Port of Churchill may find itself in after the legislation has been written.

Senator Roblin: When does my honourable friend think he will be able to tell us what will be done at the Port of Churchill?

Senator Perrault: With the co-operation of honourable senators in opposition, perhaps at long last we can place this measure on the statute books early this fall—but only with the co-operation and support of the honourable senators in opposition, and I know that that will be forthcoming.

Senator Smith: I will be glad to draft the bill for you.

HEALTH AND WELFARE

HEALTH OF JAMES BAY CREE INDIANS—GOVERNMENT POLICY

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government arising out of a question I put to him on May 21, 1981. In answer to a question I put to him on that date the Leader of the Government stated:

> However, it does appear that Senator Nurgitz has a source of information which may indeed be helpful to the government. If there is evidence of a widespread outbreak of tuberculosis or other ailments there, I hope the honourable senator will co-operate with the government by sharing his information and providing any evidence and data which he may have so that we can pursue the question and do what must be done in order to alleviate the situation.

Honourable senators, I have with me substantial data consisting of evidence given by government experts, provincial and federal, as well as other experts in the field. I obtained a preliminary transcript of the proceedings of the House of Commons Committee on Health, Welfare and Social Affairs, which outlines all of this.

My question is: When will the government act? Will it take something less than two months to get a response to this question?

Hon. Raymond J. Perrault (Leader of the Government): I wish to thank the Honourable Senator Nurgitz for his constructive attitude toward questioning in this chamber and hope that the Honourable Senators Asselin and Smith would bring similar documentation to assist the government with respect to the questions they have asked.

Hon. G. I. Smith: You mean you just hope we do not.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I rise on a question of privilege. I think the minister does not have the right to make any comment on the motives of an honourable senator who is asking questions to members of the government. I think the statement he has just made, namely that Senator Smith and myself do not put our questions in an objective manner, imputes motives we do not have and the minister should withdraw his remarks.

• (2100)

[*English*]

Senator Perrault: Honourable senators, I would not wish to create the impression that Senator Asselin is not assiduous in his duties, but there is a considerable difference between the mass of documentation just provided by Senator Nurgitz and the newspaper clipping that was waved here earlier this evening.

Hon. Jacques Flynn (Leader of the Opposition): Nobody waved it.

Senator Asselin: I did not quote from any newspaper.

Senator Smith: The honourable senator is suffering from—

The Hon. the Speaker: Senator Buckwold.

Hon. Sidney L. Buckwold: Honourable senators, I believe I have the floor.

Senator Flynn: You can ask for it, but it doesn't meant you have it.

Senator Buckwold: I was called by His Honour the Speaker.

CANADIAN WHEAT BOARD

SALE OF GRAIN TO U.S.S.R.

Hon. Sidney L. Buckwold: Honourable senators, my question is for the Minister of State for the Canadian Wheat Board. Before I ask it, I would like to assure the Leader of the Opposition that the Minister of State for the Canadian Wheat Board has not spoken to me. He has not planted the question.

Hon. Jacques Flynn (Leader of the Opposition): He just winked at you.

Senator Buckwold: No, he doesn't even wink at me. He may smile occasionally.

Canadians generally, and farmers in western Canada and Saskatchewan particularly, were delighted to hear the announcement by the minister of the very substantial sale of grain to the Soviet Union.

Hon. Senators: Hear, hear.

Senator Buckwold: I stand not only to ask a question but also to take advantage of the situation to compliment—

Senator Flynn: Question. Question.

Senator Buckwold: It's coming—to compliment the very able minister—

Senator Flynn: Question.

Hon. G. I. Smith: Question.

Senator Buckwold: —the very able minister on achieving this contract—

Senator Flynn: Question.

Senator Smith: Question.

Senator Buckwold: —and to ask him—

Senator Flynn: Question.

[Senator Asselin.]

Senator Smith: Question.

Senator Buckwold: Boy, I have never heard such a bunch of parrots as those across the way. I have never heard anything like it. They must have practised over the weekend to get it all together.

My question to the very capable minister—

Hon. Martial Asselin: Question.

Senator Buckwold: —who has brought us such encouraging words is this: Would he elaborate—

Senator Flynn: On what?

Senator Buckwold: —on the contract and would he explain—

Senator Flynn: For God's sake, no.

Senator Buckwold: —some of the possible costing implications, the prices that may be obtained and any problems that he foresees in delivery—

Hon. Raymond J. Perrault (Leader of the Government): Good question.

Senator Buckwold: —and to bring to the attention of this chamber and to the farmers of Canada the importance of this particular contract?

Senator Flynn: Honourable senators, I rise on a point of order. The question suggested a speech from the minister to whom it was addressed. I would ask His Honour to decide if the minister can reply to the question as put because it involves a speech, and this is not the occasion for a speech nor the procedure that follows.

Senator Perrault: The question was very spontaneous.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Nobody will muzzle the Senate.

The Hon. the Speaker: Honourable senators, if it is your wish that I apply the rule as it appears in the *Rules of the Senate* insofar as questions are concerned, I am ready to do it at any time, but it will apply equally to both the question and the answer.

[*Translation*]

Senator Asselin: Mr. Speaker, when the minister replies to the congratulations and the questions of Senator Buckwold, he should tell us whether he got his contract with the Soviet Union because, when he was appointed Minister of State for the Canadian Wheat Board, he lifted the economic sanctions which we, as a Conservative government had imposed against the USSR for invading Afghanistan. Is it in recognition of this action that he finally got this contract with the Soviet Union?

Hon. Louis-J. Robichaud: Honourable senators, I rise on a point of order. This is the fourth question. I believe that Senator Buckwold had every right to ask three questions at the same time. He put three questions to the minister.

Senator Asselin: As for me, I have asked one!

Senator Robichaud: Senator Asselin is now asking a fourth question. I believe that we are perfectly entitled to grant senator Buckwold the privilege of one answer to the four questions.

Senator Flynn: He had already replied!

[*English*]

Hon. Jack Marshall: We have a new Speaker in the chamber.

Senator Argue: Honourable senators, I thank Senator Buckwold for his question. This has been a very important achievement which has come after many years of business transactions between the Canadian Wheat Board and Exportkhleb, the grain marketing and purchasing agent for the Soviet Union. I did, of course, play a major role in removing the grain embargo, and assisted in finalizing the agreement. The Canadian Wheat Board, with Exportkhelb, played the major role in working out the terms of the agreement. It is the biggest grain sale in Canadian history. The prices will be decided in the future, and that usually means that prices will rise. I estimate the value of the sale is likely to be more than $5 billion.

Senator Perrault: Fantastic!

Senator Argue: Compared to major transactions by giant corporations, or even by government standards, this has to be one of the largest business transactions in the history of Canada.

A transaction involving the Canadian Wheat Board means that the wheat farmers of Canada do not have to pay anybody a commission. The Wheat Board received no commission. The total cost of the operation of the Wheat Board for Canadian farmers amounts to less than three cents per bushel. So it is a very efficient operation.

The quantity provided in the first year is the minimum of 4 million tonnes. This minimum quantity increases by 500,000 tonnes each year until the fifth year when it becomes a minimum quantity of 6 million tonnes. This is not a sale of a fixed 25 million tonnes but a sale over a five-year period of a minimum of 25 million tonnes. The Wheat Board has given Exportkhleb the assurance that these minimum quantities will be provided.

As far as prices are concerned, I understand the pattern of dealing in this kind of grain is that the prices are agreed to on each particular transaction over the five-year period when the transaction takes place.

Over the past 25 years, which is the history of the sale of grain into this market, every single bushel of grain has been sold for cash and the relationship of the Wheat Board with this very large purchaser has been excellent. There is usually very little difficulty in deciding on exact grades, and at times grades that are purchased will change because of their availability.

This is a large sale; the largest in history. These are minimum quantities which indicate once again to western wheat producers that the challenge for them is to grow within the next five years the largest quantities of grain they can. I am confident that markets will be available for these large quantities, so I am delighted to be in a position to talk in such an optimistic manner about a transaction that means a great deal to the 140,000 wheat producers of western Canada. It is a wonderful thing for Canada. These large sums of money going into western Canada, especially into the hands of farmers—

Senator Asselin: Because they lifted the economic sanctions.

Senator Argue: —are not deposited and hoarded. If these monies are not spent in advance, they are spent very soon after receipt and the purchasing power, as a result of these sales, flows through the whole Canadian economy and provides jobs, and has a multiplier effect of about four.

This agreement is a tremendous accomplishment for the Canadian Wheat Board. It is a tremendous day for western producers.

Hon. Senators: Hear, hear.

• (2110)

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I am not one to minimize the importance of this transaction, because I think the minister is quite right when he says that it is a most important sale—indeed, *the* most important sale in terms of quantity and value we have seen in this country. I agree with him. To coin somebody else's phrase: What is good for western Canada is good for Canada. I wish he would see other problems in the same light.

Leaving that aside for one moment, there are some points I would like to ask him about in connection with this transaction. The first is the price. We have an indication in the press—I am sorry if I quote the press. I will refrain from waving the clipping around: I will be discreet and hold it behind my back. I have to admit that it was the only place I could get the information, so the minister will have to excuse me if I use it. It is a nice little piece of information. It refers to the market price of No. 1 Canadian wheat at $226.97 per tonne.

This is not a sale of wheat alone: it is a sale of wheat, oats and barley. I understand from what the minister said that the precise prices and quantities of each grain will probably be subject to separate negotiation each time a major transaction takes place. So we can hopefully assume that we have sufficient price escalation possibilities in this so that we do not get trapped in any unfortunate circumstances.

I would like to know: What details can the minister give us about this first sale of—whatever it is—four million tonnes, is that correct? How much of that is wheat, oats and barley, and what is the price set for each variety of grain, based on whatever standard grade is being used?

Senator Argue: This is a long-term agreement, defined as a five-year agreement, with the minimum quantities per year as I have outlined. I am unable to say with any precision, and I do not believe that anyone could, what the relative quantities of wheat and coarse grains may be in this total purchase, because I do not think it has been decided. Undoubtedly, the majority of the grain involved will be wheat. Also, one can say

that undoubtedly some proportion of the sale of four million tonnes will be coarse grain. That will depend on the availability of coarse grains, barley in particular, in Canada. There is likely to be some sale of Durum wheat as well as spring wheat. If my information is correct, no pricing has taken place on any of the quantities. It is a master agreement under certain terms for the five-year period. These separate arrangements from time to time as to precise quantities for a precise sale, and as to a precise price for that particular sale, will be determined when they are made; but the minimum quantity to be sold is four million tonnes within the first year.

As I understand it, the market price, as we know it, will be the governing price for these transactions. In other words, the transactions will reflect the market at the time the precise transactions are made. I do not have a crystal ball as to what the future may hold at any given time with regard to prices. I have a favourite expression, which I think is usually right, namely, that the experts are always wrong. After all, who is an expert, and so on? So I will not try to forecast what a given price will be, whether it will go up or down. I do feel that the long-term trend in grain prices in the world is upward, but in that upward trend those prices will fluctuate, sometimes, perhaps, by very large amounts. The world demand for grain in recent years has been increasing more rapidly than the increase in the world production of grain. So long as that trend continues, I think the chances are that grain prices will continue to get better and better; but the precise prices for precise quantities, with these minimum amounts, will be decided when those transactions take place and arrangements are made.

Senator Roblin: I asked my question about pricing for a particular reason. I appreciate that no one should be talking prices in any loud tone of voice. You do not like to talk prices before you strike your deal, and you have not struck your deal for your particular transaction at this time. I want to know if the minister will undertake to let us know what those prices are at the time the deal is struck, because the Canadian farmer has a vested interest in knowing that the bargaining done on his behalf is consonant with the market trend and the market price at the time. So I would be interested in knowing if the minister can give us that information.

I must confess—it is no confession; it stands out all over me—that I am not an expert either when it comes to predicting these prices. I do suggest that the minister may be right over the long term, that the market will increase. It had better, because we are basing all our plans, hopes and production figures on the expectation that it will. But it is also quite likely that it will not be a straight line up. There will be many down turns, and we may very well see one this year. I don't want to predict one either, but there is a possibility of a very good wheat crop, certainly in North America and also, I believe, in Russia, so we cannot be sure about what will happen.

My main point is that I want some assurance from the minister that we will be able to examine the results of the price negotiations of the Wheat Board when that information can fairly be made available.

[Senator Argue.]

Senator Argue: I can assure the honourable senator that I will obtain that information when, in the normal pattern of Wheat Board operations, it wishes to make it available. I am certainly not going to ask the board to divulge information about its own transactions that might in any way put the board at a competitive disadvantage, since grain companies are not disclosing their prices. But I will certainly convey Senator Roblin's request to the board.

I wish to say to the honourable senator that I think he would be in error if, by his line of questioning, he would seem to infer that the Wheat Board will not do a first-class job of getting the best available market prices at the time those transactions are made. I can say that with confidence, and I have confidence in the board. I would hope that the word would not start getting around, because it would be completely false, that the Wheat Board is sort of underselling the market, or something like that, because, as far as I know, that does not happen and it has not happened. The Wheat Board, I believe, will get the best possible price, considering the market and price conditions, at the time that the particular transactions are made.

Senator Roblin: I want to tell my honourable friend that he is zeroing in on the point when he says that there are some people who say that the Wheat Board undersells the market and that is why they sell the grain. I do not happen to share that view, but I think it would be important, if we could do so appropriately, without showing too much of our hand, to establish that point, because, as my honourable friend knows, from discussions he and I have had on this subject in other places with other people, it has become quite a point of interest. If it could be done appropriately and we could establish that the Wheat Board pricing system is as we say it is, then I believe it would be a good move, because the allegation will undoubtedly be that in view of the large quantities being transacted, special discounts will be in order. The minister shakes his head. I sincerely hope he is right.

Senator Argue: You can take it from me that I am right.

Senator Roblin: I have no complaint to make about the Wheat Board's marketing operations. Nothing that I know about them would lead me to have any lack of confidence. But if we could establish those facts, it would be very helpful to Canada's position in discussing world wheat trade in other circles.

Senator Argue: It should be established right now that the Wheat Board gets the best possible price, that it does not engage in the kind of things that the honourable senator seems to be inferring.

Senator Roblin: Other people infer, not me.

Senator Argue: But the senator is putting it on the record. He is saying that these are the things that should be answered. He is creating the doubt. So far as I am concerned, I have faith in the Canadian Wheat Board, from all that I know of its operations. I believe the farmers have faith in the board. This deal is a good one, and the prices will be good prices in relation to the market when those transactions are made.

• (2120)

Senator Roblin: Well now, we were getting along just fine until this last outburst from the minister. I do not want to be accused of the things that he is implying with respect to my questions here. I am interested in establishing the bona fides of the Canadian Wheat Board in a way that will be acceptable in the world wheat community. That is certainly not an unworthy ambition, and I think that if my honourable friend can help me to do so he will be doing the country a favour.

Senator Smith: Honourable senators, I wish to join in this debate, begun in the guise of a question, only for a short time, and then I wish to raise a point of order.

So far as this transaction is concerned, as one who comes from one of the regions of Canada that are farthest from the source of the wheat which is to be sold, or which has been sold and is to be delivered, I wish to add a word of congratulations to the minister and his colleagues of the Wheat Board. I want to assure him that as a Nova Scotian I agree with him that the prosperity of the west is a good thing for Canada, including my part of the country. I offer him and his colleagues my very warm congratulations on having been able so vigorously and well, even at long last, to follow the trail blazed by the Honourable Alvin Hamilton so many years ago when he showed just how wheat could be sold to countries as far distant as Russia, though he did not sell to Russia. I have no criticism whatever, and only good wishes. I trust that wheat will be sold not only in the quantities that are hoped for but also in even greater quantities.

I say again that I believe that the wealth of the west is good for Canada—for my part of Canada as well as for the other parts of Canada—and I hope the honourable gentleman will agree that when we come to discuss the wealth that we may hope for in Atlantic Canada, he will feel able to take the same kind of view about that.

Now, on the point of order. It must be obvious to any honourable senator that this is no way to conduct Question Period, and I have a great deal of sympathy for the Minister of State for Economic Development in his endeavour to bring Question Period into focus as a question period.

I do not suggest for a moment that there was any conspiracy between Senator Buckwold and the minister. I accept Senator Buckwold's assurance without the slightest grain of doubt or reservation; but, of course, it was not very hard for him to know, without any suggestion from the minister, that the minister would love to have the chance to make a statement about this matter, so he, wishing his minister well and hoping to give him the opportunity, thought it would be just as well to ask him a question in order to give him that chance—and he did.

All the minister needed to do, however, was to rise in his place at the proper stage in the proceedings of this house and say, "I would like to have leave to make a statement about the recent contract made for the sale of wheat to Russia." I am sure that that leave would have been granted; someone on this side could have replied; and the matter could have been disposed of in complete compliance with the rules and with the consent of everybody and not have destroyed the valiant efforts of the Minister of State for Economic Development to bring some better order, some better system, into the Question Period.

Senator Buckwold: Honourable senators, on the point of order, although the honourable senator has indicated that he agrees with or accepts my explanation that there was no collusion between the minister and me, and I appreciate that, there was the implication that I asked no questions. I, in fact, asked questions that were along the same lines as those Senator Roblin followed with, namely, the pricing of the agreement, the ability to deliver, a question on transportation—which, by the way, was not answered—and similar implications of the deal. Those are legitimate questions, and I do not know what the uproar was about that arose suddenly, because in asking my questions I congratulated a very able minister on a job well done.

Senator Smith: Nobody has suggested—or, at least, I did not suggest, and I did not hear anybody else suggest—that the honourable gentleman did anything of the nature to which he is unnecessarily replying, as though he were replying to an accusation. All I am saying is that the minister could have achieved what obviously was a very desirable object from his point of view—and, indeed, from the point of view of the rest of us—by asking leave to make a statement. I am sure my colleagues and I, and all other senators, would have granted such leave to the minister to make as long a statement as he wanted to about wheat in Canada, provided the opportunity to reply was made available to someone on this side of the house.

All I am saying is that if we want to encourage the vigorous efforts of the Minister of State for Economic Development to have Question Period follow the rule book in some sort of recognizable shape, then we ought to try to do so. This is one of the occasions when obviously we did not do it, although the cause was a very worthy one, and one on which I have already given my congratulations to those who brought it about.

That was my only point. My purpose was not to criticize the honourable gentleman who asked the question. His motives were worthy. The only criticism one could make of him is that perhaps he unnecessarily departed from the course of action so vigorously advocated by his colleague, the Honourable the Minister of State for Economic Development.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I am glad we have come so far, and I am amazed at the progress that is being offered by my honourable friend.

Senator Smith: I have always offered it. No one would accept it.

FOREIGN AFFAIRS

LEBANON—CURRENT SITUATION—STATEMENT BY GOVERNMENT LEADER RE GOVERNMENT REFUGEE POLICY

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate.

A number of senators have expressed real concern about the situation in Lebanon and the apparent confrontation that is developing between Israel and Syria.

Does the Honourable the Leader of the Government have any information that he can share with the members of this house as to the latest development in that part of the world?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Canada has an annual refugee plan which includes close co-operation with the United Nations High Commission for Refugees. At the present time the policy of that commission is directed towards local resettlement in the region with eventual repatriation when conditions permit. The agency is advising all countries that special refugee settlement programs are not needed at this time. This policy accords with current Canadian perceptions about the situation. Canada contributed $4 million to the U.N. High Commission for Refugees general programs for 1981, a percentage of which would go to those programs in Central America.

However, the Canadian government will consider individual requests for assistance to resettle refugees for whom local resettlement in countries of asylum is impossible. The government's program for 1981 makes provision for the acceptance into Canada of up to 1,000 refugees from all of Central and Latin America.

Special measures to assist persons affected by the strife in El Salvador were announced on March 19 in the other place by the Minister of Employment and Immigration Canada, the Honourable Lloyd Axworthy.

Finally, regarding Salvadoreans being deported from the United States as illegal immigrants, we have informed the United States authorities of Canada's interest in being made aware of Salvadoreans scheduled for deportation who appear eligible for entry into Canada under the relaxed criteria outlined by Mr. Axworthy.

Senator Bosa: Honourable senators, I have a supplementary question. I appreciate the information that the leader has provided to the chamber about the refugees from El Salvador, but I was inquiring about Lebanon.

Senator Perrault: Well, honourable senators, at least it can be said that the government this evening volunteered unsolicited information.

Honourable senators, I must apologize to the honourable senator. I have some information with respect to Syria and Lebanon. However, in view of the lateness of the hour and the extent of Question Period, I hope that information can be provided for honourable senators tomorrow afternoon.

JUSTICE

REPORT OF KERSHAW COMMITTEE TO BRITISH HOUSE OF COMMONS—PUBLIC SERVICE EMPLOYMENT ACT—APPLICATION BEFORE FEDERAL COURT

Question No. 56 on the Order Paper—**By Hon. Orville H. Phillips:**

[Senator Bosa.]

Is the Attorney General of Canada, or any agent thereof, a party to an application or action in the Federal Court of Canada involving, either directly or indirectly, the Report of the so-called Kershaw Committee to the British House of Commons and, if so (i) has the Attorney General of Canada intervened in the case (ii) why?

Reply by the Minister of Justice:

No.

The Attorney General had intervened in an application which in an indirect manner can be said to have involved the Kershaw Committee's Report. The applicant alleged that an official with External Affairs had engaged in partisan political behaviour in making comments on the Report at a meeting of the Canadian Bar Association. The application involved s.32 of the *Public Service Employment Act*. The Attorney General is always served with applications made in relation to that Act and the Attorney General intervenes as a matter of course in all cases pursuant to that Act. However, the applicant has withdrawn the application.

• (2130)

STATE IMMUNITY BILL

REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19, respecting State Immunity in Canadian Courts, which was presented on Thursday, May 21, 1981.

Hon. H. Carl Goldenberg moved that the report be adopted.

He said: As honourable senators will recall, the bill which is the subject of the report of the committee clarifies the situation of Canadian citizens in dealing with foreign states and their agencies in matters of contract and in other matters.

Canadians have, at times, found difficulty in gaining access to the courts in actions against foreign states or in enforcing judgments flowing from such actions. While preserving the immunity of foreign states to actions by Canadians in matters related to their normal non-commercial activities, the bill makes it clear that a foreign state is not immune from the jurisdiction of a court in proceedings relating to any commercial activity of that state. Similar legislation was enacted by the United States in 1977, the United Kingdom in 1978, and most of the member states of the Council of Europe.

The Standing Senate Committee on Legal and Constitutional Affairs studied the bill at four meetings. It heard the evidence of officials of the Departments of Justice and External Affairs, as well as the evidence of an independent and outstanding expert in international law, Professor Jean Castel of Osgoode Hall Law School and editor of the *Canadian Bar Review*. We appreciate their help and guidance.

On the basis of the evidence received, the members of the committee proposed the six amendments listed in the commit-

tee's report. In proposing its adoption, I shall deal with the amendments briefly.

The first amendment changes the definition of "foreign state" by defining the term "political sub-division". That term is meant to refer to provinces, states or equivalent entities. In the bill it was worded in such a way that it could have been interpreted as applying to municipalities.

The second amendment is of a technical nature. On comparing the French and English versions of subclause 4(4) the committee realized that the two versions did not entirely correspond. Upon questioning the officials from the Departments of Justice and External Affairs, it was discovered that neither version accurately reflected the wishes of the policy-makers. The subsection, as redrafted in both official languages, now says what it was meant to say.

Hon. Duff Roblin (Deputy Leader of the Opposition): Which subsection, if you please?

Senator Goldenberg: This is subclause (4) of clause 4.

Senator Roblin: Thank you.

Senator Goldenberg: The third amendment is to the French version only in order that it might more accurately reflect the wording of the English version.

The fourth amendment, a partial redraft of subclause 11(2), the committee considered necessary for the sake of clarity.

I will simply say a few words about the last two amendments because they provide answers to the concerns of the committee. Subclause 11(4) deals with the property of a foreign central bank. Under the wording of the bill as drafted, the money held for the account of a foreign central bank or monetary authority is immune from attachment and execution. The members of the committee felt that, as the bill read, the money could be held for the account of a foreign central bank and would be immune, even though that money was being used in a commercial activity. The subclause as redrafted provides that, if money held by a foreign central bank is used or intended to be used for a commercial activity, it would not enjoy the immunity from execution and attachment that is otherwise provided by subclause 11(4).

The sixth and final amendment is to clause 14. This is a rather important amendment because the committee was concerned that clause 14, as drafted, allows an inappropriate delegation of Parliament's authority to the Governor in Council. As drafted, the Governor in Council may by order, on the recommendation of the Secretary of State for External Affairs, restrict or extend any immunity or privileges under this act in relation to a foreign state. The committee was influenced by the view expressed by the Standing Joint Committee on Regulations and other Statutory Instruments that it was inappropriate to delegate to the Governor in Council the power to extend an immunity. We had no objection to enabling the Governor in Council to restrict immunities in certain cases, but not to extend them beyond what Parliament has provided for in the bill.

Honourable senators, that is the substance of the amendments unanimously adopted by the committee.

On motion of Senator Macdonald, for Senator Flynn, debate adjourned.

NOVA SCOTIA

OFFSHORE MINERAL RIGHTS—HISTORICAL FACTS—BRITISH COLUMBIA REFERENCE CASE—DEBATE CONCLUDED

The Senate resumed from Tuesday, April 14, 1981, the debate on the inquiry of Senator Smith calling the attention of the Senate to some of the historical facts relevant to the claim of Nova Scotia to minerals off its shores which distinguish that claim from the British Columbia claim as dealt with by the Supreme Court of Canada in *Reference re Ownership of Offshore Mineral Rights* (The British Columbia Reference case), (1967) Supreme Court Reports, 792, and (1968) 65 Dominion Law Reports (2d), 353, and submitting that the said decision does not decide the ownership of minerals off the shores of Nova Scotia.

Hon. William J. Petten: Honourable senators, I yield to the Honourable Senator Smith.

Hon. G. I. Smith: I thank the Honourable Senator Petten for his courtesy.

Honourable senators, I will not say very much on this particular inquiry at this time, because certain things have happened which seem to make it more appropriate to speak on something else. I shall content myself tonight, as I intended to in any event, with congratulating the Honourable Senator Frith on the quality and quantity of his research and scholarship as evidenced in his remarks which were made some time ago, and which, like my own, have perhaps been overtaken by events to some extent.

In congratulating him, I am sure that he will understand that I am not expressing any degree of agreement with him. I have taken some time to follow him into the fields where his remarks led in the belief that I would be able satisfactorily to refute—to my own satisfaction, at least, if not to anybody else's—some of the salient and fundamental arguments that he had made.

Some events have occurred since I concluded that I would like to make such a speech on this inquiry. There are two energy bills now before Parliament; one of them has been—perhaps both of them have—for some considerable time. I do not at all plead ignorance of that fact in explaining my delay, but almost over the weekend, or over the last few days, a startling event has occurred which seems to me to make it more appropriate to concentrate what I hope I will be able to say about this matter upon the two energy bills that are before us, or one of them, rather than to deal with it in relation to this inquiry. That event, as I hear it from many, many sources, although I have not seen it in black and white yet in the shape of an amendment, is the alleged assertion on behalf of the government that it intends to amend one of these bills by inserting a clause which—if I were inclined to be careless about parliamentary language I might find some very descriptive words, but I shall content myself by saying it seems to me to be an extremely unjustified attempt to usurp what belongs

to Nova Scotia, namely, Sable Island. It seems to me that it would be more appropriate to talk about that attempt to take from Nova Scotia what in 1975, or 1976 I think it was, the Government of Canada in writing agreed belonged to Nova Scotia. So I will relieve honourable senators from the necessity, or whatever they might call it, of exercising patience in listening to me tonight, and reserve that pleasure for them when we come to deal with these energy bills.

● (2140)

Therefore, honourable senators, repeating my congratulations to Senator Frith for a noble effort to make a good case out of not very much, I think we might treat this inquiry as having been fully debated.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: If no other honourable senator wishes to speak, this inquiry is considered as having been debated.

EXCISE TAX

PRELIMINARY REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-57—DEBATE ADJOURNED

Hon. A. Irvine Barrow rose, pursuant to notice of Tuesday, May 19, 1981:

> That he will call the attention of the Senate to the Preliminary Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of the Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas", tabled in the Senate on 19th May, 1981.

He said: Honourable senators, on Tuesday last, May 19, I gave notice that I would call the attention of the Senate to the preliminary report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of Bill C-57. I would therefore just like to touch upon some of the highlights of that report.

The committee received representations from the following: the Quebec weekly newspapers; the Canadian Daily newspaper Publishers Association; Dome Petroleum Limited; Independent Petroleum Association of Canada; Mobil Oil Canada, Ltd.; Brewers Association of Canada; the Association of Canadian Distillers; the Canadian Wine Institute; the Canadian Institute of Chartered Accountants; and the Motorcycle and Moped Industry Council.

The committee also received a written submission from Gulf Canada Resources Inc. and heard from representatives of the Department of Finance and the Department of National Revenue.

Part I of the bill proposes to reduce the rate of federal sales tax from 12 per cent to 9 per cent, and introduces other amendments to the federal sales tax system. Part II contains the provisions for a new tax on natural gas and natural gas liquids. Part III deals with changes in the taxation of alcoholic beverages and tobacco. Part IV establishes an 8 per cent tax on petroleum and gas revenues.

I will deal first with Dome Petroleum. Dome Petroleum argued that its Sarnia fractionation plant as well as Chevron's Fort Saskatchewan plant were being discriminated against as such plants were not exempt from natural gas and natural gas liquids tax. All other fractionation plants in Canada would benefit, or were in a position to benefit, from an exemption for gas consumed in the processing of marketable pipeline gas and natural gas liquids. They could use secondary heat generated by such processing to fuel the fractionation process. Dome would have to use gas which is subject to tax in its fractionation process because Dome cannot transfer the secondary heat from its processing plants out west.

The committee is not prepared to recommend any amendment to the bill pending introduction of further evidence by Dome to show that it and Chevron have been discriminated against.

With respect to the Quebec weekly newspapers and the Canadian Daily Newspaper Publishers Association, subclause 29(2) of the bill proposes amendments to Part III of Schedule III to the Excise Tax Act which would remove the exemption from sales tax available to newspapers if more than 75 per cent of the space per issue of a newspaper in more than 50 per cent of the issues of a newspaper in a calendar quarter is devoted to advertising.

The committee recommends that the bill be amended insofar as it may apply to weekly newspapers to allow the advertising threshold to be raised to 80 per cent.

The bill proposes that advertising inserts in newspapers be subject to sales tax.

The committee is not prepared to recommend that amendments be made to the bill with respect to newspaper supplements.

With regard to the Allied Beauty Association, the committee welcomes the amendment introduced on April 14, 1981 to the act which would exempt sales tax from being imposed at the distributor-wholesaler level for members of the Allied Beauty Association who sell their cosmetic products exclusively and directly to beauty salons.

In terms of petroleum and natural gas, the committee heard many representations respecting the effect of the National Energy Program in general and the bill in particular.

The committee feels that the measures contained in the bill implement only part of the National Energy Program; other aspects of the NEP are reflected in Bill C-48 and in amendments to the Income Tax Act introduced by Bill C-54, and will be reflected in other legislation yet to be introduced. Furthermore, other factors such as negotiations between the federal government and the energy producing provinces will have an important impact on the matters raised before the committee.

The committee concludes that until all such matters are taken into account, it is not able to make any recommendation or comment with respect to submissions made by the Canadian

Petroleum Association, Mobil Oil, Gulf Canada, and the Independent Petroleum Association of Canada.

With regard to the alcoholic beverages industry, the bill proposes to index alcoholic beverage excise levels automatically. The committee is concerned about an increase of taxes on an automatic basis without reference to Parliament, because, without reference to Parliament, control of the tax is lost.

The committee objects for the same reason to giving power to the Governor in Council to adjust or alter the indexing formula.

The Canadian Institute of Chartered Accountants presented a brief concentrating on many technical aspects of the proposed legislation.

In respect of cosmetics, the committee agrees with the CICA's recommendation that health goods should not automatically be denied exemption from federal sales tax because they possess both cosmetic and health goods attributes. Only such goods possessing incidental therapeutic properties should be taxable.

In respect of marginal manufacturing, subclause 1(3) of the bill extends the meaning of "manufacturing" to include "marginal manufacturing". A marginal manufacturer includes someone who "prepare goods for sale".

The committee agrees with the CICA's recommendation that this clause be deleted as being too broad. The committee does not agree with the CICA's alternative suggestion that the Department of National Revenue be provided with regulatory scope to define the application of the marginal manufacturing rules. The committee is in favour of legislation by statute rather than legislation by regulation. Should the phrase not be removed, the committee would prefer to have the act amended once the department has had sufficient experience with problems raised by the definition.

In terms of the exemption granted for printed matter, the committee agrees with the CICA's suggestion that the discretion granted to the Governor in Council by subclause 29(2) of the bill to designate, unilaterally, that any printed matter does not qualify for exemption from sales tax is inappropriate.

With respect to handicapped persons, the committee agrees that the exemption for "specially constructed appliances made to order for a person having a crippled or deformed foot or ankle" should be broadened to apply to appliances made for persons having other crippled or deformed joints.

In respect of refunds and deductions, the committee agrees with the CICA's recommendation that taxpayers should be given full opportunity to obtain a refund within four years after the time the refund or deduction first became payable.

● (2150)

With respect to the marginal manufacturing provisions, reports that they may lead to manufacturers manufacturing outside Canada have come to the committee's attention. The Department of Finance has indicated it doubts that there will be many marginal manufacturing operations in Canada affected. The committee recommends that these reports be studied and amendments made to the bill if it can be established that marginal manufacturing activities will shift from Canada to elsewhere.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to add a few words to those of Senator Barrow. Bill C-57 is one of the centrepieces of the present legislative program of the government. Indeed, the bill is very important in terms of its potential impact on the Canadian economy. We do not have the bill in its final form before us, as honourable senators will realize; we are dealing with a pre-study of the bill.

At the present time I suspect that serious efforts will be made in the House of Commons to obtain substantial amendments to the bill, some of which will be accepted and some of which will be rejected. No doubt, in short order, we will be presented with the finalized version of the bill and, I suggest, that it will require further consideration by us.

Hon. Royce Frith (Deputy Leader of the Government): According to my information, it was reported on April 15, as you suggest, with amendments.

Senator Roblin: But it is still in Committee of the Whole in the house, and it has not had third reading, so, it may have some way to go yet.

Senator Frith: That is right.

Senator Roblin: In any case, I thought it advisable for me to make a remark or two at the present time, while recognizing that I will probably have a good deal more to say when the bill itself finally reaches us.

One of the problems exposed in our consideration of this bill came to my attention in respect of an undertaking by the City of Winnipeg. I refer to a plant run by physically and mentally handicapped people which supplied packaging services to firms in the Manitoba economic area. Because of their disabilities, these people are not employable in the normal sense, but in packaging various goods which were sent to them by distributors in the Manitoba area they were doing something very useful.

Up to the present this particular activity has escaped the net of the sales tax. This is the reason why it was economic for Winnipeg merchandisers to make use of the services of these handicapped people and their packaging plant. This has been the case for many years. There is some concern lest the extension of this tax, which formerly did not apply, to the handicap workshop may upset its economic viability. It has been stated by some people who use those services that as a result of this change they will be looking for packagers outside Canada to perform the service because, by so doing, they can secure a more economic packaging service than they would have after the sales tax comes into effect and influences the price these marginal suppliers will have to pay.

It is alleged by the government that this event will not take place. Senator Barrow has referred to the matter, and we have, perhaps too accommodatingly, said to the complainant that we would look into the matter and that if there is any problem we will see whether something can be done about it. I hope that when the bill itself comes before the committee we will be able

to persuade the people concerned to come and see us and develop the matter thoroughly. So far, they have only written a letter. I am sure we all agree that it would be a sad situation if a workshop for handicapped people could no longer carry out its viable economic activity because of a change in the tax law such as the one suggested, and as an actual result the work itself would be done outside the country. I place this problem before you, because I am sure it will attract your interest and attention. I hope we can give it more study.

The other comment I should like to make has to do with the 8 per cent tax that is being applied to oil and gas at all locations in the country, and I should like to indicate some of the concerns I have with respect to it. My first concern deals with what are called the marginal wells. Marginal wells, as perhaps everybody knows, are wells which for one reason or another produce very little and, thus, their economic viability is always in question. The result is that there are wells in existence which produce as little as ten barrels per day, and their production is related to the cost of raising the oil.

The trouble is that every well in the country becomes a marginal well sooner or later. I think we all recognize the fact that wells have a habit of running down. Many of the wells in western Canada have been pumping oil for a long period of time, and many of them are running down to their marginal state. Somewhere along the line all the oil will be exhausted or, if it is not exhausted, the wells will be unable to pump sufficient quantities to make it worthwhile.

I suggest that considering our present oil situation, where every barrel seems to count, it would be rather silly of us to terminate the life of these wells before it is actually necessary. We find, however, that the application of the 8 per cent tax threatens the lives of these wells. This tax is not a normal income or profit tax, as we understand them, but is more in the nature of a royalty.

Not so long ago, Husky Oil announced that it had decided to close down scores of heavy oil wells which it had in Saskatchewan—and perhaps in Alberta, although I am not sure—for this very reason. Because of the impact of the 8 per cent tax on their operation, it was no longer worth their trying to raise more oil, even though it was there and they were taking it out of the ground the day before the tax came into effect. With the introduction of the 8 per cent tax it is no longer a feasible proposition. Any one of you who reads the business section of the morning paper will know that Pan Canadian Oil has just done the same thing. If my memory serves me, some 80 of the wells they had in operation in the western provinces were closed down today because it no longer pays that company to bring this oil up if it must pay the 8 per cent tax.

Surely this is bad policy. We were told in the committee that it was impossible for the government to differentiate between various rules and that they simply had to apply a flat rule, and that was that. Yet we know very well that the provincial administrations to some degree differentiate between wells. It seems to me possible that an arrangement could be worked out whereby we could identify these marginal wells and make sure that they are not put out of action because of this tax.

Whatever else you may think of the tax, surely it cannot be the intention of the government to lower the quantity of oil available in this country by freezing out these marginal wells. That cannot be good policy from anybody's point of view. Surely, it is not beyond the bounds of ingenuity to find some way to keep these wells going into the future.

It is my intention to see that this matter is raised again when the bill itself comes before the committee. I hope that something can be done to see that this sort of unproductive tax policy is dealt with in a constructive way which permits the maximum production of oil.

While we were in committee, not only did the question of marginal wells come up but also some comparisons of the relative profitability of being in the oil business in Canada and certain other places.

Before I get to the comparisons, I would like to draw the attention of the house to the information that was submitted by the Mobil Oil Company on the question of marginal wells. If these figures are correct, and I believe that they should be subject to verification before we accept them holus-bolus, they indicate the kind of thing that is happening. The impact of the 8 per cent tax on the Mobil Oil Company of Canada Limited is dramatic. I am not one of those who have any interest in trying to persuade this house that the large oil corporations in Canada require any special attention from us. They are big; they are powerful; they have enormous resources and a great waiting capacity and they can see many of these situations through.

The figures are quite interesting. In 1975-80, the period before the 8 per cent tax was invented, the average income tax rate in the total Mobil Oil operation was 50.6 per cent. I am sure that now their activities go much further than just oil drilling, but I will not go into that. It went from 50.6 per cent income tax before the 8 per cent tax, and when you add on the 8 per cent tax you have a total of 85.3 per cent.

● (2200)

That is a very substantial increase in taxation, no matter what business you are dealing with. It is bound to have a marked effect on these larger companies exploring for oil in the country.

I would like to have some further information of the same kind concerning the smaller Canadian-owned oil companies because I believe their position is also of interest to us.

At the same time, the Mobil people gave us some figures concerning their producer net-back which is the cash they keep in their pockets. They submitted a very interesting table concerning heavy oil exported from southwestern Saskatchewan. Its laid-down cost to the American buyer at Joliet, Illinois, is $43.60. That is the total amount of money paid to the Canadian oil system by the people in Joliet who want to buy it. In this particular example which was submitted to us, the producer's net-back was a loss of 84 cents. Undoubtedly, this is a marginal well, and it indicates the strange things

which happen when you get into the business of trying to trace down who gets what in the oil business and what the effect of taxation is, particularly from marginal wells.

The full price was $43.60, and they lost 84 cents on the deal. The federal government received $17.76; the province received $22.38; the U.S. government received six cents—they seem to be a little low—transport costs were $1.01; operating costs were $3.21; the market fee was two cents; and the producer's net-back was 84 cents. So far as the producer's net-back was concerned in this instance, that is what happened to a barrel of oil worth $43.60. I believe we will find that the root of this problem is the imposition of the 8 per cent tax.

It seems to me that these anomalies require further consideration, and the committee made such a recommendation. In my opinion, the committee had the wisdom to report these figures to the house and stated that, if they are correct, we should take another look to see if we can do something to bring some measure of equity into this situation. On behalf of the committee, I certainly endorse that view. I think it would be well worth our while to keep this matter in mind.

While we were on this general topic, the question was also asked of the Mobil people, who gave us further figures, as to what the relative profitability was of drilling for oil in various parts of the world. That is a matter of some concern to us. While we do not want to give away any more of our oil to outsiders than we have to, we are not an eleemosynary institution. It is our natural resource, and we want to keep as much of it as we can for ourselves.

Senator Frith: What is that word?

Senator Roblin: "Eleemosynary"—an excellent word. I mean a charitable institution. Canada is not one; my honourable friend is not one; I am not one; and the government is not one.

Hon. Richard A Donahoe: The word is used in the B.N.A. Act.

Senator Roblin: Is it?

Senator Donahoe: Yes.

Senator Roblin: Well, I will have to read it again although I have full confidence in my honourable friend's advice since it is usually accurate to a very high degree.

However that may be, we have to consider the question of comparability in respect of the profitability of drilling for oil in various parts of the world. We would be silly if we did not take this into account, and I think we must.

The relative on-shore profitability—that is, drilling for oil in the one-to five-million-barrel fields in Canada or the U.S.A.; that is, in Alberta or down in Montana—is quite illuminating. In terms of 1981 values, the profit per dollar invested in the United States is $1.53; and the profit per dollar invested in Alberta is 23 cents. If we want to know why drillers are going to Montana and why so many of the small Canadian oil companies find Canadian national energy policy less attractive than they have been led to believe, that has to be part of the reason. If you can get $1.53 in the United States compared to getting 23 cents in Alberta, that is a pretty strong motive for going somewhere else rather than staying here in Canada. Even if these figures are not correct, but if their relative relationship is anything close to reality, we can certainly understand why we are having problems with drillers and why we are having problems with small Canadian oil producers who are leaving the country and spending their money in the United States.

I am not one of those people who think this is a doom and gloom situation. I believe that one has to approach the question with considerable caution because it is a very difficult and involved matter. We have people with vested interests making claims and statements, and we have perhaps emotional responses which, in the course of time, may cool somewhat, and I do not discount any of them. Even after making full allowance, it seems to me that there is sufficient evidence before us, at the present time, to lead us to think that perhaps these policies are not going to be as effective as we hoped they would be with respect to either Canadianization or security of supply within our own country.

Honourable senators, I do not intend to ask you to listen to me much longer. I have other interesting figures here concerning the comparative costs and the comparative rewards for drilling for oil in the North Sea off the coast of Norway, in the North Sea off the coast of Britain, in the ocean off the coast of the United States, and in the ocean off the coast of Canada. Assumptions are made based on whether it is a major field such as Hibernia or a small field such as the ones in northern Canada. There is a series of interesting calculations about rewards for drilling in these various jurisdictions. We have been told that some are so much more punitive than we are in Canada. The figures are worth looking at. They do not indicate that. They indicate that that is not the case at all, and that we are just as tough as the Norwegians or any other nation in the oil exploration business.

My conclusion is that I believe the committee has done a workmanlike job in the aspects which have interested me as well as the aspects which have been mentioned. I feel that there is sufficient evidence to urge us to be cautious in our consideration of this matter when the bill itself finally comes to this chamber. I hope we will be able to make some proposals, even if the government persists in its policy of 8 per cent, as to how we can remove what appear to me to be the obvious lunacies in the way this is impacting on the Canadian oil industry at the present time; as to how we can avert the harm it may do to our endeavours to achieve security of supply in Canada; to promote the well-being of this industry; and as to how we can be fair to Canadian producers and not too outrageous to the foreigners we took to our bosoms not too long ago by inviting them to come and look for our oil.

I do not know if Senator Argue will find anything in *The Gazette* about this particularly interesting matter. If he does, perhaps he can read it to us.

That is all I want to say on this subject at the present time except that I do hope it receives further consideration.

Senator G. I. Smith: Honourable senators, I will not worry you very long, but there are many points in the report which are of great importance. I certainly concur in what has been said by the Deputy Leader of the Opposition and, indeed, with what has been said by Senator Barrow. One thing he drew attention to, which I think needs very particular attention and emphasis, is the provision for indexing a tax. It seems to me that that is one of the most objectionable and, indeed, I would say reprehensible, proposals that has come before this house in my time. This really means, as the honourable senator has said, that Parliament abandons its control over the levying of tax.

I know, honourable senators, that you are as fully able to deal with figures as I am, but just by way of illustration, let me draw to your attention the fact that if many of the goods taxed today had been subject to this kind of taxation over the last five years, for something the government was getting 10 per cent of which cost $100 in 1976 today it would be getting 10 per cent of $200, since that would be the price. That is a very modest increase compared to some that have occurred.

• (2210)

It just seems to me the most iniquitous thing that one could possibly put into taxation—that is, whenever the price of something goes up, so does the tax. What could contribute more to inflation than that? What could be abandoning the traditional control, the historical control of Parliament, over levying taxes on the subjects of the Crown than that?

I particularly want to emphasize this, because I recall when the sponsor of the bill was speaking in support of it, or perhaps another bill, he was saying that because it had some connection either with a treaty or with finance that there were certain inhibitions that we had to observe, and perhaps there are, but one of the inhibitions we do not have to observe is to pass something that we think is wrong. It seems to me that we should make it clear to those who are sponsoring this bill in this chamber, and in the other place, that we are not prepared to yield to the suggestion that taxation, no matter on what item it may be, is going to be imposed by indexation, and that Parliament is going to yield its right to say what and how much tax should be imposed.

Senator Frith: Honourable senators, it may be that we will all be prepared to wait for Bill C-57 and treat the intervention made on this inquiry as a sort of aperitif to that fuller banquet. But just in case someone else wishes to speak on this inquiry, I will move the adjournment of the debate. We might find out if anybody else wants to speak on this subject tomorrow. I know that many of us will wish to speak on this subject when the bill itself gets here.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 27, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

BUSINESS OF THE SENATE

ABSENCE OF LEADER OF THE GOVERNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, the Leader of the Government in the Senate, Senator Perrault, is on government business in the city of New York today and cannot attend the sitting this afternoon. He will be present at the sitting tomorrow.

EXCISE TAX

PRELIMINARY REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-57—CORRECTIONS TO OFFICIAL REPORT

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, before we begin our proceedings, I should like to make a couple of corrections to *Hansard* with regard to the statement I made last night concerning this bill. I would thank my colleague, Senator Barrow, for bringing these to my notice.

At page 2458 of yesterday's *Hansard,* about two-thirds of the way down the page, I refer to the increase in taxation suffered by a certain company. The figure I quoted was 85.3 per cent; it should be 84.3 per cent.

At the top of page 2459, in the first full paragraph, I talk about the net-back to the oil companies in respect of a certain area of the country. I want to make it clear that that net-back of 84 cents represents a loss. It does not show as a loss in *Hansard,* and I wish to make that clear.

In the last paragraph of the first column on page 2458 reference is made to "various rules." That should read "various wells," because I was talking about oil wells in that connection.

Hon. Royce Frith (Deputy Leader of the Government): Not marginal rules?

Senator Roblin: Marginal wells.

On the same page I said that if my memory served me "some 80 of the wells they had in operation . . . were closed down". I should have said "some 70 companies whose wells they operate are closed down", so the closure in southern Saskatchewan is of 70 companies. I might say, just as a matter of information, that the amount of oil lost in this procedure will be something in the neighbourhood of 4 million barrels a year.

I thank honourable senators for allowing me to make those corrections.

Senator Frith: Are the wells you referred to in southwestern Saskatchewan, in the Lloydminster area? Is that what you are referring to, the heavy oil area near Lloydminster?

Senator Roblin: I made two references, and one was to Home Oil Company. Those wells were heavy oil wells. The other ones I referred to in connection with Pan Canadian Oil—I am not sure, but I strongly suspect that they are a mixture. There may be some heavy oil wells, but the bulk of them may be of some other sort. I cannot give you positive assurance on that.

DOCUMENTS TABLED

Hon. Royce Frith (Deputy Leader of the Government) tabled:

> Notices of Ways and Means Motions to amend the *Excise Act (2)* and the *Excise Tax Act (3)*, issued by the Department of Finance, dated May 26, 1981.

NORTHERN PIPELINE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William J. Petten, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the name of the Honourable Senator Bonnell be substituted for that of the Honourable Senator Rowe on the list of senators serving on the Special Committee of the Senate on the Northern Pipeline.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, is the Deputy Leader of the Government in a position to tell us what is planned for next week? It appears that we will not receive any legislation from the other place, and I understand that no committee meetings have been scheduled. Therefore, would there be any necessity for our regular week's sittings?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, first I will mention the business we might expect from the other place and then what we have on our order paper. As I understand the situation regarding legislation in the House of Commons, I believe that today is an opposition day and that tomorrow they will resume the debate

on the report stage of Bill C-57. That bill involves 135 amendments, and I presume that will occupy them fully tomorrow. In fact, bearing in mind the state of business in the other place, it is reasonable to assume that we will not receive Bill C-57 for a few weeks. Therefore, the possibility of our receiving legislation depends on their managing to deal with some of the so-called less controversial bills in the other place. They plan to do so on Fridays. I have counted some 35 non-controversial bills they hope to start cleaning up on Friday.

As far as our order paper is concerned, we anticipate proceeding with two inquiries today and another one tomorrow.

Senator Flynn pointed out that there does not appear to be a heavy schedule of committee meetings for next week and, therefore, his suggestion to me, when we discussed the matter before this sitting, was that if we are to adjourn for a week because there is not sufficient business to justify our sitting, then probably next week should be that week. Therefore, I shall take his suggestion under advisement and discuss it with the Leader of the Government when he returns, reviewing what I have said about proposed legislation, to ascertain whether we can anticipate receiving any business from the other place, having regard to their workload on Friday. I will check on Inquiries and on the committees schedule and have a report for honourable senators tomorrow, with a view to ascertaining whether we have enough to justify our sitting next week.

QUESTION PERIOD

[*English*]

THE ECONOMY

REAL DISPOSABLE INCOME OF CANADIANS—STATEMENT BY PRIME MINISTER

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to reply to a question asked on May 19 by Senator Roblin in which he asked for the source of information on which the Prime Minister based his recent statement that real disposable income increased by 50 per cent between 1970 and 1980.

I can inform Senator Roblin that the basis for that statement can be found in a document entitled *Economic Review, A general review of recent economic developments,* dated April 1981, issued by the Department of Finance, which was tabled in this house on Wednesday, May 20 last.

VETERANS AFFAIRS

PROPOSED AMENDMENT OF STATUTE LAW (MILITARY AND CIVILIAN WAR PENSIONS, COMPENSATION AND ALLOWANCES) AMENDMENT ACT, 1980

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on May 19 concerning the proposed amendment of the Statute Law (Military and Civilian War Pensions, Compensation and Allowances) Amendment Act, 1980.

Honourable senators, we have been in contact with the Acting Minister of Veterans Affairs, the Honourable Gilles Lamontagne. The minister wishes to discuss the matter with his cabinet colleagues before he brings forth the aforementioned legislation. Therefore, I cannot confirm that that legislation will definitely be brought forth before the summer recess. However, we know that the honourable minister is concerned, and that should be cause for some optimism.

• (1410)

Hon. Jack Marshall: Honourable senators, as a supplementary, I wonder if the Deputy Leader of the Government has an answer to the further question that I asked. If the time table in the other place prevents them from introducing the legislation, and if it is ready before the summer recess, would he consider introducing it in the Senate?

Senator Frith: Honourable senators, yes. I recall that the honourable senator did ask that question and the suggestion was favourably received by all senators. I will point out that that part of the question was not answered. I will urge that the government do consider making the bill an S-bill.

REGIONAL ECONOMIC EXPANSION

NEW BRUNSWICK—STATUS OF AGREEMENTS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, some time ago Senator Sherwood asked for a report on the status of the Kent County agricultural agreements and related matters.

I am informed by the Minister of Regional Economic Expansion that new development programs are being planned for southeastern New Brunswick, including the County of Kent and parts of the Counties of Albert and Westmorland. These programs would give priority to agriculture development and would include also fisheries, tourism and manufacturing industries.

Mr. De Bané informs me that he was pleased that Premier Hatfield was willing to ensure continuity of joint agricultural programs in the Kent region by providing for special joint measures to be applied in the months ahead until longer-term programs are put in place.

Subsidiary agreements currently in force in New Brunswick include agriculture, forestry development, Saint John and Moncton arterials, developing regions, pulp and paper modernization, Saint John Market Square and Northeast New Brunswick.

Three subsidiary agreements were signed with New Brunswick in the fiscal year 1980-81—pulp and paper, Market Square and forestry development—representing a joint commitment of $89.8 million, of which the federal share is $71.8 million.

Discussions with regard to future policies and agreements are currently under way.

Hon. Cyril B. Sherwood: Honourable senators, I may not have heard it mentioned, but did Senator Argue indicate that the agreement had, in fact, been signed with regard to Kent County?

Senator Argue: My opinion would be that the agreement has not been signed; that discussions are still going on toward the finalization of the agreement. According to this information, as I read it, the programs are being continued by a joint arrangement or joint understanding pending what I am sure we all hope will be an optimistic outcome of the negotiations that are still going on.

Senator Sherwood: Honourable senators, I am sure that Senator Argue has, as I have, a particular interest in the Kent pilot project, because of his chairmanship of the committee in past years and his long-term interest.

If I may, honourable senators, I should like to join with others in commending the Minister of State for the Canadian Wheat Board, and the government, upon the important wheat sale to Russia which has just been completed. It means much to western Canada in particular, and certainly it will have good spin-off effects in New Brunswick and the rest of Canada.

Hon. Senators: Hear, hear.

Senator Sherwood: I would like to impress upon Senator Argue that in his consultations with the Honourable Pierre De Bané, Minister of Regional Economic Expansion, he bring to the minister's attention again the extreme importance of getting the agreement signed so that plans for the Kent County project can continue.

Senator Argue: I thank the honourable senator for his compliments regarding the grain sale. Certainly I am very supportive of agricultural development in Kent County. Over recent years some major and imaginative developments have been forthcoming in that county following the Senate committee's report and action by the Government of Nova Scotia and also the federal government. I assure him, if he wishes this assurance, of my continuing support for this further development. I think that in this day and age it is important to Canada. An improvement in, and an increase in, the production of agricultural products in Canada is also a contribution to the world.

● (1415)

Senator Olson is supportive of the principles that Senator Sherwood and I have enunciated. The negotiations are still going on. I am hopeful, as I have already said, that they will come to a successful conclusion and that the Kent County projects and Kent County development will continue.

BUSINESS OF THE SENATE

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, before the Orders of the Day are called I should mention that we on this side have decided not to prolong the Question Period because there is an important meeting of the National Finance Committee now in progress, and it is more important to question the ministers there than here.

STATE IMMUNITY BILL

REPORT OF COMMITTEE ADOPTED

The Senate resumed from yesterday the debate on the motion of Senator Goldenberg for the adoption of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-19, to provide for State Immunity in Canadian Courts.

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, it seems to me that the few words I have to say on this bill would be more appropriate at the third reading stage. Therefore, I have no objection if the question on the motion for the adoption of the report is put at this time. If the sponsor wishes to move third reading right away, I would then make the few remarks I have in mind.

Senator Frith: I was thinking of moving third reading at the next sitting.

Senator Flynn: If you want to proceed today, that is fine. As far as the report is concerned, the chairman of the committee has explained the amendments and I have nothing to add to that.

Motion agreed to and report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, Senator van Roggen, the sponsor of this bill, is not in the chamber at the moment. I did discuss this with him, and I do not think he wants to add anything to what he said on second reading. It will be remembered that he felt the bill should be studied by the Standing Senate Committee on Legal and Constitutional Affairs in any event, rather than by the Standing Senate Committee on Foreign Affairs.

I move, therefore, with leave of the Senate and notwithstanding rule 45(1)(b), that this bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[*Translation*]

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, referring to this bill I believe that the committee chaired by Senator Goldenberg has done an excellent job. It was extremely useful to have the committee examine the problem which we want to try to solve through this legislation. In fact, as I said on second reading, and as it is quite obvious, what we are trying to do is to codify the jurisprudence with

respect to immunity of foreign states in Canadian courts. From a legal viewpoint it is a very complex problem. The committee was made aware of that because it heard witnesses and discussed it with the officials of the Department of Justice and made very useful amendments.

I am not sure that we have solved more problems than we have created. We will find out only after a few years of experience, and it seems to me that in the very near future it will be necessary to introduce amendments if we want to have legislation which really covers every aspect of the question. The major problem we face here is that in our system, in Ottawa especially, it is so complicated to bring in remedial legislation and we often have to wait a long time.

In any event, it will be interesting to see if that legislation is approved as is by the House of Commons. They will have an opportunity to examine the same questions we have raised and perhaps find solutions to those which remain unanswered. It is a very interesting problem. We are trying to clear up the situation of Canadians subject to court action by foreign states. I believe that once again we are finding solutions to certain problems, but there are many left. We will see what the Commons do with it. If the bill is passed and given royal assent we will watch with interest to see how it works out.

Senator Frith: Honourable senators, may I add a few words to the comments made by the Leader of the Opposition? I did not attend the sittings of the committee, but I obtained a copy of its report and I studied it with the text of the bill. I noticed that even the proposed amendments, which the committee chairman described as being procedural, are of a rather substantial nature. Words were added which, from a legal point of view, add something rather important, I imagine.

It is for that reason, after the remarks made at this stage, that I move third reading of the bill.

Motion agreed to and bill read third time and passed.

• (1420)

[*English*]

EXCISE TAX

PRELIMINARY REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-57—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Barrow calling the attention of the Senate to the Preliminary Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject-matter of the Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas", tabled in the Senate on 19th May, 1981—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, yesterday I adjourned this debate because we had the report of the committee as a sort of aperitif before receiving Bill C-57, which will eventually come here and, no doubt, be the subject of some important commentaries and intense debate.

The question that concerns us now—and I would like honourable senators to perhaps consider it—is that we will probably not receive Bill C-57 for two or three weeks. I believe the Banking, Trade and Commerce Committee will continue its study of its subject matter. We have before us now simply a preliminary report. Should we continue our pre-study? I think there is no question that we should. However, perhaps it would be a good idea to leave this item on the order paper so that we can, in a sense, pre-debate Bill C-57. At least we will have an opportunity to discuss some of the provisions of the bill. If not, tomorrow I will simply ask that this particular inquiry be considered debated.

I am really asking honourable senators whether they wish to add anything to the debate on the inquiry, which is only an inquiry calling attention to a preliminary report. We have until tomorrow to decide this question, because we will be receiving a further report from the committee, and eventually we will receive Bill C-57.

Hon. Jacques Flynn (Leader of the Opposition): The subject matter of the bill is still before the committee, is it not?

Senator Frith: Yes, it is.

Senator Flynn: By that I mean the committee is not *functus officio*. This is only a preliminary report.

Senator Frith: That is right.

Senator Flynn: We can drop the inquiry if nobody wishes to speak to it. Anyone can revive it, if he or she wishes.

Senator Frith: Yes. I suggest that this order stand until tomorrow.

Order stands.

• (1425)

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Health, Welfare and Science, entitled: "Child at Risk", tabled in the Senate on 16th October, 1980.—(*Honourable Senator McGrand*).

Hon. Jacques Flynn (Leader of the Opposition): Stand.

Hon. Royce Frith (Deputy Leader of the Government): I believe that Senator McGrand wanted to go on.

Senator Flynn: That will be very difficult because he is not here.

Hon. Richard A. Donahoe: Save it for a heavier time.

Senator Frith: Honourable senators, the fact that Senator McGrand is not here does not change the accuracy of my statement, that he wanted to go on; he is simply not demon-

strating his wish to do so at this second. Let us stand that order until later this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

NEWFOUNDLAND

DEVELOPMENT OF HYDRO POWER AND OFFSHORE OIL RESOURCES—DEBATE ADJOURNED

Hon. Eric Cook rose, pursuant to notice of Thursday, May 21, 1981:

> That he will call the attention of the Senate to certain matters relating to the development of hydro power in Labrador, and to the development of the offshore oil resources of Newfoundland.

He said: Honourable senators, if I am speaking too often about the position and problems of Newfoundland and Labrador, I ask your indulgence. What I am about to say will probably be my last words for some time to come, unless, of course, the problems grow worse rather than better.

Hon. Jacques Flynn (Leader of the Opposition): Considering the recent statement by Mr. Chrétien, there is that risk.

Senator Cook: Newfoundland and Labrador became Canada's tenth province on March 31, 1949, some 32 years ago. Since that time our historic industries—namely, the fisheries, pulp and paper, and tourism—have grown, like similar industries throughout Canada. In addition, three new major industries have come into existence, and I intend to supply you with some facts and figures on these industries in a few moments.

However, in dealing with the present situation I will recall some words I used in the Senate on previous occasions. On June 1, 1977, as reported at page 800 of *Hansard* of that date, I said:

> Newfoundlanders have benefited greatly from being part of Canada. When I view the great new university, the numerous magnificent schools, the hospitals, the public buildings, and the trans-Canada highway across our province, the advance is almost unbelievable. When I contemplate the numerous social benefits, family allowances, old age pensions, unemployment insurance, and so much else, I realize Newfoundland alone never, never could have been in a position to do so much and to give so much. The numerous shopping centres, all with their large supermarkets, are striking evidence of the impressive improvements in the standard of living of those who frequent them.

On October 14, 1980, as reported at page 858 of *Hansard*, I said:

> First, in my opinion, Newfoundland has benefited to a remarkable extent because it is a province of Canada. For my part, I acknowledge freely, frankly and with deep gratitude what being a Canadian means to me and other Newfoundlanders. In Newfoundland, young and old alike, the war veterans, and indeed, all Newfoundlanders, have benefited. We have had advances in education and health, much of which would have been beyond our own resources to provide.

Honourable senators, I have not changed my views, and I still stand by those comments. I must, however, point out that too many of my fellow Newfoundlanders direct their appreciation for the benefits of Confederation to the wrong source. A disturbing myth has been created in Newfoundland since 1949. The myth to which I refer is that all good things come from the government in Ottawa and that we must be grateful to and obedient to "Uncle Ottawa."

Hon. Royce Frith (Deputy Leader of the Government): That is not a myth.

Senator Cook: This is undemocratic, and it is the wrong attitude. It is only necessary to go back into history a little distance to understand the true and correct relationship between federal and provincial governments and the relationship between Canadians, wherever they live in Canada. One of the great documents in Canada is the Rowell-Sirois Report, which came out in 1940.

• (1430)

I now quote the following paragraph from Book II of the report which contains the recommendations of the commission:

> There is a second aspect of the distribution of the national income which is of great importance in a federal system, and of particular importance in Canada. The unequal distribution of the national income as between the people of different regions may excite feelings quite as dangerous to national unity as those aroused by gross inequalities between different income groups. The provision of a national minimum standard of social services in Canada cannot (without complete centralization of all social services) be divorced from the assurance to every government of Canada of the revenues necessary for the adequate performance of its recognized functions. This assurance, which the Fathers of Confederation were able to give by means of a system of subsidies and debt allowances financed by taxation that was national in character, is infinitely harder to give now that the recognized functions of provincial governments have become far larger than they were in 1967. We have attempted to compute what the financial balance of each provincial government (and its municipalities) would be with taxation at the national average and after making provision for services of at least national average quality.

The Rowell-Sirois Report, I point out, was completed in 1940, which was nine years before the union of Newfoundland with Canada.

Canadians adopted the recommendations and philosophy of the Rowell-Sirois Report, and since its preparation the social legislation of the Parliament of Canada has been nothing short of astonishing. Without attempting to give an exhaustive list, I mention the Veterans' Charter, second to none in the whole world; old age pensions; Canada Pension; Canada Mortgage and Housing Corporation; Medicare; equalization payments to

have-not provinces; and the DREE legislation. While all this was taking place, the country also created Air Canada, the CBC, and the Trans-Canada Highway. Most, if not all, of this was done or was planned before Newfoundland and Labrador became the tenth province. All this was done, honourable senators, not by Ottawa or the government in Ottawa, but by the Parliament of Canada, made up of representatives from all the provinces of Canada. It is the Parliament of Canada which enacts all legislation, which imposes the taxes and allots the expenditures. Parliament, honourable senators, is made up of representatives from all across Canada. In short, Parliament is comprised of all Canadians; indeed, Parliament is Canada.

While these things were being accomplished by the federal Parliament, the provinces were building universities, schools, hospitals and other public buildings, public works, roads and more roads. The nation grew and grew, all of which was achieved by co-operation and not confrontation.

Therefore, I say to my fellow Newfoundlanders, that they must reject this "Uncle Ottawa" nonsense. In common with all other Canadians, we share proportionately in the benefits of the social legislation of Canada. Because we have been a have-not province, and because we were behind most other parts of Canada at the time of union, we have benefited more in many cases. The benefits come from the system and not from any government. Therefore, there is no need to bend the knee to Ottawa or to anyone else. Nor is there any need to abate one jot any right to which Newfoundland or Newfoundlanders are now, or in the future will be, entitled. Indeed, no Newfoundland government has the right to do other than safeguard Newfoundland's position in the Canadian system.

Honourable senators, I want now to bring you up to date on three major natural resources of Newfoundland and Labrador. These three natural resources are new in the sense that they were discovered after 1949, when we became part of Canada.

The first of these resources is the iron ore of Labrador. Labrador produces in the order of 30 million metric tons per year, to a value exceeding $900 million. This is 50 per cent of Canada's production. Labrador has reserves exceeding 4.5 billion metric tons. Capital invested is in excess of $600 million, pre-inflation. This investment is mainly American.

The second of these resources is hydro power. Churchill Falls produces and sells to Quebec, in round figures, 37,830,000 megawatt hours, a megawatt being 1,000 kilowatts. These are 1980 figures. The sale price to Quebec is $97 million, which, in round figures, is worth $600 million to Quebec. The capital, almost all American, invested in Churchill Falls exceeds $1.6 billion, pre-inflation. The developed plant capacity of Churchill Falls is 5,468 megawatt hours. The potential of the undeveloped power in Labrador is as follows:

1. The Churchill River Basin	2,878 megawatts
2. Southeastern Labrador	845 megawatts
3. Northern Labrador	700 megawatts

for a total of 4,423 megawatts.

In addition to this potential of 4,423 megawatts, the capacity of the five major river systems shared by Quebec and Newfoundland is 3,350 megawatts. This gives a grand total in excess of 7,770 megawatts, or a total 42 per cent greater than the present development at Churchill Falls.

Labrador now provides in excess of 45 per cent of all the hydro power shipped between provinces and exported to the United States.

The third resource is oil. Off the east coast of Newfoundland lies an oil and natural gas field which is presently estimated to contain two billion barrels of oil and two trillion cubic feet of natural gas. The capital, mostly American, invested to date in exploration of this field exceeds $200 million. To bring the oil into production will require an expenditure of some $3 billion to $5 billion.

At two billion barrels, the Hibernia field would be the largest in Canada. Based on current reserve estimates, only two out of thirty-three oil fields in the North Sea—namely, Statford and Brent—at three billion and two billion barrels respectively, equal or exceed Hibernia in size.

Notwithstanding the disputes between the federal and provincial governments and the effects of the new energy policy, one fact cannot be ignored or obscured: this vast addition to the wealth of all Canada comes about because of, and only because of, the union of Canada with Newfoundland. If union had not occurred, this oil and gas field would still have been developed with the aid of American capital, and eventually ownership would have been shared between the exploring companies and the Dominion of Newfoundland.

Here, perhaps, it should be pointed out that there is a great deal of misinformation being disseminated about the sharing of the benefits of these resources between the federal and provincial governments. I am advised that the true and correct position is as follows: To state that Newfoundland wants to keep all oil revenues for itself is a misstatement; and to say that the federal government would give us, under its system, 100 per cent of revenues is also as false as it is misleading.

Under federal regulations and federal resource ownership, the federal government would take about 75 per cent of total government revenues from the offshore and leave this province with about 25 per cent of revenues and absolutely no say in the rate or type of petroleum development that might occur. With Newfoundland's unique and sensitive rural society, the latter is as important as, and perhaps more important than, the revenues themselves. Under Newfoundland ownership and regulations the province would get about 63 per cent of the revenues from the offshore while sharing, from the first day that the oil starts to flow, 37 per cent of the revenues with our fellow Canadians through the federal government.

What can the average Canadian think about these conflicting claims? The old saying is that "figures cannot lie, but liars can figure." This old saying puts the problem in too harsh and uncompromising a manner. I prefer to say, "Figures cannot lie, but experts can figure!"

● (1440)

Is it too much to ask that the experts from both levels of government get together and clean up their acts? Surely, it is

not asking too much to suggest that both federal and provincial ministers, and their officials, stop drifting apart, one group from the other. The solution to the problem is of importance to all Canadians, and I appeal to both groups to reconcile their differences and to reach a reasonable and fair solution.

However, if I understand correctly the first and original federal proposal, I find it incredible. The position is that under the Canadian fiscal laws of general application to all provinces and to the federal government, the province of Newfoundland, at the present time, is entitled to equalization payments. The federal government's proposal, as I understand it, is that the province will receive 100 per cent of a certain portion of the revenues arising from the production of offshore oil. However, each dollar paid in respect of the oil will be matched by deducting $1 from the equalization payments. Then, when the oil revenue so paid to the province amounts to the same total as the equalization payments, the equalization payments will cease completely and will be replaced by the oil revenues.

Now, no one is so stupid or greedy as to expect to receive both equalization payments and the oil revenues. The general and final result will be that one will replace the other, but to place an arbitrary cut-off on the amount or the total of oil revenues which may or could come to Newfoundland cannot for any reason be justified.

To me, this proposal is a sham. Indeed, it is an insult. Newfoundland, in the end result, will stand still and will receive no benefit whatsoever from the oil revenues. It is not even as good a deal as the Churchill Falls agreement.

If good fortune does bless Newfoundland, then the province must and will contribute under the terms of fiscal legislation of general application equally and proportionately, as does every other contributing province, but to suggest that there must be an arbitrary cut-off limit for Newfoundland is both outrageous and illegal. I find nothing in the Terms of Union of Canada and Newfoundland, or anywhere else, which would authorize such a course of action. The current position is that just as Newfoundland has in the past and still is receiving the equalization payments under the formula provided under federal legislation— which federal legislation, I must repeat, is of general application—if the fortune of the province improves in the future the province must and will willingly and happily contribute equally and proportionately pursuant to the stipulations of the formula authorized and provided for from time to time by the fiscal legislation of general application enacted by the Parliament of Canada.

I do not for one minute believe that the Parliament of Canada would pass legislation forbidding or making it impossible for Newfoundland, or any other province, to grow stronger or more prosperous in the future than it is now. Such legislation is unthinkable, but if I understand the original proposal correctly, that is just exactly what some bureaucrats and politicians in Ottawa are seeking to force upon Newfoundland.

Ottawa has expended a fair amount of time in an effort to cloud the true situation and in bad-mouthing Newfoundland for refusing to share. Ottawa, at the same time, has been misleading Canadians by claiming that Newfoundland refuses to share and refuses to settle, even though Ottawa has offered to give Newfoundland 100 per cent of the revenues from the offshore oil. At the same time, Ottawa adopts a very superior attitude, stating that it will not bargain fish against rights, and so forth. Actually, Ottawa is a rather cynical, small-time horse trader and is using all its fiscal, economic and political muscle to coerce Newfoundland into submitting to an unfair and unjust proposal.

To sum up, honourable senators, the universe is not unfolding in Newfoundland and Labrador in the way or in the manner in which the universe should unfold if all were well.

First, with regard to hydro, it seems to Newfoundlanders that trying to get the federal government to make a right and firm decision on the transmission of Labrador power, which still remains undeveloped, across Quebec is very similar to trying to get an unwilling worm on a trout hook. It is likely to be a long and messy affair, particularly if Ottawa has no intention of using its fiscal, economic and political muscle against Quebec in the same way as it has attempted to do against Newfoundland.

Then, there are unhappy differences between Quebec and Labrador over the power now developed. As a result, the Government of Newfoundland has enacted legislation cancelling the water rights of the original Churchill Falls operating company, which will in due course make it impossible to continue the generation of power and its consequent supply to Quebec, thus effectively terminating the contract for the sale of power to Quebec.

I would be less than honest if I said that that would be a satisfactory outcome to the dispute. As I have said on previous occasions, a contract is a contract. It is my view that a contract should be honoured, no matter how harsh or how unsatisfactory the terms.

However, the possibility that contracts may be altered or breached by governments has now become a grey area. Mr. Lalonde seems to be claiming that he has the right to alter oil contracts and licences, although he now seems to be retreating somewhat from his original claim that the licensees could be deprived of 25 per cent of their property without compensation. He now seems to be offering some form of compensation, but we still have to read the fine print surrounding the new policy. In the final analysis, both the Newfoundland government and the federal government would be following the same principle, the only difference being one of degree.

In passing, I should perhaps make the point that the original contract was made between Hydro Quebec and the Churchill Falls Corporation, a subsidiary of Brinco, which was and is a public company independent of the Newfoundland government. This does not of course affect the rights or wrongs of the situation, but I mention this as many people think the contract was in fact made by and with the Newfoundland government.

The remaining problem arises from the dispute over the ownership of the offshore oil. On this problem, I can say no more than I said when I spoke in the Senate on April 14 last.

Here perhaps I should say that I sincerely hope that a settlement will be reached regarding both the problems between the federal government and Newfoundland and the problems between the Quebec government and the Newfoundland government. However, if no settlement is forthcoming, I am bound to say that I fully support the thrust of the policies of the Honourable Brian Peckford, Premier of the Province of Newfoundland, both on the oil and hydro problems.

It is truly unfortunate that these disputes arise at this time, because other important differences of opinion are bound to arise in the near future. These disputes may grow worse, because it may be that the cost of the social advances we have made to date will prove to be beyond the capacity of the national income to bear. It does seem as if the federal government will be forced to scale down somewhat the transfer payments to the provinces. Indeed, it seems to me that without greatly increasing taxation the resources of the federal government, strained as they are by its oil pricing policy, are driving the federal government towards, on the one hand, reducing equalization payments and its contribution to the social payments and, on the other, to making unwarranted and unreasonable demands on the oil resources of the provinces.

It might be helpful if the oil pricing policy of the federal government were the subject matter of a special debate in this chamber. I note that Premier Hatfield has appealed to the federal government to do away with the oil subsidy. This policy has already cost the country billions and billions of dollars added to the public debt. Premier Hatfield is quoted as saying, "We're paying a subsidy which is producing nothing for the country. It's producing a lot for Saudi Arabia and for Venezuela—that's where all the money goes—but it produces nothing for Canada". How right he is!

● (1450)

Canadians, in my opinion, and particularly those living in the have-not provinces, are living in a fool's paradise if they think for one minute that they are burning cheap gasoline. The bill for all this gasoline is being paid by adding to the national debt. Furthermore, as Mr. Hatfield is reported to have said:

> —the subsidy gives an unfair financial break to oil users since other forms of energy such as electricity and natural gas are not covered but are also becoming more expensive.

He also said:

> The federal government has had to curtail some of its regional economic expansion programs because after the federal treasury pays out $2.5 billion for the oil subsidy there is no money left for programs to reduce regional economic disparity.

In due course, the burden of paying for this program will fall most heavily on the have-not provinces, because not only will they share the burden of extra taxation needed to service the increased public debt but also so much will have been expended that no money will be available for other desirable expenditures.

Honourable senators, I hope and trust that the unhappy difference which now exists between the Government of Quebec and the Government of Newfoundland and Labrador will, in due course, pass and disappear in light of discussions between reasonable people. I further hope and trust that, when mutual confidence is established, work can begin on the development of the remaining huge hydro resources of Quebec, Newfoundland and Labrador for the good not only of the two most interested provinces but also of all of Canada.

I also hope and trust that finding a just, fair and reasonable solution to the problem of developing and sharing the oil resources of Newfoundland will not be beyond the wit and wisdom of those Canadian statesmen who now hold the reins of federal and provincial power.

To end my remarks, I draw your attention to some words of the Right Honourable Louis St. Laurent. On November 15, 1966 in a foreword to Mr. John Chadwick's book on Newfoundland, he wrote in part as follows:

> He had the further advantage—

"He" being Mr. Chadwick.

> —of an intimate association with the culminating event in the history he has written, the union of Newfoundland with Canada. I have always regarded that union as the most important achievement of my years in public life—

The Right Honourable Louis St. Laurent was not only a very gracious gentleman, but also a very great Canadian. I firmly believe that his very kind assessment of the importance of the union of Canada with Newfoundland was well founded. I feel sure he would be most disappointed that such vexing problems have arisen. It is sad to think that if reasonable solutions are not forthcoming, Newfoundlanders will feel that their province will suffer unjustly.

It may be argued, and it could indeed be true, that in the long run it may not make much practical or financial difference to Newfoundlanders if the Quebec government or the federal government receive the lion's share of the revenues arising from Newfoundland's natural resources, but it will make a great deal of difference to the pride of young Newfoundlanders and to their sense of justice, equity and decency.

If we are pushed aside, and if the public account is charged with the benefits which accrue to Newfoundland and yet we are not credited with the benefits which accrue to our fellow Canadians because of Newfoundland, it will be hard not to be disappointed, if not bitter.

To me, no longer a young Newfoundlander, it is clear beyond doubt, that as we enter the 21st century Canada will be a greater Canada, a stronger Canada and a richer Canada, because of the union of Canada with Newfoundland and Labrador.

Hon. Senators: Hear, hear.

On motion of Senator Macdonald, for Senator Marshall, debate adjourned.

CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

REPORT OF HEALTH, WELFARE AND SCIENCE COMMITTEE—DEBATE CONTINUED

Leave having been given to revert to Order No. 7:

The Senate resumed from Tuesday, December 2, 1980 the debate on the consideration of the report of the Standing Senate Committee on Health, Welfare and Science entitled "Child at Risk," tabled in the Senate on October 16, 1980.

Hon. Fred A. McGrand: Honourable senators, I am pleased to take part in this debate. I have been asked to describe the work of our committee in producing this report.

Many will agree and recognize that this is the only report of its kind ever produced in Canada. It is also remarkable in another respect: the entire cost of producing this report, up until the time it went to the printers, was $6,922.14—less than $7,000. The most remarkable thing about it is that it took me 25 years to get the Senate to produce it. Why was there so much lethargy on the part of our society to understand this problem that has been with us for years and gets worse as the years pass? The reason is because public opinion has for centuries been focused on the punishment of the offender as the essential treatment of crime in our society and has forgotten about the many causes of crime. The theory of "an eye for an eye and a tooth for a tooth" shaped public opinion in the days when most people believed that crime was inherited from our ancestors.

"Spare the rod and spoil the child" was the slogan used at home and in school. We still hear the expressions: "Bring back the rope! Bring back the lash! Don't coddle criminals. Put offenders in jail, punish them and make them suffer for the crimes they have committed. Treat them rough and make them like it." It is no wonder that with that background there was much public lethargy regarding the studying of such causes of crime as we have in this report.

Learning disabilities and minimal brain dysfunction had no meaning to most people. Parental neglect and abuse were something new, and it did not occur to many people that human violence is the greatest problem in our society today and that human violence is learned, not inherited. Violence in the street is an extension of violence in the home. It is difficult for people to believe that the prenatal experience of a child, which includes lack of oxygen at birth, can shape its adult life.

Having read this report, you should be aware that no adult ever became a criminal during his adult life. Criminality starts in early childhood and is shaped and fashioned by childhood experiences.

Every violent criminal has had an unhappy childhood, the result of neglect and abuse, and it usually started before the age of three. A 16 year old boy, so incorrigible in school that it is necessary for a policeman to come and remove him from the school, did not acquire his hostility at the age of 16, 14 or 12, but it began at a very early age. In fact, it began when he failed to bond with his parents or other children of his age; he is usually the victim of parental neglect and abuse.

An alert child at birth recognizes its mother's voice because it has listened to that voice for the past three months. Its mother's voice and heart beat are the only two familiar sounds it hears in the strange world it has come into. At birth a child's eyes cannot focus on the ceiling or the walls of a room. Its eyes focus best at 12 or 14 inches, and that is the distance between its face and its mother's face while it is nursing. When the exchange of eye signals begins, bonding between mother and child has started. Its mother's voice and eye movements help it to adjust to the new life it is going to have. Bonding with the mother is the most important event in the early life of a child. There is nothing mysterious about bonding. Mother and child get acquainted early in life. They fall in love with each other. It is a case of the first impression being a lasting one. Bonding is the beginning of the personality structure. The behaviour of a youth of 17 depends on the quality of his personality structure, which began at birth. If eye and voice signals between mother and child do not take place soon after birth, due to a prenatal experience, bonding may be delayed. Therefore, it is essential that a child be born without minimal brain dysfunction.

● (1500)

A victim of minimal brain dysfunction or learning disability can build one hostility on top of another until he becomes an enemy of society, a society that has never understood his needs or tried to understand them. That is why bonding is so important. It is easy to hate when you cannot love, and the abused child can easily learn to hate his parents because the abused child has lost confidence in all around him. He cannot trust anyone because he distrusts everyone. The abused child watches violence on television and accepts violence as the implement that will answer all his problems. Slowly the abused child builds a wall around himself for his own protection. Hostility develops, violence becomes his creed.

Why put a criminal in prison and expect to rehabilitate him? Rehabilitation means to return a person to his former and normal way of life. But the criminal never had a normal life- style to return to. He has missed the training of a normal child to develop a normal personality structure. Why try to do for him, at the age of 26 when he goes to prison, what should have been done for him at the age of six? The proper thing to do for him, when hostility shows up in his early life, is to rescue him and place him in the custody of those who will correct his personality structure.

When in 1975 I made the motion for the conduct of this study, I asked this question: Why does a boy of six, with a psychological trauma, become a psychopathic killer at the age of 26? Dr. Murray Straus of the United States, who made an extensive study of this matter in 1967, wrote:

> How much violence you experience as a child is how violent you will be as an adult. There is a direct relationship. The more you beat up kids the more violent they are going to be.

Dr. Ben Tensel, from Minneapolis, one of our witnesses, told the committee:

> With regard to child murderers, if you look at children who kill, you will find that a child as young as 5 can experience homicidal rage and plan to carry out a first degree murder.

And these are not uncommon in our society. He went on to say:

> I have never met a violent juvenile delinquent who was not abused as a child. I am not talking about status offences. I am talking about arson, murder and carrying of dangerous weapons.
>
> Secondly, all the criminals in the San Quentin prison have been studied and they all had violent upbringing as children.

Dr. Karl Menninger, one of the most famous of all criminologists in the United States, has done a tremendous amount of work in the cause of research. He says:

> Aggression becomes an easy outlet through which the child's frustrations and tensions flow, but because these traumatic experiences have overwhelmed him, his own emotional development is too immature to withstand the crippling inner effects of outer violence. Something happens to the child's character—

Dr. Menninger continues:

> Every letter I get—

He is referring to criminals.

> —every interview I give, every case history I review starts with the beatings and the kicks and cuddlings given to children by their angry, worried parents.

Dr. Cyril Greenland, of McMaster University, was also a witness, and he described the effect of abuse on the minds of young children and how it influenced them to develop careers in crime. He said:

> Dangerous criminals are not big, powerful men, they are in most part small, under-sized, poorly nourished, narrow-chested, with bad teeth or no teeth at all, victims of childhood neglect.

That is all I will say about child abuse.

Three things are essential in the development of the early education of a child: a healthy curiosity, good companionship, and self esteem—that is, confidence in oneself. That curiosity should be developed and guided or self esteem will not develop. A child whose hands and face are slapped by an angry parent when it expresses natural curiosity is a child with a wounded self esteem, the first step in the development of hostility.

My first request for this study was made in this chamber on May 14, 1975. The next day the CBC in Halifax called me at six o'clock in the morning. A young lady asked, "What do you want the Senate to study?" "The causes of criminal behaviour," I answered. "What do the senators know about that?" she asked. I replied, "They know nothing, and please tell me who does." She said, "That's easy. The lawyers know all about it, the judges know all about it, the police know all about it." I replied, "Pardon me, young lady, the judges know nothing about it, the lawyers know nothing about it, and the police know nothing about it, and they don't care." "You're wrong," she said, "The RCMP know everything about the causes of crime and they will be glad to tell you if you ask them."

It is tragic that the hostility of children that leads to delinquency has been regarded in the past as a matter of law and order. It is strictly a matter of education, and the work of child psychologists, and the time to intervene is when hostility begins. If the child psychologist gets the child at the age of six, the Mounties will never have to get him when he is a killer at the age of 26.

I hope that no one will take any offence if I offer some mild criticism of this chamber and of the Health, Welfare and Science Committee for the delay in making this study. In April 1956, I discussed this subject in the first speech that I made in this chamber, and, of course, I got no response. I raised it again when we were discussing the abolition of capital punishment for the murder of other than policemen and prison guards, and this, in part, is what I said:

> We know little, too little, about the magnitude of crime and its cause to deal with it effectively at the present time. Our system of crime control is an unplanned product of history.

On May 14, 1975 I introduced a motion asking for a study of criminal behaviour to be made by a committee of this house. Only four senators supported my motion. Just before the Christmas adjournment, eight months after I put my motion, it was passed on to the Health, Welfare and Science committee to deal with, and my suggestion was rejected. On December 2, 1976, I moved that a subcommittee of this house study childhood experiences as causes of criminal behaviour. That motion was agreed to, and a subcommittee of the Standing Senate Committee on Health, Welfare and Science was appointed to conduct the inquiry.

• (1510)

Due to the indifference of our society to the causes of the growth of human violence and crime, I was not surprised at the cool reception my motion got on April 14, when the Standing Senate Committee on Health, Welfare and Science met to discuss it. It was the opinion of most members that the question of crime at all levels was a matter of law and order, and not for the Standing Senate Committee on Health, Welfare and Science, and that that committee was not competent to undertake the task.

To support my case I told of my experiences with problem children, who were injured at birth through lack of oxygen or by obstetrical forceps, and when I got through I was promptly challenged by an honourable senator who said, "We are not psychologists, nor are we sociologists, in this room, and I think that the Senate committee really could do little in return for the time, money and effort involved in such a study. It would be useless, in my opinion. This is not what the Senate is here for."

When I mentioned my experiences with children who had birth injuries, one senator said, "We would look like a bunch

of idiots if we went around looking for children with birth injuries as causes of criminal behaviour."

A little later, at another meeting, a senator who is not a member of the Health, Welfare and Science Committee, paid a visit to the committee. He apologized for coming as he was not on the committee, but he explained that he was there for a very serious reason: he was afraid our committee would get into trouble if it conducted such a hearing. He believed that criminal behaviour in the young and in adults was a matter for the courts to deal with, and he thought that we might even be violating the British North America Act if we tried to undertake such a study.

Another senator said, "Crime is a matter of free will. If a youth decides to be an honest citizen he will be rewarded by society. If he decides to be a criminal, society will punish him. It is all a question of free will, and is as simple as that."

I do not criticize any honourable senator who opposed my motion. They grew up at a time when violence in the home and in the street was a matter for the police and the courts to deal with; it was not considered to be a matter of mental health.

Then, on March 4, 1976, our committee heard two witnesses from the Department of Criminology of the University of Ottawa. One of them told us that he was from the United States and had worked for two years in the post-graduate clinic that dealt with youngsters with learning disabilities. The meeting lasted for two hours, and that was the only reference to learning disabilities that was made. I do not think that minimal brain dysfunction was ever mentioned at any of our meetings.

One of those professors gave me a book to read. It had been published 20 years previously, and I had read it shortly after it was published, but there was nothing in that book that dealt with any of the problems that I wanted the committee to study.

About a year later I went to Boys Town, Nebraska, to meet Father Hupp, Superintendent of the Flannigan Home for Boys. I had read a biography of the famous Father Flannigan, and how he handled young criminals who came under his care. I had read the story of a young inmate who had planned and carried out two murders at the age of 10 and how Flannigan handled this boy. I asked the superintendent if there were any inmates in his institution who were child murderers. He said, "Oh, yes." I asked him, "How could you recognize a potential psychopathic murderer?" He replied, "I don't know; but I'll tell you one thing: they all have learning disabilities." That was the first time I really grasped the importance of learning disabilities.

The committee was evenly divided for and against my motion. Senator Norrie was very much in favour of it. She was in New Brunswick due to illness in her family on the day our committee met to decide the fate of my motion. She planned to be present for the vote, but all air services between New Brunswick and Ottawa were out because the pilots were on strike. However, nothing stopped her: she came into the Ottawa airport by private plane, and got to the meeting to vote. My motion carried by a majority of one. Had she remained in New Brunswick the motion would have been defeated, there would have been no committee to study childhood experiences as causes of criminal behaviour, and there would have been no report entitled *Child at Risk*.

The cost of our committee's work was small. We did not hire researchers. Our witnesses were people who had done their own research. We paid their travelling expenses and they charged nothing for their time. Their evidence attracted attention, but more in the United States than in Canada. The press was invited to each of those meetings, but only one paper ever gave us any space, and that was the *Globe and Mail*. The *Globe and Mail* article on our proceedings was copied by American newspapers, and attracted much attention in the United States. Eventually we had a mailing list of over 600, and most recipients were in the United States.

Dr. Elliott Barker, who was a witness before our committee on March 5, 1978, wrote me a letter stating:

> Many of my colleagues are following the work of your Senate Committee with interest, and I hope you are getting rewarding feedback with regard to the impact you are making. For example, I had a telephone call from Boulder, Colorado, yesterday requesting the entire transcript of my testimony before the Committee December 6th. For some reason a journal that I had never heard of before—called "Behaviour Today"—printed an extract of some of the things that I said, and as a result I have had nine different requests for reprints from five different States in the United States.

That was the kind of interest we stirred up down there, but not in Canada, or at least not much.

On March 24, 1978 I received a letter from a professor of criminal justice of the Northeastern University, Boston, Massachusetts, that read as follows:

> Thank you ever so much for the material on the subject of childhood experiences and the causes of criminal behaviour, which has been sent to me at your direction. As far as I know, this is the first time such knowledge has been presented in such a comprehensive fashion anywhere.

The letter was signed by Edith E. Flynn, Ph.D.

I received between 30 and 40 letters from the United States, all inquiring about the success of our investigations. I had a letter from a juvenile court judge at Houston, Texas; one from the juvenile court, Reno, Nevada; one from Jackson, Mississippi; and one from Phoenix, Arizona. I had about a dozen letters from California, and one from a clinic which said:

> We hear you have discovered the causes of criminal behaviour and we would like to know more about it.

I wrote back that we had discovered nothing, but were only drawing the attention of the public to certain facts that some people had known for years.

About that time I had an inquiry from Massey University in New Zealand, and one from a university in Japan.

• (1520)

All these letters I received praised the work of the Senate. No one suggested that we looked like a bunch of idiots when we were studying birth injuries. But the letter I liked the best came from a psychologist at the Sick Children's Hospital in Toronto. It was written on October 27, 1978, was addressed to me, and read:

> This is just a short note to congratulate you on the work of your committee studying Childhood Experiences as Causes of Criminal Behaviour. My father, Carl Goldenberg, has sent me copies of all the hearings and I have read them with great interest. As a social worker involved with emotionally disturbed adolescents at the Hospital for Sick Children, your findings certainly have a bearing on my work. As a mother of an eight week old baby, I will be very careful not to make the mistakes mentioned in your study.

Shortly after receiving the request for information from Massey University in New Zealand, I received another request from a Dr. J. E. Hefford of the Albert Street Medical Centre, Palmerston North, New Zealand, asking for a copy of our proceedings. Later I received another letter from him, stating that the Parliament of New Zealand was being asked to conduct a study along the lines we had developed. Several months later I received a copy of the report made by the New Zealand Parliament.

Several copies of the report entitled *Child at Risk* reached New Zealand—how, I do not know. Nevertheless, about December 1, I received a letter from Professor Philip New, a member of the staff of the Medical School at Christchurch, New Zealand, congratulating the Senate on the work it had done. His letter included a three-page critique of our work and he suggested that we continue.

I should like to take a few minutes to tell you how I became involved in this study. When I began to practise medicine in rural New Brunswick in December, 1924 I expected to meet patients with physical diseases. However, patients with definite physical diseases were comparatively rare.

I met people with problems, worries, feelings—some big, some small—many of which could be traced to childhood experiences which involved slight psychological trauma and which left slight psychological scars. I met small children and older people who may have suffered from lack of oxygen at birth—an event which, in their cases, led to personality changes. I became interested in the causes of violence and sadism.

In June 1925 I saw a six-day-old baby whose head and face were battered from the use of obstetrical forceps. There was evident brain damage. Thirteen years and four months later, as I was coming along a road which is now part of Camp Gagetown, I saw a teenage imbecile standing in the doorway of a farm house. I stopped and inquired as to the boy's identity. He was the baby I had seen at the age of six days with a battered head. The cause of his imbecility was evident.

That was in September 1938, and I decided that some day I would investigate this phenomenon.

I was later to meet a number of persons with behavioural problems who had a history of a difficult birth. As time passed, I followed the work done by the Menninger brothers in Topeka, Kansas, and that done by Father Flannigan at Omaha, Nebraska. Father Flannigan said that there was no such thing as a truly bad boy, but there were bad homes, bad parents and bad laws. The Menninger brothers proved that crime and violence are learned. Father Flannigan proved that a boy involved in juvenile crime can be rescued by a good home.

When I came to the Senate I thought that it was time to do something about this grave situation. I visited the Department of Health and talked with psychologists and psychiatrists, yet they gave me very little encouragement. The reason for this was always the lack of money. Looking back, it is difficult to determine which came first, the lack of interest or the lack of money. The late Dr. Gordon Bates, founder of the Health League of Canada, was a frequent visitor to the Senate in those days. He suggested that I talk to certain people in Toronto.

I went to Toronto and Dr. Bates escorted me to the offices of those who could help me the most. One was a psychologist who was employed by the municipality of Toronto, and another was a psychologist employed by the provincial Department of Health. Both of these people agreed that such a study was long overdue, but neither of them had any idea where the money for such a project could be found.

I was advised to see Dr. Grygier, a Polish psychologist who had spent most of the Second World War in a German internment camp and who was doing research on the effects of prisoner-of-war camps upon inmates. He was interested in my purpose, but, like the others, did not have any money. He suggested that I interview Dr. Bruno Cormier at McGill University, who was doing research work on the criminally insane.

I went to Montreal and spent an afternoon with Dr. Cormier in his office on the slope of Mount Royal. He was enthused. In his view, this was work that should have begun long ago. He called in his staff of three or four and they were as anxious about it as was Dr. Cormier. Yet he, too, gave me the same response—there was no money for such a project. He told me that he and his colleagues were employed on a monthly basis, and that when they began a month's work they were not sure whether they would be employed the following month.

It was then, in the spring of 1958, that I met Professor Robert Wake of Carleton University. His views were similar to my own. We decided to undertake a project to study sadism in young boys. Professor Wake had two senior students of psychology who were eager to undertake the study. They did not want a salary; they merely needed their expenses paid. The Department of Psychology at Carleton University could find no way to finance this project, so I agreed to put up $800 to

cover their expenses for a four-month project. This scheme was repeated in 1959 and 1960.

The students found difficulties in their work because children in the custody of the law were wards of the court and, as such, could not be interviewed. The students' work was restricted to interviewing inmates of the School for Delinquent Boys at Alfred, Ontario. After three years and an expenditure of over $2,400, I decided to give up the project. Professor Wake published an article on the results of this inquiry in the *Canadian Journal of Psychology*, and it is very interesting reading.

I wish to remind this chamber that the Standing Senate Committee on Health, Welfare and Science has not been very active during its existence. It has not developed a progressive study of the health and welfare needs of Canadians.

During my first session in this Senate, in 1956, the committee was called to order only once, on January 26, 1956, for an organizational meeting. Senator Veniot was chairman of the committee. He called the meeting to order and asked if there was any business. There was none; the meeting adjourned; it was all over in five minutes.

During the 1957-1958 session there was one organizational meeting of five minutes' duration, and a second meeting was held to discuss Bill C-30.

● (1530)

In 1959 one organizational meeting was held, and it lasted five or ten minutes. The committee met four times during the 1960 session to study bills. In 1961 there were two meetings and in 1962, three meetings, one for the purpose of organization and the other two to discuss legislation.

The committee met in 1963 on two occasions, and in 1964 it met once for an organizational meeting. In 1965 there were two meetings, and in 1966 and 1967 there was one meeting in each year for organizational purposes. There was no meeting in 1968. In 1969 there was one meeting for organizational purposes and one to discuss legislation.

The following year, 1970, was an active year. There were five meetings. In 1971 there were three meetings; in 1972, four meetings; in 1973, four meetings; in 1974, five meetings; and in 1975, six meetings.

Now we come to 1976, the year I introduced my motion to have this study carried out, in which there were eight meetings. The purpose of those eight meetings was to discuss the merits of my motion to study the causes of criminal behaviour. After the eight meetings, the committee made a decision that the study I had proposed was not feasible and, therefore, not warranted. However, the committee did make a suggestion. It had been reported that in a certain country—and the exact country escapes me at the moment—studies had been conducted on children who were problems of society. It was suggested that a committee could be formed to study the problem, if it existed in Canada.

On December 2, 1976 I moved that the committee study this work. The senators who opposed my motion of May 1965 were equally opposed to my motion in December 1976. Altogether, it took 12 meetings of the committee to decide on the merits of my motion to study the causes of crime.

The cost of welfare takes a major part of Canadian tax revenue. This chamber should have a vital interest in the psychological and emotional health of Canadians. At the beginning of this century there was little or no control over physical diseases such as smallpox, diptheria, polio and so on, diseases which took many, many lives. Typhoid fever alone took the lives of approximately 30,000 people annually on this continent.

These contagious diseases are now gone. Vaccines and antitoxins have robbed them of their terrors. I believe that not one case of smallpox has been reported in the world for some time, although such diseases are still in existence. There are still plenty of the germs around, I am sure, but immunization has enabled us to live with them.

But what about emotional disorders, the causes of criminal behaviour? It costs Canada $300 million per year to maintain its penitentiaries, and the provinces pay $600,000 per day to operate their correctional institutions. Meanwhile, crime is increasing every year, and there are more incidents of human violence.

I would like to tell you of the success of the group homes which provide the so-called "bad boy" with a place that meets his emotional needs. I experienced such homes when I visited the Flannigan Home in Omaha and the Menninger Villages in Topeka, Kansas. The Flannigan Home in Omaha is able to keep in touch with approximately 85 per cent of its former inmates. Representatives of that home say that of that number, 70 per cent never get into trouble with the law and that only between 2 and 4 per cent remain criminals. The Menninger Villages have a similar success rate. The representatives there tell me that of 182 graduates only 7 adults and 5 juveniles had subsequent trouble with the law.

I remind honourable senators that these children in these homes all came from broken homes, from families on welfare and families which included major or minor criminals. I had to ask myself, if these homes can achieve this rate of success, what would be the rate of success if we educated children between the ages of 3 and 5 years before their hostilities developed into hatred? These are the ages at which such children need help.

As I was walking down the corridor with the house mother in one of the Menninger Homes, I saw a young woman hurrying out the door with a briefcase in her hand. The house mother said that she would like me to meet that girl but that she was in a hurry because she was writing an exam for her third year architecture course at Washburn University. She then proceeded to tell me something of the girl's past. The girl had been admitted to the Menninger Home at 15 or 16 years of age. At that time she was a drug addict, alcoholic, prostitute, shop-lifter and a passer of bad cheques. It was on a charge of passing bad cheques that she ended up in the Menninger Home. But there she was, some five or six years later, a third-year student in architecture.

In conclusion, I want to say this: Crime is caused by unchecked emotional disturbances of childhood. The nine months *in utero* are as important as any nine months in a child's life. We know more about prenatal life today than we did 20 years ago, and by the year 2000 we shall know more than we know now. I should like to commend to anybody who is interested a book written by a well-known Canadian psychiatrist who has done considerable research on prenatal life, which is called *Secret Life of the Unborn Child*.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, before I adjourn the debate on behalf of Senator Bell, I should like to take this opportunity, on behalf of the Senate—and I hope that I am not being presumptuous—to say how impressed with, grateful for, and proud of the work Senator McGrand has done on this subject we all are.

Hon. Senators: Hear, hear.

On motion of Senator Frith, for Senator Bell, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 28, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

VISITORS IN GALLERY

ITALIAN CULTURAL GROUP

Hon. Peter Bosa: Honourable senators, I draw your attention to the presence in the south gallery of Dr. R. Ricciuti, former President of the Region of Abruzzo, Italy; Dr. S. Petricone, President of the Province of L'Aquila; and Dr. T. De Rubeis, Mayor of the City of L'Aquila, all of whom are visiting Canada with a cultural group. They are accompanied by the President of the Italian Chamber of Commerce of Toronto, Dr. Tony Valeri.

I extend to them, on behalf of the Senate, a hearty welcome to this country, and wish them a pleasant visit.

Hon. Senators: Hear, hear.

CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that in conformity with rule 112, the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1980-81.

[*Translation*]

REFERRED TO COMMITTEE

Hon. Léopold Langlois moved:

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[*English*]

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report of the Commission of Inquiry on Aviation Safety, Volume I (Commissioner, The Honourable Mr. Justice Charles L. Dubin), dated May 1981.

Report of the number and amount of loans to Indians made under section 70(1) of the *Indian Act* for the fiscal year ended March 31, 1981, pursuant to section 70(6) of the said Act, Chapter I-6, R.S.C., 1970.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Léopold Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, June 9, 1981, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

• (1410)

Hon. Jacques Flynn (Leader of the Opposition): Could the Acting Deputy Leader of the Government explain the reason for this adjournment? I think the record should show that.

Senator Langlois: The reason for the adjournment is that we do not expect to receive any legislation from the other place for perhaps two weeks.

Certain committees of the Senate have meetings scheduled for next week, but I am informed that those meetings will be cancelled. Senator Barrow might make a statement on that later this afternoon.

Senator Flynn: He is here, so let him make it now.

Hon. A. Irvine Barrow: Honourable senators, in the absence of the Chairman of the Banking, Trade and Commerce Committee, Senator Hayden, I wish to announce to members of that committee that the meetings scheduled for Tuesday and Wednesday of next week are cancelled, and will be rescheduled for a later date.

Senator Flynn: It is my understanding that those meetings were to consider the subject matter of Bill C-57.

Senator Langlois: Those meetings were to consider Bills C-50 and C-57.

Senator Flynn: But only the subject matter of them.

Senator Barrow: Yes.

Senator Flynn: That makes it clear that there is no urgency about those meetings. Since there will be no legislation coming from the other place, I think the decision to adjourn to June 9 is a wise one.

Hon. John M. Godfrey: Honourable senators, I should like to tell you that the meeting of the Standing Joint Committee on Regulations and other Statutory Instruments will be held, as usual, next Thursday morning.

Senator Flynn: We can always count on the fidelity of Senator John Godfrey.

Motion agreed to.

QUESTION PERIOD

[*English*]

ENERGY

ALBERTA—OIL PRODUCTION CUTBACK—SUGGESTED SURTAX REDUCTION

Hon. R. James Balfour: Honourable senators, in the absence of the Minister of State for Economic Development, I should like to address a question to the Leader of the Government in the Senate.

It is becoming obvious that, due to the reduced demand for oil in eastern Canada, the government will not have to pay as high a subsidy to petroleum importers as was originally expected. The government, however, continues to collect a tax amounting to $1.3 million per day, which it levied some time ago amid much fanfare and in reaction to the Alberta cutbacks.

Would the Leader of the Government in the Senate inquire and report to the Senate as to whether, in light of this reduction in demand, the government will be required to expend all of the monies which it is collecting under this surtax and, if not, whether Canadian taxpayers can anticipate some relief in this regard?

Hon. Raymond J. Perrault (Leader of the Government): The question will be taken as notice.

[*Later:*]

Hon. Jack Austin: Honourable senators, as a supplementary to the question asked by Senator Balfour, I should like to say that the tax to which Senator Balfour referred was imposed as a result of a cutback which averaged about 60,000 barrels a day of the oil available to the Canadian market from Alberta, and that tax, as senators know, came to about half a cent a litre.

I should like the government leader, in answering the question put by Senator Balfour, to deal with the imminence of a further cutback of the same amount by the Province of Alberta, which, according to their statements, would be due on June 1, and a possible third cutback which could take place at the beginning of September. This would mean a total cutback of 180,000 barrels a day. In view of that potential, would the government be considering exposing itself to a higher deficit?

Senator Perrault: Honourable senators, the supplementary question asked by the Honourable Senator Austin will be taken as notice. It is a very important question.

As honourable senators are aware, the proposal is to effect a further cutback in Alberta oil production of another 60,000 barrels on June 1. The implications are of importance to every section of the country. It is hoped that a statement can be brought to the chamber when next we meet.

[Senator Godfrey.]

CANADIAN BROADCASTING CORPORATION

STRIKE BY FRANCOPHONE JOURNALISTS

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in connection with the strike of journalists with the Canadian Broadcasting Corporation. I am wondering whether the Leader of the Government would consider favourably a motion to refer to the Standing Senate Committee on Transport and Communications an inquiry into the positions of both sides in this issue with a view to having the committee study the matter and determine if anything can be suggested to solve this problem, which has been with us for quite some months now.

Hon. Raymond J. Perrault (Leader of the Government): I thank the Leader of the Opposition for his proposal. I would appreciate an opportunity to discuss this with him or to consider a memorandum he may wish to prepare on that subject. Perhaps decisions can be made following that.

● (1415)

INDUSTRY

BUSINESS AND LABOUR TASK FORCE ON INDUSTRIAL STRATEGY

Hon. Guy Charbonneau: Honourable senators, I have a question for the Leader of the Government. We hear from various sources that the government has started to prepare an industrial strategy for the country. As the minister knows, an 80-member task force of business and labour leaders has also been studying an industrial strategy, which I presume has come to the minister's attention. One member of that task force has already stated that the prevailing attitude within this task force is that if the government does not implement its basic recommendations there will no longer be a bilateral project to advise the government on industrial policy. Would the minister care to advise us as to whether the government has officially reacted to this attitude?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have no information on that specific point, but since this government assumed its responsibilities a few months ago it has entered into a widespread process of consultation with business and other sectors of society. The question will be taken as notice.

THE CONSTITUTION

MOTION FOR AN ADDRESS TO HER MAJESTY THE QUEEN—PENDING JUDGMENT OF SUPREME COURT OF CANADA—ALLEGED STATEMENT BY MINISTER OF JUSTICE

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on Tuesday last, a question was asked by Senator Asselin regarding a statement attributed to the Honourable the Minister of Justice. Inquiries in this connection went forward.

The reply received from the Minister of Justice is to the effect that he was saying that, if we cannot reach agreement with the provinces, it will be the Supreme Court which will have to decide where the law lies. Reference to the Supreme Court of the question of offshore resources would be an example.

The office of the minister has provided a comment, also, to the effect that we have a Constitution, which is the prime law of the land. For the Minister of Justice to say that this act must be respected and judged by the Supreme Court of Canada does not constitute any threat. It is a correct interpretation of the legal situation.

FOREIGN AFFAIRS

CANADA-FRANCE RELATIONS—ALLEGED STATEMENT BY MINISTER OF JUSTICE

Hon. Martial Asselin: What about the minister's comment regarding relations between Canada and France? I did ask a question regarding the statement he made in connection with the new French government.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, a question went forward on that point as well. I understand that no formal text was involved in the statement made on that subject. An effort is being continued to determine, if possible, the exact words which were used on that occasion. It is my hope that an answer can be provided.

Hon. Jacques Flynn (Leader of the Opposition): You can always ask the minister to tell you what he said.

Senator Perrault: I want to emphasize that the question has been put to the minister, and he may be at the moment—

Hon. Richard A. Donahoe: Dreaming up an answer!

Senator Perrault: —preparing a reply.

• (1420)

AIR CANADA

FLIGHT ATTENDANTS—APPLICATIONS FOR POSITIONS—QUALIFICATIONS—QUESTION OF PRIVILEGE

Hon. Jack Marshall: Honourable senators, I wish to raise a question of privilege in connection with a reply I received to a question on the order paper. I had asked how many applications were received by Air Canada for positions as stewards, male and female, by province, in 1980. The reply stated that no record was kept of applications received on a provincial basis. That is very far from the truth. I put the same question on the order paper in 1977, and in 1978 I received a reply together with a complete breakdown, by province, of the number of applications received. Perhaps the Leader of the Government would tell Air Canada that the company is not as smart as it thinks it is. The company should show some responsibility and give the information requested.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, there is always the possibility, of course, that a procedure followed in 1981 may not be identical to that followed in 1977. However, the apparent discrepancy in the willingness of Air Canada to provide certain information in 1977 and their response to a recent request will be brought to the attention of the Minister of Transport. I hope that we can provide the honourable senator with a reply.

TRANSPORT

VANCOUVER—BOUNDARY BAY AIRPORT—RE-OPENING FOR LIGHT AIRCRAFT

Hon. Jack Austin: Honourable senators, I have a question for the government leader with respect to the International Airport at Vancouver. Can the government leader advise us when small aircraft, which comprise about 70 per cent of the landings at Vancouver International Airport, will be required to be moved to the Boundary Bay Airport? Will that plan be executed in the next short while, or is the decision still pending?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, it is the intention of the government to re-open Boundary Bay Airport exclusively for light aircraft and helicopters, as approved. Conversations have been held in recent weeks concerning a number of matters, including, I understand, an established target date for the commencement of operations. I do not believe a precise date has yet been established, but that inquiry will go forward.

The Senate adjourned until Tuesday, June 9, 1981, at 8 p.m.

THE SENATE

Tuesday, June 9, 1981

The Senate met at 8 p.m., the Honourable Renaude Lapointe, P.C., Speaker *pro tem*, in the Chair.

Prayers.

STEFAN CARDINAL WYSZYNSKI

TRIBUTES TO THE LATE PRIMATE OF POLAND AND THE POLISH NATION

Hon. Stanley Haidasz: Honourable senators, this is the earliest opportunity I have had in this chamber to bring to your attention the presence of an official Canadian delegation at the funeral service last May 31, in Warsaw, for the Primate of the Roman Catholic Church in Poland, the late Stefan Cardinal Wyszynski. By that presence the Canadian government, on behalf of our people, paid solemn tribute to the revered memory of a great religious leader, patriot and statesman of Poland, whose fellow countrymen fought heroically alongside the allies in World War II to defeat Hitler's Nazi forces but, in the end, were abandoned to a horrible fate behind the iron curtain dominated by atheistic communism from the Kremlin.

In defiance of religious oppression by civil authorities, the Primate fought courageously for fundamental human rights, human dignity and religious freedom.

● (2000)

From 1953 to 1956, civil authorities held him under house arrest. Freed in October 1956, he continued to struggle for greater religious freedom and social justice. He became the conscience of the Polish nation, which was fed up with poverty, harassment and incompetence. On more than one occasion an atheistic government was forced to seek the Primate's help before the anger of the Polish people. Calling for justice, prudence and reason, he preserved peace in Poland.

A great educator, he became the mentor of Cardinal Wojtyla, now His Holiness, Pope John Paul II, and the inspiration and guide of Lech Walesa.

He lived to see the establishment of Solidarity, the first independent union of workers in a Communist regime. Although Cardinal Wyszynski's lips are now sealed, his words still ring loudly in the ears of his fellow countrymen, whom he served so well, and will do so for a long time in the future. They regarded him as a national hero, loved and now sorely missed by his followers; feared and now respected by his adversaries.

I believe honourable senators would like to join me in expressing our sympathy to the mourning Polish nation on the loss of their Primate and dearest son.

On the eve of another crisis in Poland, his courage and wisdom will be relied upon to preserve peace, for he was truly a man of peace. That is why he was and remains a worthy candidate for the Nobel Peace Prize.

Hon. Martial Asselin: Honourable senators, I should like to ask the Honourable Senator Haidasz who the members of the Canadian delegation were.

Senator Haidasz: The official delegation from the Parliament of Canada consisted of the Honourable Steven Paproski (Edmonton North) and Mr. Jesse Flis (Parkdale-High Park), and from the Ontario Legislature, Mr. Bernard Newman (Windsor-Walkerville).

● (2010)

OFFICIAL LANGUAGES

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker *pro tem* informed the Senate that a message had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on Official Languages.

(*For text of message, see today's* Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

Report on Prairie Farm Rehabilitation Administration for the fiscal year ended March 31, 1980, pursuant to section 10 of the *Prairie Farm Rehabilitation Act,* Chapter P-17, R.S.C., 1970.

Report to the Governments of the United States and Canada by the Columbia River Treaty Permanent Engineering Board for the period October 1, 1979 to September 30, 1980.

Report of the Canadian Grain Commission for the 1979-80 crop year, pursuant to section 14 of the *Canada Grain Act,* Chapter 7, Statutes of Canada, 1970-71-72.

Report by the Tariff Board, pursuant to the Inquiry ordered by the Minister of Finance respecting the petition for safeguard action by International Scissors Limited, Safeguard Petition No. 1, Reference No. 158, pursuant to section 6 of the *Tariff Board Act,* Chapter T-1, R.S.C., 1970.

Report on the operation of the Exchange Fund Account, together with the Auditor General's report on

the audit of the Account, for the year ended December 31, 1980, pursuant to sections 17 and 18(2) of the *Currency and Exchange Act*, Chapter C-39, R.S.C., 1970.

Notices of Ways and Means Motions to amend the *Petroleum Administration Act*, issued by the Department of Finance, dated June 2, 1981.

Report of the Canadian National Railways Securities Trust for the year ended December 31, 1980, pursuant to section 17 of the *Canadian National Railways Capital Revision Act*, Chapter 311, R.S.C., 1970.

Report of the Northern Transportation Company Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1980, pursuant to section 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Capital Budget of the St. Lawrence Seaway Authority for the year ending March 31, 1982, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1981-1257, dated May 14, 1981, approving same.

Letters from A. B. Morrison, Assistant Deputy Minister, Health Protection Branch, Health and Welfare Canada, to Dr. J. E. McGowan, Assistant Deputy Minister, Food Production and Inspection Branch, Agriculture Canada regarding Captan, dated March 31, 1981 and May 22, 1981.

Report on operations under the *Regional Development Incentives Act* for the month of March 1981, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report relating to warrants issued under the *Official Secrets Act* for the year ended December 31, 1980, pursuant to section 16(5) of the said Act, as amended by Chapter 50, Statutes of Canada, 1973-74.

Report relating to authorizations and interceptions under the *Criminal Code* for the year ended December 31, 1980, pursuant to section 178.22(4) of the Code, as amended by Chapter 50, Statutes of Canada, 1973-74.

Report of the Postmaster General respecting Olympic coins for the period ended March 31, 1981, pursuant to sections 17(2) and 17(3) of the *Olympic (1976) Act*, as amended by Chapter 68, Statutes of Canada, 1974-75-76.

Report of the Privacy Commissioner under the *Canadian Human Rights Acts*, for the year ended December 31, 1980, pursuant to section 60 of the said Act, Chapter 33, Statutes of Canada, 1976-77.

Supplementary Estimates (A) for the fiscal year ending March 31, 1982.

Hon. H. A. Olson (Minister of State for Economic Development) tabled:

Letter from Northwest Alaskan Pipeline Company to the Prudhoe Bay gas producers regarding the financing plan for the Alaskan Pipeline and Gas Conditioning Plant, dated May 21, 1981 (*English and French texts*).

NORTHERN PIPELINE

FINANCING—STATEMENT BY MINISTER

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I should like to make a short statement this evening regarding the recent agreement on the financing plan for the Alaska segment of the Alaska Highway Pipeline project.

Senator Asselin: Do you have a copy for the opposition?

Senator Olson: Yes, I have some extra copies here that I would be happy to have distributed.

As I announced in this place on May 21, 1981, agreement has been reached between the project sponsor, Northwest Alaskan Pipeline Company, and the Prudhoe Bay gas producers—Exxon, Standard Oil and Atlantic Richfield—for financing of the Alaska portion of the natural gas transmission system. My earlier statement was made after I had been advised by John G. McMillian, chairman and chief executive officer of Northwest Alaskan Pipeline Company, that an agreement had been reached. The details of the plan were subsequently provided to me. In my judgment, Canadian interest in this matter is such that the Canadian Parliament should have this information.

The agreement covers the 1,180-kilometre segment—that is about 730 miles—of the pipeline in Alaska and the gas-conditioning plant at Prudhoe Bay. Under the proposed financing plan, the gas producers would hold an equity position, equal to 30 per cent, in the system, which includes both the preconditioning plant and the line. While such participation is prohibited under the current United States legislation, it is my understanding that the Secretary of Energy, James B. Edwards, said in Washington on May 28, 1981, that he is prepared to seek a waiver from Congress to permit the producers to possess ownership in the project and to provide for such other amendments as may be required to facilitate the project.

Honourable senators, I have tabled a copy of the letter to the Prudhoe Bay gas producers from Northwest Alaskan Pipeline Company outlining the basis of the financing plan which is currently being presented to the financial community.

Most of the information contained in the letter, which was addressed to these companies from John G. McMillian, chairman and chief executive officer of Northwest Alaskan Pipeline Company, has already been reported in the press in many parts of North America. However, I think this letter does set out in an orderly and detailed fashion the comprehensive way in which this financing package has been put together.

I should like to refer to some of the highlights of the letter without reading it *in toto*, but I would ask that it be printed as an appendix to today's *Hansard*.

The Hon. the Speaker *pro tem:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of letter see appendix, p. 2498*)

Senator Olson: I will point out some of the highlights:

For purposes of financing, the "as spent" cost of the Alaskan pipeline will be $21 billion—

Hon. Jacques Flynn (Leader of the Opposition): Billion!

Senator Olson: Yes, $21 billion; and that of the preconditioning plant will be $6 billion.

In addition, a pre-committed completion assurance pool of $3 billion will be formed.

As you can see, that adds up to approximately $30 billion, with a fund of $3 billion for cost overruns and that sort of thing.

The debt equity ratio for all capital investment will be 75:25.

The investment limits of all participating companies will be defined from the outset. As a group, the transmission companies will provide equity in an amount not to exceed $5.25 billion. As a group, the producer companies will provide equity in an amount not to exceed $2.25 billion, and be further responsible—

And I want to be clear on this.

—further responsible for arranging for an amount of debt not to exceed $6.75 billion.

When you look at all of this, you will see that it comes back to the 30:70 ratio, that I mentioned in my opening remarks, which exists between the responsibility of the producers on the North Slope and that of the sponsors of the pipeline.

Debt funds (pipeline and plant) will be sought on a project credit basis. The transmission group will be responsible for arranging for $15.75 billion in project debt. The producer group has accepted responsibility for arranging for $6.75 billion in additional project debt. The debt which the producers are responsible for arranging will be accorded terms and conditions equivalent to those accorded other project debt.

There is more information contained in this letter, honourable senators, but those are some of the highlights of the agreement that was reached between the producing companies on the North Slope of Alaska and the sponsors of the pipeline.

More importantly, perhaps, the completion of the engineering for the line itself, as well as the engineering and the design of the preconditioning plant, is now of a nature such that both parties have confidence in those cost estimates. Therefore, they are now prepared to present the concept to the financial community for its consideration. We have every confidence that it will be taken up with some very substantial companies being participants in both sides of the agreement. It is my hope that that will be done expeditiously so that the rest of the line that we in this country have prepared to build can be completed within the time frame that I indicated in my previous statement.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, if I may say a word in response to the minister's statement, I will begin by thanking him on behalf of this side of the house for his courtesy in letting us have a copy of this statement before we met tonight, thereby giving us a chance to read it. I must say that the statement answers several questions I raised with the minister the last time this subject was before us. On a first reading of the statement, I find myself satisfied with what I see.

There is one point, however, about which I would like some further information, if it is available, and that has to do with conditions precedent. Clause 6 of the summary indicates that each company's participation will be subject to satisfaction of conditions precedent, a number of which are listed. I would like to direct the minister's attention to the following:

All parties are assured that the Canadian segment will be financed and completed without U.S. company involvement.

I presume that refers to the portion of the pipeline from the Alaska-Yukon border that will come through the Yukon, British Columbia and Alberta until it links up with Alberta's system where the prebuild lines are.

Can the minister tell us anything about the situation with respect to engineering, financing and construction in connection with that Canadian segment which is a condition precedent?

• (2020)

Senator Olson: Honourable senators, I could give a fairly detailed report on the progress of the survey, the routing and, indeed, almost all of the other terms and conditions that were required under the Northern Pepeline Act. It is a fact that the Canadian portion that is referred to is from the Alaska-Yukon border through the Yukon and then into Alberta to a point—I am not sure of the exact number of kilometres, but some miles north of Caroline, Alberta. That is where the Y is in the line going to the so-called western leg which is now complete except for some valves and interconnections. The eastern leg is also under construction. North from Caroline there is a section of 56-inch line which is going to be part of the gathering system for the prebuild sales, if I may call it that—the Canadian gas that goes in there—but it is also for the purpose of testing that size of pipe because, as you know, it is the largest pipe that has ever been produced in Canada, and there are some tests required with respect to it.

There are still some environmental problems that have not been completely resolved in the Yukon. There is a requirement for the environmental panel—EARP—to complete a hearing on the passage through the Ibex Pass near Whitehorse. I do not want to prejudge what may happen as a result of those hearings, but I do not think that we are going to find ourselves in a position where we have every single detail resolved at any given time. Generally speaking, the company—in this case, Foothills—has presented the Northern Pipeline Agency and me, the minister responsible, with the plans that they have worked out. For example, the manpower plan, the environmental plan, some of the socio-economic conditions that were required for each section of the line, are all either completed and approved or in a highly advanced stage. In addition to that, I think it can be fairly said that the company had arranged, to the satisfaction of the National Energy Board and

myself, to finance the entire section that is to be built in Canada. That has not changed.

I believe that has answered most of the questions that have been raised, but, as a matter of fact, I would expect that from here on, as soon as the financing is in place in the United States so that they can look to the schedule of construction and to the completion date, it will be in the interest of and perhaps—I was going to say "easy" but maybe that is not the right word—I think Foothills is in such an advanced stage of planning all of these things that they will be able to accommodate their construction phase so that it will be ready about the same time as the gas can be delivered to the Alaska-Yukon border.

Senator Roblin: The minister anticipated a couple of other questions I had. I believe the Foothills people are a pretty competent bunch, and my expectation is that if the financing is in sight, as he says, he may be able to report to us further on the amount of money involved, because I am astonished at the $21 billion figure for the Alaska portion. It would be interesting to know what the cost of the Canadian portion is too.

The minister dealt with the question of timetable. Does he think that the two portions will be completed in tandem?

Senator Olson: It is important in this case that construction scheduling be done because of the cost of carrying the capital and the costs.

Senator Roblin: We don't want it done too soon.

Senator Olson: If it is done too far in advance, that is fairly important these days.

So far as the cost of the Canadian section is concerned, honourable senators will appreciate the fact that a recent assessment of the cost of the Canadian section has not moved very much from what was predicted two and a half years ago. There were some predictions then of the increases as time went by, but if you take into account the passage of time since those predictions were made—I am subject to correction—they are right on target.

Senator Roblin: How much?

Senator Olson: Within the time frame that it will now be built, it is slightly over $8 billion in Canada.

Senator Roblin: Thank you.

Senator Olson: I shall check that out because there are some additions and subtractions because of the sections that have already been built in southern Canada.

Hon. George van Roggen: Would the minister please clarify one point? I understand that the $6 billion figure relating to the gas plant is wholly in respect of Alaska, that the $3 billion overrun fund is for an overrun in Alaska, but that the $21 billion figure includes not only that portion of the line built in Alaska but the whole line. Is that correct?

Senator Olson: I do not think it does; I believe it is primarily for the Alaska section.

Hon. Ernest C. Manning: Honourable senators, I wonder if the minister would comment on another aspect of this matter. Certainly, the fact that the consortium has finally completed an agreement in the United States is good news, and probably one of the biggest hurdles has now been overcome so far as their end of this whole project is concerned.

Since the announcement appeared in the press some time ago there have been several reports expressing concern on two points, and I am wondering if the minister is in a position to comment on them. First, there still seems to be uncertainty as to what will be the ultimate cost of the gas from Alaska delivered at the south end of the line. As the minister has indicated in his figures tonight, we are talking about a construction cost which is now at least three times what was proposed when the project first came into being, which, of course, has to be reflected in the transportation cost.

The concern that has been expressed in some reports—it bears on the question of the economic viability and the ability to finance—is as to what will be the actual cost of this Alaskan gas at the south end of the pipeline. Having regard to the high cost of the gas in Alaska, plus the tremendous cost of the project to move it, is it going to be a figure that will jeopardize the sale of that gas in competition with gas from other sources? That concern has been expressed by the financial world, and I am wondering whether the minister is able to comment on it.

Perhaps the minister can deal with the second point at the same time, as it is related. There have also been at least one or two reports that I have seen since the press release on the completion of the consortium in which some members of the financial community have expressed concern that there did not appear to have been addressed, in these final negotiations that led to this agreement, any clear position on the automatic flow-through of cost overruns which may still be encountered before the project is completed. This, again, is a factor which is bound to come up in trying to finance this project. I wonder if the minsiter has heard anything on those two points and if he can enlighten us.

Senator Olson: Honourable senators, in dealing with the second question first, no, I have not had any specific or more official comment made to me about that matter, although I have heard about some of the speculation in the press respecting that.

• (2030)

Dealing with the first question, namely, the cost of the gas delivered, I suppose to talk about the southern end you would be talking about the 49th parallel. Some calculations can be done on that, and I will ask that they be done. However, I do not have the figures on the tip of my tongue at the moment. I can say, though, that the United States government has given an indication, and they have been firm in that indication, that that gas supply is an integral part of their total energy program. They realize that in the initial stages there will be a requirement that that gas be rolled in or blended with other gas to make it viable in the market, and they are prepared to do that.

There are, of course, some additional supplies of gas that have been found in the United States recently. Indeed, there have been, I think, two winters in succession now when lower than normal amounts of gas were required throughout a large part of the United States. That has added to what used to be called the gas "bubble." It is now more of a gas "sausage"; it is a little longer than was anticipated some time ago.

I think we have to rely on the statements made by the United States administration, and indeed by both houses of the United States Congress, that they place a high priority on getting that gas into their consumer distribution system, because it represents over 12 per cent of their total gas supply. Indeed, they are prepared to make some accommodation for that gas to enter the market on a reasoned basis so that it will make the project viable. However, I will obtain more specific figures as soon as the calculations can be made.

Hon. Sidney L. Buckwold: Honourable senators, I should like to put two questions to the Minister of State for Economic Development.

First, is he prepared to give a time schedule which will indicate when Alaska gas will be passing through the line? Is that part of the agreement? Perhaps he would venture to say when that would be in effect.

Secondly, if and when the Alaska gas is passing through to the American market, what will be the position of the Canadian producers of gas, the Alberta producers especially, who now have a large market in the United States? How will they be affected? Will there in fact be markets for Alberta gas, which is such an important part of the economy at the present time?

Senator Olson: Honourable senators, the target date for the completion of the line is the end of 1985. That was stated in the resolutions passed by both the Senate and the House of Representatives of the United States, and it was indeed the stated target date of the administration in the United States as well.

With respect to Alberta gas or Canadian gas, whichever you prefer to call it—I guess both—I must point out to the honourable senator that that is subject to the terms and conditions of the export permit contained in the National Energy Board permit. I believe that is for a maximum of 3.7 trillion cubic feet of gas over a given number of years. I am not exactly sure of the number of years at the moment, but it was anticipated that by the time the Prudhoe Bay gas was down there, that would start to replace some of the Canadian gas in the capacity of the system. But it was for a longer period than until the end of 1985.

Honourable senators, if I may, I should like to answer Senator van Roggen's question, which is made clear in the statement I gave a few minutes ago, and that is that the agreement covers a 1,180 kilometre/730 mile segment of the pipeline in Alaska, and the gas conditioning plant at Prudhoe Bay.

Senator Buckwold: As a supplementary, honourable senators, I am still not clear as to what the position of the producers of Canadian gas located in Alberta will be in 1985. Will there be a substantial market for Canadian gas, or will this, under the program, disappear? I am still not quite sure.

[Senator Olson.]

Senator Olson: Honourable senators, the National Energy Board has issued a permit to deliver the amount of gas that is outlined in that permit, beginning as soon as they are ready, and I suppose some of that gas will start to flow, in the western leg, in 1981. In addition to that, they have set some limits for the total amount, and also, of course, for the staged amount. The amount of gas contained in that export permit will not have been exhausted, either in terms of the volume or of the time frame, by the end of 1985; so it will go on beyond that year.

This line is for the purpose of delivering, eventually, United States gas to the United States, and therefore our use of that section of the line will be in effect during the period when they are not up to full capacity at Prudhoe Bay, using the southern sections that were built last year and will be completed in this construction season and during part of the 1982 construction season.

The regulatory authorities here have issued the permit allowing the export under certain terms and conditions. I do not believe there was a "take or pay" or any obligation of that nature, given to the producers. When we went ahead with the building of that section there was an undertaking given that a certain amount of money would be paid to the constructors of the pipeline, whether they used it or not; and that, of course, is all in the agreement.

[*Translation*]

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (A)—NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

Hon. Royce Frith (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the Supplementary Estimates (A) laid before Parliament for the fiscal year ending 31st March 1982, tabled in the Senate on June 9, 1981.

He said: Honourable senators, by way of explanation concerning leave, perhaps it might be recalled that earlier this evening the Leader of the Government tabled the supplementary estimates and, according to our usual practice, we have in this motion a reference to the Standing Senate Committee on National Finance.

Motion agreed to.

• (2040)

[*English*]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Douglas D. Everett: Honourable senators, I wonder if I could ask the Deputy Leader of the Government to move

that the National Finance Committee be allowed to meet tomorrow afternoon while the Senate is sitting?

Hon. Jacques Flynn (Leader of the Opposition): To consider supplementary estimates (A)?

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I believe the Standing Senate Committee on Banking, Trade and Commerce is meeting tomorrow morning. Although Senator Lafond is not present in the chamber to tell me, I think the Standing Senate Committee on National Finance would be the only committee meeting tomorrow afternoon while the Senate is sitting, so, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting tomorrow, Wednesday, June 10, 1981, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker *pro tem:* Is leave granted, honourable senators?

Senator Flynn: Yes, but I would like to know why. Is it to study the supplementary estimates?

Senator Everett: Honourable senators, on Thursday, Professor McQueen is appearing as a witness before the committee, and on the following Tuesday the Finance Minister of Newfoundland will be before us. On the following Wednesday I shall be speaking to the committee's report on the main estimates. Also, on Wednesday afternoon and Thursday morning the committee will meet *in camera* to consider its report following its study of government policy and regional disparities.

There is a time element, and I thought, if it is at all possible, that the committee could meet at some time tomorrow to deal with supplementary estimates (A), which I gather are quite brief.

Hon. Hartland de M. Molson: May I ask at what time it is proposed the committee should meet?

Senator Everett: The normal time is 2.30 p.m., but if the honourable senator desires a later time we could meet at, say, 4 o'clock. Would that accommodate his wishes?

Senator Roblin: After Question Period.

Senator Frith: I agree.

Senator Everett: Would 3.30 or 4 o'clock be agreeable?

Senator Molson: At 3.30.

Senator Everett: If we meet at 4 o'clock, I doubt that we will impinge on any business of the Senate.

Senator Molson: At 3.30.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

THE SENATE

THE PRIME MINISTER'S STATEMENT

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government. The Prime Minister who, as everybody knows, is quite obsessed with constitutional reform, is reported to have stated that, following the adoption of the project which is now before the Supreme Court and subject to a decision which he would consider favourable, he intended to concern himself with a reform of the Senate and a pro rata representation in the House.

I do not know exactly along what line the Prime Minister would like this reform of the Senate to go. I have been very curious about this, ever since he accepted that particular amendment before the Special Joint Committee on the Constitution.

Could the Leader of the Government provide us with the text of the Prime Minister's statement? In case the Prime Minister spoke in general terms of a reform of the Senate, could he provide us with specific details, that we may compare his project with the report of the Senate Committee on Legal and Constitutional Affairs, whose heart and soul was Senator Lamontagne?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the remarks made by the Prime Minister were general in nature.

Hon. Arthur Tremblay: And in content.

Senator Perrault: Indeed, the Right Honourable the Prime Minister set forth his views that this government will not rest content until there have been a number of other changes, reforms and improvements in a variety of ways. I am rather surprised that the Leader of the Opposition would be concerned over these remarks attributed to the Prime Minister, in view of the fact that for years he has called for change and reform in the second chamber. Surely, the Leader of the Opposition is not offended by the idea that something could be changed in this chamber.

Senator Flynn: Honourable senators, I can say that I am not offended. However, I am worried because of the feeling which exists on the government side of the Senate. We all know the reaction of Senator Steuart and others on that side when we received the proposal to limit the power of the Senate to 60 days. They were so worried they almost instigated an insurrection.

Hon. Martial Asselin: Apprehended an insurrection.

Senator Perrault: Honourable senators, I would hope that the Leader of the Opposition will canvass the opinions of members of his own caucus before he speculates on the

possible reaction of those who support the government in this chamber.

Senator Flynn: I am not speculating at all.

Hon. Maurice Lamontagne: Then why don't you speak?

Hon. G. I. Smith: Why don't you answer?

Senator Perrault: This matter of Senate reform and Senate change has been discussed before and, frankly, it is a matter which distresses no one on the government side.

Senator Flynn: That I doubt, but I am entitled to be curious about the workings of the mind of the Prime Minister. We never seem to know. One day he says one thing and the following day he reverts to his old priorities. Every senator knows that the Prime Minister has only contempt for this institution.

Hon. D. G. Steuart: Just that side.

INDUSTRY

IMPORTATION OF JAPANESE AUTOMOBILES

Hon. G. I. Smith: Honourable senators, I should like to direct a question to the Minister of State for Economic Development. It relates to the matter of the importation of Japanese cars into Canada, and I doubt that the minister will have the information I require at his fingertips. The question is: How many cars made in Japan were imported into Canada in the period from January 1, 1981 to March 31, 1981, and how many during the same period in 1980?

Hon. H. A. Olson (Minister of State for Economic Development): I do have those figures, but I believe I shall let caution pervail and check them before I present them.

Hon. Jacques Flynn (Leader of the Opposition): Agreed.

Senator Smith: That is a very wise judgment and I congratulate the minister on his wisdom.

Hon. Martial Asselin: For once.

Senator Smith: Perhaps I could ask the minister to consider a couple of supplementary questions while he is making his investigations, or I could wait and ask them when he brings in his answer to the question I have just asked. Would the minister find it convenient if I were to ask my questions now?

Senator Olson: Yes.

Senator Smith: If there was an excess—and I am not asserting there was; I am merely asking—of imports from Japan in the period in 1981 which I mentioned as compared with the same period in 1980, how much is it and how does it affect the number of cars which will be imported into Canada from Japan during the period from April 1, 1981 to December 31, 1982?

Perhaps, to make clear what I mean—and sometimes, I am sure, the minister wishes that I would—I should ask: Does the number of cars which are either agreed upon or under discussion for agreement to be imported from Japan in the period from April 1, 1981 to March 31, 1982 include the inventory which existed in Canada at the beginning of that period?

• (2050)

Senator Olson: I am glad to hear that the honourable senator did ask the rest of his question, because I will take that into account. He realizes, of course, that what we are really talking about is a restraint exercised by the Japanese automotive industry, and the thing becomes even more complex because within the North American auto producing sector there is an agreement with the United States covering certain phases of automotive production.

He will also realize that there was a restraint program introduced by the Japanese automotive industry with respect to the volume of sales directly to the United States. I will obtain those figures, but I think I can say at this point that there was an increase between January 1 and the end of March 1980, and January 1 to the end of March 1981.

I think the honourable senator should also realize that the amount of the restraint is, indeed, higher than the actual sales for the same period in 1980, but it probably will be less than the amount projected for the whole year based on first quarter imports. This, of course, is part of the concern we have because it has gone up substantially. However, I will obtain those figures for the honourable senator.

The other part of his question relating to the inventory in Canada—and, I presume, that is unsold—I will have a look at. I do not believe at this point that that is to be included within the restricted levels for the rest of this year, and indeed over to April 1, 1982. However, I will check that too.

Senator Smith: I thank the honourable minister. Perhaps he will allow me to add that his expectation of what I realize will be determined by the figures which he gives me.

Since he mentioned the question of restraint, may I ask an additional question? Is there some sort of agreed restraint for the fiscal year 1981-82 in this matter of imports, or is this just a matter of discussion so far?

Senator Olson: I suppose it has been a matter of discussion over some period of time. The honourable senator realizes—and I know that he does not like me to use that word—

Senator Smith: I don't mind at all.

Senator Olson: I find that sometimes there are deficits in what the opposition members admit they know by way of background information. That is why I use that word from time to time. Perhaps in some cases it is genuine, but they conveniently omit certain parts of the background information, and I feel an obligation to draw that to their attention.

Senator Flynn: We learn from you.

Senator Olson: I will check that too. As far as I am aware, it is for the balance of this year, but it might run over to April 1982.

Senator Asselin: Check the increases in the prices.

Senator Smith: I thank the honourable gentleman for his explanation and for his obvious intention to be as peaceable as

he can be, having regard to the very high degree of restraint which I exercised in posing my question in order to comply with the rules which he says ought to be followed.

Senator Olson: I appreciate that.

ENERGY

NATIONAL ENERGY BOARD—DECISION RE APPLICATION OF TRANS MOUNTAIN PIPE LINE CO. LTD.

Hon. Richard A. Donahoe: Honourable senators, contrary to my usual procedure, this evening I wish to direct my question to the Leader of the Government in the Senate.

I am sure it has come to his attention—and if it has not come to his attention it is inexcusable—that the National Energy Board has announced that it is prepared to accept the application by Trans Mountain Pipe Line Co. Ltd. over that of the other applicant, Northern Tier, despite the United States government's support for the Northern Tier alternative.

The government has shown a willingness to provide direction to the National Energy Board, and that willingness, of course, is exemplified by the declaration that the maritime gas pipeline will be built, whatever the evidence presented to the National Energy Board is.

Would the leader indicate, consistent with his declaration in 1979 the application by Trans Mountain Pipe Line would be ecologically and environmentally dangerous to the west coast—a position which I presume he still maintains—whether he has appealed to the Prime Minister to override the decision of the National Energy Board?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, an application was made to the National Energy Board. That hearing was held and, after considering all factors, it was felt that permission should be granted to those who wished to build the line. The decision has yet to be made as to whether or not the line will indeed proceed. Regarding the reasons for judgment, I have not had an opportunity to study supporting documentation. Thus, I will take the question as notice.

Hon. H. A. Olson (Minister of State for Economic Development): He can read the decision if he wants to.

HOUSING

INCREASED SUBSIDIES TO CMHC FINANCED PROJECTS

Hon. Nathan Nurgitz: Honourable senators, I have a question for the Leader of the Government in the Senate. The government has announced increased subsidies to offset high interest rates in certain financially troubled CMHC financed projects. My question is a two-part one.

First of all, I should like to know the criteria for determining which projects will be assisted, and, assuming that the Leader of the Government will take that as notice, I should like to ask him if he could also inform the Senate of the names and locations of the projects that have been selected to receive this additional subsidy.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. I know the minister responsible for the housing program, the Honourable Paul Cosgrove, is making a conscientious attempt within the resources available to him to provide a great range of housing in this country.

I can say, honourable senators, that only last Saturday I had the great pleasure to assist in the opening of a project on the west coast, and the effective interest rate for that project, for those in some degree of social need, was 2 per cent. I wish we could do this for all Canadians, and I am sure that the former Conservative government would have wished it had been able to lower interest rates.

Hon. G. I. Smith: Do we get an answer or a speech?

Senator Perrault: The question will be taken as notice.

Hon. Duff Roblin (Deputy Leader of the Opposition): Don't let him get away with that.

FOREIGN AFFAIRS

ISRAELI ATTACK ON NUCLEAR REACTOR IN IRAQ

Hon. Heath Macquarrie: Honourable senators, I have a question to direct to the Leader of the Government in the Senate. The question concerns the attack by the Israeli air force on an establishment in Baghdad. Yesterday the Secretary of State for External Affairs indicated that more information was required before Canada could take action or make utterance. Could the minister advise us whether sufficient information has now come in and if Canada has made its comment, and what, in essence, is that comment?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government cannot condone the recent Israeli attack, which it considers most unfortunate and counterproductive to the goal of peace in the Middle East. The government is aware of Israel's concern regarding security and is also aware that Israel, in this connection, has long been concerned that Iraqi nuclear facilities might eventually be used to manufacture weapons which in turn might be used against Israel. However, Iraq is a signatory to the NPT, and periodic international inspections of its nuclear facilities have shown that Iraq is conforming to the treaty's obligations.

We are now checking with our embassy in Baghdad to determine whether there might be a problem with the release of radioactivity, and, if so, whether any Canadians might be affected by that. We would want further information on the attack before deciding on any additional action.

Senator Macquarrie: May I ask in a supplementary way—the issue is certainly not supplementary—whether the Government of Canada has conveyed any message to the Government of Israel, and, if so, how was that done?

Senator Perrault: Honourable senators, I have not been advised of any official message. One may have been sent. The question will be taken as notice and, if a message has been sent, the information will be brought to the Senate tomorrow.

• (2100)

GOVERNMENT OF CANADA

PARLIAMENTARY SECRETARIES—VISITS TO UNITED KINGDOM

Hon. Hartland de M. Molson: Honourable senators, my question is for the Leader of the Government. Would he inform this chamber as to how many parliamentary secretaries have visited the United Kindgom in the last two months; who they were; whether they were on official business; and what was the nature of that business?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, that ordinarily is very much an order paper-type question. However, the question will be taken as notice because of its detailed nature.

Hon. Jacques Flynn (Leader of the Opposition): Whenever we put a question on the order paper, we receive answers in six months' time.

Senator Perrault: I am rather disturbed at the increasing cynicism of the Leader of the Opposition concerning the intentions of the government.

Senator Flynn: You should not be surprised; you created it.

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I can give the Honourable Leader of the Government chapter and verse on how long it takes to get an answer because on December 9, 1980 my colleague Senator Murray, asked a question concerning the Western Development Fund, and he still has not received an answer.

Hon. Douglas D. Everett: I am still waiting for an answer to a question I asked of Senator de Cotret!

Senator Flynn: You should have been told that there has been a change in government.

Hon. Royce Frith (Deputy Leader of the Government): We learned at the master's knee.

Senator Roblin: I suppose the honourable senator who interjected does know that the Honourable Robert de Cotret is no longer a member of this chamber and, indeed, that there has been a change in government.

ECONOMIC DEVELOPMENT

WESTERN DEVELOPMENT FUND—ALLOCATION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to direct a question regarding the Western Development Fund to the Minister of State for Economic Development, since he is probably best qualified to answer.

Hon. Jacques Flynn (Leader of the Opposition): That does not prove much.

Senator Roblin: In the budget of last October, an amount of $350 million was earmarked for the fiscal period 1981-82 in connection with the Western Development Fund. My question is: Has any of this sum been allocated or set aside for the purposes of this fund by the Treasury Board or anyone else?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, no, no specific commitments have been made from the Western Development Fund. Indeed, part of the statement made by the Minister of Finance in his budget speech of October 28 last year was to the effect that that matter and a number of other matters were dependent upon reaching an agreement with the producing provinces. My honourable friend knows very well that, as yet, that has not been achieved.

My honourable friend and his colleagues in the other place, particularly the member for St. John's West, the then Minister of Finance, know, agree or admit—however you want to describe it—that it is extremely difficult to do budgeting on a national scale without an agreement on energy, quite apart from whether there is a Western Development Fund.

It is certainly my view, and I believe it has been stated previously, that before any specific commitments will be made from the Western Development Fund we will await an agreement so that we can budget and predict with some precision as to what revenues and expenditures will be.

Senator Roblin: I thought the minister might answer in that vein. I should like him, then, to clarify the statement made by the Honourable Lloyd Axworthy in the other place the other day, when he said:

> —that the blueprint and the strategy by which the federal government can provide major support for economic development in the west, are already in place.

I interpret that to mean, and I may be wrong, that he is talking about not just a plan but specific projects that he might have in mind. Is that the case?

Senator Olson: I am sure my friend, Senator Roblin, will understand fully that when this government makes important moves such as this, they are based on a great deal of detailed study, planning and projection.

Hon. G. I. Smith: Answer the question.

Senator Olson: He can, therefore, assume that Mr. Axworthy is correct, and that a great deal of planning has been done. When the other pieces fall into place, such as those I mentioned a few moments ago, we will not only have a well developed plan which will outline what it was suggested that the Western Development Fund ought to do, but we will also be in a position to move expeditiously in implementing it.

Senator Roblin: I admire the skill of the planners because, if they do not know how much money they have to spend, I find it hard to understand how they can plan anything that is meaningful or effective.

Have any projects related to the Western Development Fund been submitted to the Economic Development Committee of cabinet; and have they been approved?

Senator Olson: My honourable friend is now asking what is on the agenda of a cabinet meeting, and he knows better than to ask that kind of question.

A great deal of consideration has been given to the priorities, of which there are a number such as transportation, which has been mentioned a number of times, economic and industrial diversification and so on. However, I cannot answer my honourable friend's question as to what specific projects have been on the agenda of a cabinet meeting.

Senator Smith: He did not ask you that.

Senator Olson: My honourable friend knows very well that, when announcements are agreed to and ready to be made, they will be made, but we do not discuss what is on the agenda of a cabinet meeting.

Senator Roblin: My honourable friend reminds me of a prairie chicken trailing her wings to lead the fox away from the nest, because that is exactly what he is doing.

Hon. Raymond J. Perrault (Leader of the Government): It is better than dragging in a red herring.

Senator Roblin: If there are red herrings to be dragged in, my honourable friend, the Leader of the Government in the Senate, is the best red herring dragger in this chamber. I stand second to no one in making that assertion. He is an expert in red herrings. He can even tell which ocean they come from. To him red herrings are the staff of life. He would not be able to answer a question or get through a speech if he could not deal with red herrings. There was a famous American who talked about the mackerel stinking and shining in the moonlight, and I think there may be some reference to that which escapes my honourable friend opposite.

However, to come back to my point, what I am saying is this: Statements have been made by some that the rapid transit grant of $60 million to Vancouver was part of the Western Development Fund; and statements have been made by some that the Winnipeg core area development program, which is also a large one, is part of the Western Development Fund. From what my honourable friend has said tonight, I presume that is not the case, that they are not funded by this fund, and that they must be funded from some other source. My question is: Where are those two projects funded now?

Senator Olson: Honourable senators, as a result of a cabinet decision, those two projects are funded within the budget of the economic development envelope. There is no question about that.

They have probably been identified as prime targets for the use of the Western Development Fund, but I stand by what I said a few moments ago, that there have not been specific allocations from the Western Development Fund.

If I have to repeat myself several times, it is only to attempt to enhance the learning process of the honourable senators opposite, but it does not change one iota the validity of what I said a few moments ago—that is, the high level of responsibility felt by this government is such that we do not make commitments out of a fund until we know how much is in it.

Senator Roblin: My honourable friend has certainly convinced me that there is no such thing as the Western Development Fund at the present time—none at all. There will not be a cent in it until the National Energy Program has been settled, but I expect there will be.

Senator Perrault: You may not be invited to the opening ceremony.

Senator Roblin: There is not a cent in it.

Senator Smith: There is a lot of hot air.

Senator Roblin: Hot air comes free and gratis around here. We are all experts at it, and I am not too bad myself.

I would hope my honourable friend would do us the courtesy of letting us know when the Western Development Fund takes on some real form and substance; how much money is being appropriated for it; and, in due course, whether he is going to spend any of that money in western Canada.

Senator Olson: Honourable senators, I would be very glad to assume the obligation to convey that information to my honourable friend. I will not be making the announcement of the specific projects from time to time as they unfold because the ministers directly responsible for administering those projects will, in fact, be doing that.

• (2110)

My honourable friend says that the fund does not exist. If he cannot accept the qualifications that were put on it by the Minister of Finance on October 28 when it was announced, or the several statements made by the Prime Minister since, or what I have repeated here tonight, I am afraid that I despair of his capability to understand plain English.

Senator Flynn: That is what you said.

Senator Smith: I understand a big bluff.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

REPORT OF THE COMMITTEE ENTITLED "CERTAIN ASPECTS OF THE CANADIAN CONSTITUTION"

Hon. Martial Asselin: Honourable senators, if I may, I would like to put a question to the chairman of the Committee on Legal and Constitutional Affairs. This evening, the Leader of the Opposition referred to a statement by the Right Honourable Prime Minister concerning certain changes which would be made to the Senate in keeping with his plan or ideas for changing federal institutions. Since a Senate committee was set up one year or one-and-a-half years ago and sat for many days or rather many months, even during the summer, under the chairmanship of Senator Goldenberg and his associate, Senator Lamontagne, has a report been tabled in the Senate following the work of this committee which has not been completely discussed?

Hon. Maurice Lamontagne: Not at all.

Hon. Royce Frith (Deputy Leader of the Government): It was tabled in the Senate, but not discussed.

Senator Asselin: You are right, it was tabled in the Senate, but not discussed.

Could the chairman of the committee tell me, or if not, could he ask Senator Lamontagne, whether the Prime Minister has seen this report and discussed it with him? If so, what was his reaction? Of course, if Senator Goldenberg has not done so, I am asking this question indirectly of Senator Lamontagne, who is partly responsible for the report.

Hon. H. Carl Goldenberg: I did not discuss it with the Prime Minister. We tabled the report of the Senate committee, Senator Flynn adjourned the debate, in November as I recall, and he has done nothing about it since.

Honourable Senator Asselin has referred to the comments made by the Prime Minister—and Senator Flynn had already spoken about them—about a possible reform of the Senate. I noted in one of the newspapers this morning that the Right Honourable Joe Clark, Leader of the Opposition, also spoke about a reform of the Senate yesterday and suggested that he would agree to having the approval of the provincial premiers for Senate appointments or an elected Senate. Both leaders have therefore spoken about this.

Senator Asselin: But that does not mean anything.

Senator Goldenberg: No. In answer to your question I can tell you that I did not discuss it with the Prime Minister and I do not see why you should think that I was supposed to discuss it with him. We were supposed to debate the committee report here in the Senate and I am waiting for Senator Flynn's speech.

Senator Asselin: Well, since you did not, may I ask the deputy chairman of the committee, considering that he has been special advisor to the Prime Minister on constitutional matters, whether he has had an opportunity to talk this over with the Prime Minister? I am asking this question because I need to have answers more specific and clearer than those given to me by the Leader of the Government.

Senator Lamontagne: Senator Asselin, I believe there is a dual error in your question because I never was the deputy chairman of the committee. Neither have I ever been, like Senator Tremblay, the advisor—

Senator Asselin: I said "instigator".

Senator Lamontagne: —advisor to the Prime Minister on constitutional matters.

Senator Asselin: How humble you are tonight!

Senator Lamontagne: However, I tabled a report in the Senate, with the co-operation of Senator Goldenberg, as the Senate had asked us to do. I explained the contents of that report in a speech before the Senate in late November. Senator Flynn adjourned the debate and has not seen fit, since then, to resume the debate and contribute, as quickly as possible, to a reform of the Senate.

Hon. Jacques Flynn (Leader of the Opposition): On a question of privilege: I adjourned the debate but I have never stopped anyone from speaking.

Senator Lamontagne: But you yourself never spoke on the issue!

[Senator Asselin.]

Senator Flynn: Because I had nothing to say in the light of the position taken by the Prime Minister, at least at the start, in his proposed constitutional reform where he wanted to limit the power of the Senate to 60 days so that he could eventually abolish it, that is all. Since then, he has had a change of heart and once again, he has new ideas. So, I am waiting; if anyone wants to reopen the debate, he is free to do so. I have never prevented anyone from doing so.

[*English*]

ENERGY

CANADIAN OIL SUBSTITUTION PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question raised on May 26 by Senator Donahoe which concerned the Canada Oil Substitution Program.

I would like to inform the honourable senator that I have consulted with my colleague, the Minister of Energy, Mines and Resources, who has advised me that this program is not indexed to 1980 costs. I can say, however, that the Canada Oil Substitution Program will be reviewed from time to time and that indexing could be considered at a later date.

SASKATCHEWAN—OIL WELL SERVICING ASSISTANCE GRANT PROGRAM

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have a delayed answer in response to a question raised on May 19 by Senator Balfour which concerned Saskatchewan's Oil Well Servicing Assistance Grant Program.

My colleague, the Minister of Finance, has informed his counterpart in Saskatchewan that the federal government cannot exempt this grant from federal corporate taxes. There has been a long-standing principle in federal tax policy that, where amounts are received in the form of grants or other government assistance that are in respect of expenses or capital expenditures, taxpayers be allowed to deduct, or write off, only the amounts of their net costs.

The federal government believes that the appropriate way to alleviate the difficulty that some oil well operators are facing for marginal wells is a speedy settlement of the energy issues between the provinces and the federal government. I remain optimistic that this settlement will soon be arranged.

ECONOMIC DEVELOPMENT

FEDERAL AID FOR CONSTRUCTION OF TRADE AND CONVENTION CENTRES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a rather long reply to a question asked by Senator Nurgitz on April 9, 1981, concerning the Winnipeg Convention Centre, which I ask be incorporated in the record of today's proceedings.

Hon. Senators: Agreed.

(*The answer follows:*)

Over the past several months there have been a number of questions raised in the Senate concerning a federal contribution to the City of Winnipeg to assist the city in carrying the financing charges for the existing trade and convention centre.

The City of Winnipeg has approached the federal government with several requests to provide a post facto contribution to the cost of construction of the centre which was completed in 1976 as a joint city/province undertaking. The city's requests have covered two areas: first, a request for a contribution equivalent to 25 per cent of the original cost ($23.7 million); second, a cancellation of the remaining installments of a 20-year debenture sold to the federal government in the amount of $1,854,-943.92, carrying an annual interest rate of 6.9 per cent.

With regard to the former request, as the convention centre was not built within the time frame of the program, and as the program was established to assist in the construction of new convention facilities, a positive response to this request would not be feasible under the Industry, Trade and Commerce program of assistance to the capital costs of construction of convention centres. With regard to the latter request, the Department of Finance has indicated that it is not willing to forgive the remaining installments on the debenture.

Mayor Norrie of Winnipeg has been advised that, in the event the City of Winnipeg wishes to expand the convention facility, a request for assistance in the cost of expansion would be reviewed by Cabinet with the following points in mind: first, current commitments from the fund for new construction in Vancouver, Toronto and Montreal; and second, consideration to actual and anticipated proposals from cities planning new facilities. Mayor Norrie has also been advised that any federal assistance toward expanding the existing centre would require an equivalent in provincial assistance.

On March 26 Mayor Norrie wrote to the Minister expressing his surprise at the government decision to grant financial assistance to Halifax, Windsor, Hamilton and Charlottetown. He made a particular point that the $300,662 granted to Windsor was toward the renovation of the existing Cleary Auditorium. In his response of April 14, Mr. Lapointe noted that these contributions were made possible by an unforeseen limited cash flow in fiscal year 1980-81 and the capacity of the four centres to meet all conditions. In the case of Windsor the contribution was not for the renovation of the existing Cleary Auditorium, but rather for the addition of exhibit and meeting space in a building being constructed adjacent to the Cleary Auditorium. Finally, the Minister mentioned that a proposal from the City of Winnipeg for assistance in expanding the existing convention centre could be reviewed by Cabinet in the context of commitments already made for funds for new construction as well as those proposals from cities planning new facilities.

TRANSPORT

AIR CANADA AND CP AIR—OTTAWA-TORONTO AND MONTREAL-TORONTO FARES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Benidickson on April 14. The question was: Why do return flights between Ottawa and Toronto now cost Air Canada and CP Air passengers $20 more than the return flight on the same airlines between Montreal and Toronto?

As a general rule, both Air Canada and CP Air use a national pricing formula when applying to the Canadian Transport Commission for approval of their domestic air fares. With few exceptions, this approach results in Canadians across the country paying the same amount for comparable services.

As a competitive response to an innovative excursion fare offered by Nordair in the Montreal-Toronto market, Air Canada and CP Air recently introduced a matching $124 return excursion fare, which requires passengers to make the return trip within a week and no later than the first Friday. Although Air Canada and CP Air do not offer this particular fare in the Ottawa-Toronto market, both carriers offer a wide range of other fares in this market which may be less or more expensive, depending on the associated travel conditions. However, when comparing like fares with like—and this is the only appropriate basis for comparison—there is no anomaly in the Montreal-Ottawa-Toronto fare structure. For example, the current, as of June 2, 1981, lowest Ottawa-Toronto return excursion fare is $80. This is $11 less than the comparable fare in the Montreal-Toronto market.

● (2120)

OTTAWA-NEW YORK ROUTE—DESIGNATION OF AIR CARRIER

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Benidickson on April 14, 1981, concerning the Ottawa-New York air route.

The Air Transport Agreement between Canada and the United States gives a U.S. carrier the right to operate between Ottawa and New York. The Minister of Transport has urged the U.S. authorities to determine as quickly as possible whether there are any U.S. carriers interested in exercising this right. The Canadian government has proposed that if a suitable U.S. carrier is not found after a reasonable period of time, then a new Canadian route between Ottawa and New York be established and operated by a Canadian carrier. This proposal is under active consideration by U.S. officials.

On the same date Senator Benidickson asked a question concerning the general advantages and disadvantages of regulation versus deregulation in both Canada and the United States. The answer is rather long, and I ask that it be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

Although it is too early for a definitive assessment, preliminary indications are that deregulation in the U.S. is having both positive and negative results. Proponents of airline deregulation claim that it has decreased fares, increased traffic, generally improved efficiency and service, minimized the effect of rising costs, and is a source of industry profitability. Its opponents point to a decline in service to small communities by large airlines and warn that deregulation has led to overcapacity on major routes, industry instability and mergers, citing the sharp reduction in industry profits in 1979 and 1980 in support of these concerns.

In recent years we have witnessed greater competition in Canada, through relaxed market entry controls and pricing flexibility, particularly in the larger markets. Any future moves towards deregulation in Canada will be influenced by the effects of increased competition on Canadian airlines and by the U.S. experience with deregulation, both of which are being closely monitored. Interestingly, a recent Transport Canada review indicates that the level of direct competition between carriers in comparable Canadian and U.S. markets is generally similar. Also, air fares in 1979 and 1980 were typically lower in Canada than domestic U.S. fares, whether currency differences were taken into account or not.

FOREIGN AFFAIRS

LEBANON—CURRENT SITUATION—STATEMENT BY GOVERNMENT LEADER RE GOVERNMENT REFUGEE POLICY

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Bosa on May 26, concerning the situation in Lebanon.

Canada deplores the violence in Lebanon and has called on all parties to the conflict to refrain from further hostilities. Canadian concern has been brought to the attention of the Lebanese, Syrian and Israeli governments. Canada would support any reasonable proposals to resolve the crisis. We earnestly hope that the Habib mission will reach a successful conclusion and that more bloodshed will be avoided and stability restored. We are monitoring the situation carefully through daily reports from our embassy in Beirut.

Our embassy continues to function as normally as possible under the circumstances. Dependents and non-essential personnel, who were given the option to leave Beirut some days ago, have now done so; 14 Canadians remain on duty in Beirut. The Secretary of State for External Affairs issued a press release on this subject on April 9, and on April 29 he announced a contribution of $100,000 by CIDA to the International Committee of the Red Cross for humanitarian relief.

CANADA-FRANCE RELATIONS—ST. PIERRE AND MIQUELON

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a delayed answer to a question asked by Senator Marshall on May 26, concerning the current status of the negotiations on St. Pierre and Miquelon.

Negotiations with France have been pursued, on and off, since 1972. The most recent round of discussions took place in Paris on May 6-7, and are expected to resume in Ottawa in the fall. In Paris, the Canadian delegation made it clear to the French side that we are not prepared to accept unrealistic, exaggerated claims of anything even approaching a 200-mile economic zone around these small islands located right off the coast of Newfoundland. While prepared to contemplate a very limited economic zone around the islands in the context of a negotiated settlement, the French must accept that the classic "enclave situation" of their North American possession does not entitle them, either under international law or international practice, to any extensive zone of maritime jurisdiction.

Then a second question was asked: If the negotiated settlement route is not successful, what are the prospects for going to the International Court of Justice or some international arbitral forum? The reply is that at this stage, we are concentrating our efforts towards a negotiated settlement and, pending the results of the next round, it is too early to look at other options.

INTERNATIONAL TRADE

CEREALS—DECLINE IN EXPORTS

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I have a delayed answer to a question asked by Senator Nurgitz on April 1, concerning a report issued by Statistics Canada in the month of February that exports of cereals were down $120 million from January, which I ask be taken as read.

Hon. Senators: Agreed.

(*The answer follows:*)

Exports of cereals other than oilseeds (wheat, including Durum, barley, oats, rye and corn) were 11,835,500 tonnes in the August 1980 through February 1981 period compared with 10,240,600 tonnes a year earlier, according to the Canadian Grain Commission. Exports of cereal grains in February totalled 1,063,400 tonnes almost the same as the 1,078,300 tonnes exported in January. The Commission does not compile statistics on the value of exports but we would expect that value of February shipments to be at least equal to, if not higher than, January values as most sales would have been made in a rising market situation.

We have confidence in the Commission figures as they monitor and record actual loadings as they take place. They also jibe closely with Canadian Wheat Board data obtained from Bills of Lading.

There is a large discrepancy between the Statistics Canada cereal export figure for January of 1,716,000 tonnes and the Commission figure of 1,078,300 tonnes. The Statistics Canada figure is taken from B13 forms submitted to Customs by the exporters, which show prod-

uct, volume, and value. The forms are mailed to Statistics Canada for processing and the information is recorded in the month it is received rather than on the date the form was filed with Customs. There are deviations from actual export loadings for this reason. The comparative figures on cereal exports compiled by the two agencies since the beginning of the crop year are as follows:

	Statistics Canada	Canadian Grain Commission
August	2,168.5	1,925.8
September	1,510.2	2,041.4
October	2,316.5	2,261.8
November	1,576.5	1,923.7
December	1,534.4	1,541.1
January	1,716.0	1,078.3
February	1,025.9	1,063.4
TOTAL	11,848.0	11,835.5

The totals are about the same, which would support the suggestion that time lags in the reporting of the Statistics Canada figures account for the month to month discrepancies.

GRAIN

NEGOTIATIONS RE CROWSNEST RATES

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, Senator Balfour on March 26 and Senator Nurgitz on March 31 raised the question concerning a newspaper report stating that the railways had submitted a new proposal to the government with relation to the Crow rate.

The report referred to by Senator Balfour and Senator Nurgitz is a reiteration of an earlier report by the railways on their financial and capacity requirements, specifically in western Canada, over the next decade. The railways have given this report wide public circulation. This reiteration is an update of an earlier report and is an input in the government's ongoing deliberations on western railway capacity. The issue of the railway's financial and capacity requirements is a matter of current consideration by my colleague, the Minister of Transport.

LABOUR

UNEMPLOYMENT AND MANPOWER RETRAINING— PUBLICATIONS, STUDIES, REPORTS AND COMMISSIONS

Question No. 34 on the Order Paper—**By Hon. Jack Marshall:**

List all publications, studies, reports and commissions contracted or commissioned by the federal and provincial governments over the past ten years concerning (a) the labour market, (b) unemployment insurance, and (c) general manpower retraining programs, relating to (i) women, (ii) the unemployed, and (iii) the handicapped and the disabled.

Reply by the Minister of Employment and Immigration:

Insofar as the Canada Employment and Immigration Commission/Department is concerned, the reply is as follows:

(a) *LABOUR MARKET*

—Canada Works Evaluation Study

—Survey of Attitudes and Behaviour of Employed and Unemployed Youth

—An Analysis of the Low Wage Labour Market in Canada

—An Analysis and Evaluation of Problems, Prospects and Policies relating to Employment and Unemployment and the Functioning of Labour Markets

—Employer Hiring Practices Survey

—An Assessment of the Effects of Alternative Immigration Levels on the Canadian Labour Market and the Economy by Using Econometric Model

—The Toronto Area Earnings Structure: A Study of Wage Differentials

—Domestic Service Occupation

—The Economic Role of Canada's Public Employment Service; An Exploratory Study of Three Occupations in the Toronto Industrial and Trade, CMC Ottawa

—Pilot Study of Employment Trend and Prospects in Canada

—The Manpower Situation among Ph.D. Graduates: Preliminary Findings

—A Guide to the Economics of Scale Controversy

—Canadian Labour Market: A Neoclassical Econometric Approach

—The Impact of Technology on the Manpower Needs of the Canadian Piping Industry in the 1980's

—"Swedish Manpower Policy and Programs, in a Decade of Change 1963-1973" in Canada Manpower Review

—Economic Growth Component

—Evaluation of the Young Canada Works and Summer Job Corps Programmes

(b) *UNEMPLOYMENT INSURANCE*

—Unemployment Insurance/Revenue Canada Taxation Interface

—An Exploratory Examination of Selected Aspects of the Work and Role of Investigation and Control Officers

—The Impact of the 1971 Unemployment Insurance Act on Work Incentives and Aggregate Labour Market

—The Operation of the Canadian Labour Market and the Impact of the 1971 Revision of the Unemployment Insurance Act

—Examination of the Impact of the 1971 Unemployment Insurance Act on Labour Force Activity

—Tri Area Survey of 8-11 Weekers

—"Tough is Right" and "Tougher Still"

—Employer Survey

U.I. (Work Sharing)

—Atlantic Sleep and Summer Tire

—Rubin Bros. and IKO Industry

—Simmons Ltd.

—Forano

—Falconbridge Met.

—Atlantic Bridge

—Brunswick Mining

—Tourbec

—Neon Projects

—Wholesale Industries

—Picker-X-Ray

—Wescraft Manufacturing Ltd.

(c) *MANPOWER RETRAINING PROGRAMS* (i) *WOMEN*

—Career Orientation for Women

—Language Needs of Immigrant Women

—Women in Trades Training

—Training Needs and Directions of Women Utilizing Employment Centres in Alberta

—Female Occupational Prestige

—The Female Professional Engineer Career Indentification and Professional Development

—Cooperative Education and the Integration of Women into the Canadian Labour Force

—Female Job Seekers of Thirty-Five Plus

—Determinants of the Labour Force Participation of Married Women in Canada

—Women's Participation in Apprenticeship Training

—Women in Non-traditional Jobs: A review of Manpower Policies and Programs

(c) *MANPOWER RETRAINING PROGRAMS* (ii) *UNEMPLOYED*

—An Examination of Intrinsic Motivation in Unemployed Male Adults

—Equalizing Opportunities for Youth—For A Smooth Transition from School to Work and Adult Life

—Survey of Characteristics of the Employed, Unemployed and Marginally Employable Labour Force in Saskatchewan

(c) *MANPOWER RETRAINING PROGRAMS* (iii) *HANDICAPPED AND DISABLED*

—Instructional Response to Adults with Learning Disabilities

—Evaluation Program for the Hearing Impaired

—Program for the Hearing Impaired

—Evaluation and Assessment Program—Disadvantaged Adults

—Some Applications of Operant Conditioning Techniques in a Vocational Rehabilitation Centre

—Actuarial Forecast of Vocational Habilitation of Mentally Retarded Youth

—Manpower Survey of the Deaf Population in the Greater Montreal Area

—Analysis of Principal Occupations in which Blind People are Employed

—Attitude Toward the Hiring of Socially Disadvantaged Persons

—Program for Hearing Impaired—Curriculum Development

—Evaluation of Alberta College Programs for the Hearing Impaired

—An Evaluation of an Orientation and Assessment Program for Identifying Training Needs and Potential of Disadvantaged Adults

—Evaluation of the Training on the Job Program for the Disadvantaged

—Preparation of a paper on research findings, needs and priorities in the area of disadvantaged or employment problem groups.

OTHER MATERIAL RELATING TO ONE OR MORE OF THE ABOVE CATEGORIES

—Canadian Agricultural Training Materials Inventory

—Professional Development of Basic Training for Skill Development Instructors

—Improved Teaching of Reading for Adult Students

—Implementation of Reading Project for Adult Basic Education

—Learning Materials for English in Acamedic Upgrading—Manual and Computer Assisted Instruction

—Orientation Program for Adult Learners

—Training Program for Small Businessmen

—Pickle Lake Development

—Home Management Education Program—DACUM Chart

—Life Skills Coach Training Program

—Follow-up of Keyeano Pre-employment Training

—Native Economic Development Worker Training

—Skill Development Research Project

—Re-entry Program

—Creating a Career-Course by Newspaper

—Career Search Model—An Integrated Approach

—A Pilot Project to Establish a Singer Vocational Evaluation System Capability for Canada Manpower Training Program Clients

—Singer Vocational Evaluation System

—Develop a Modularization Curriculum for Preparation of Teachers of Adults

—Program for Teachers/Instructors of Adults

—On-The-Job Training Techniques

—Adult Vocational Teacher Education Curriculum (Phase II)

—Skill Development Courses—Native People

—Program Development for Work Adjustment Training

—An Analysis of the Concept of Training Programs

—The Socio-Economic Characteristics of Adult Illiterates in Canada

—A Pilot study of Three Apprenticeable Occupations

*-Projet de cadre conceptuel en vue d'une recherche sur les facteurs qui soustendent la décision de suivre un programme d'apprentissage et les facteurs qui influencent la décision d'abandonner

—Occupational Licensing in Canada: Its Purpose and Impact in Some Selected Trades

—Apprenticeship in a Labour Market Context

—Examination of the Degree of Linkage between Apprenticeship and Other Systems for Occupational Skill Development

—Retraining Programs in Canada as a Method of Minimizing Cyclical and Seasonal Unemployment, Phase II

—The Ontario Study of Vocational—Technical Training

—Measurement and Prediction of Success in Vocational and Technical Training Programs using Non-Verbal Material

—Differential Validities for Shop Courses

—Construction and Utilization of a Simulation Model of the OTA Training System

—Investigation and Analysis of Conceptual and Data Problems Underlying a Study of the Use of Retraining as a Contra-Seasonal and Anti-Cyclical Tool

—Feasibility of Using Benefit/Cost Analysis to Compare Efficiency of Institutional Classroom Training and On-the-Job Training at a Training Project Level

—Conceptual Problems and a Theoretical Framework for Analyzing the Distribution of Benefits from Government Assisted Training-in-Industry

—A Follow-up Survey of the Post-Training Labour Market Experiences of 1,189 individuals who were Enrolled in the Industrial Division of the Three Manitoba Centres in January and February 1968

—Evaluation of the Manitoba Adult Reading Program

—The Utilization and Needs of Manpower in the Social Work Services in Saskatchewan

—An Analysis of the Impact of Specialization on Apprenticeship as a System of Training

—Research Project on the Factor Underlying the Decision to Enter an Apprenticeship and on the Factors Underlying the Decision to Drop-Out

NOTE: All the above were prepared in English only, with the exception of the one which is indicated by an asterisk. That study was prepared in French only.

Reply by the Minister of Labour:

(a) (i) 1970—Working Mothers and Their Child Care Arrangements

1975—Part-Time Employment—Canada

1977—Study on Differentials in Income of Men and Women

1977—The Feasibility of Constructing a Profile of the Non-Unionized Canadian Workforce

Reply by the Minister of Supply and Services (the Minister responsible for Statistics Canada):

Statistics Canada reports:

1. (a) and (b)

The Guide to Federal Government Labour Statistics contains a list of all studies and surveys undertaken by Statistics Canada and some other federal departments covering various aspects of (a) the labour market and (b) unemployment insurance. In most cases the title of the study or survey is given, followed by the titles of associated publications and reports, and a description of the type of labour data contained in each publication.

(c) To be answered elsewhere. (Employment and Immigration)

Reply by the Minister of National Health and Welfare:

Insofar as the Department of National Health and Welfare is concerned:—

Nil.

NATIONAL REVENUE

NEWFOUNDLAND—APPLICATIONS UNDER SPECIAL INVESTMENT TAX CREDIT PROGRAM

Question No. 47 on the Order Paper—**By Hon. Jack Marshall:**

Have any applications been received from the Province of Newfoundland, under the Special Investment Tax Credit Program for areas of greatest disparity and, if so, give (i) a list of applicants (ii) the number of approvals (iii) the amounts of money requested.

Reply by the Minister of National Revenue:

(i) Names of applicants cannot be released due to the confidentiality restrictions of the Income Tax Act.

(ii) and (iii) Number and amount of credits allowed on assessment:

Investment Tax Credit — Newfoundland

Tax Year	Individuals		Corporations	
	Number	Amount of Credit	Number	Amount of Credit
		$		$
1977	89	43,000	*	934,000
1978	228	104,000	91	723,000
1979 (preliminary)	†	581,000	129	4,616,000

Notes:
*Not recorded
†Not available yet

(1) Statistics presented are for those years available.
(2) Statistics are accumulated for those individuals who resided in Newfoundland at December 31 of the year, and for those corporations that filed a tax return in a Revenue Canada, Taxation office of Newfoundland. The credits may not then be in respect of investment in the Province of Newfoundland.

TRANSPORT

NEWFOUNDLAND—ALLOCATION OF MONEY AND PROJECTS UNDER URBAN TRANSPORTATION ASSISTANCE PROGRAM

Question No. 62 on the Order Paper—**By Hon. Jack Marshall:**

Under the Urban Transportation Assistance Program and since its inception in 1978-79 (i) how much money has been allocated to the Province of Newfoundland (ii) what projects were provided for the District of Humber-Port au Port-St. Barbe?

Reply by the Minister of Transport:

	Total Estimated Cost	UTAP Share
Corner Brook:		
New Buses	$ 615,515	$ 492,412
Bus Stop Signs	4,400	3,520
Bus Terminal	115,000	92,000
Bus Shelters	35,000	28,000
Transit Study	51,200	40,960
Transit Garage	672,200	537,760

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, October 23, 1980, the debate on the motion of Senator Austin for second reading of Bill S-11, to amend the Canada Elections Act.

Hon. Lowell Murray: Honourable senators, I regret having to proceed in the absence of the sponsor of the bill, Senator Austin, who, I understand, is out of the country on public business. I had given him an undertaking that I would let him know when I was going to deal with his bill, and when I tried to do that today I discovered that he had already left Canada.

However, I feel I can proceed in good conscience, first of all, because he has been urging me privately for some time to reopen the debate which I adjourned some time ago. Secondly, there is nothing in what I have to say to which he or anybody else, in my opinion, can take serious exception. Thirdly, I think it is appropriate for us to move this bill forward, because we may be nearing an adjournment of Parliament for the summer—at least, that is what one hears in the corridors. Finally, I note from newspaper speculation in the last day or two that Senator Austin is one of two senators from British Columbia—the other being Senator van Roggen—who are being considered for elevation to the cabinet as British Columbia's representative to replace Senator Perrault. I was not aware that Senator Perrault had any plans to go anywhere.

Hon. Royce Frith (Deputy Leader of the Government): There are no such plans. Why don't you stop right there and go on with your speech.

Senator Murray: I also note from the same newspaper article that Senator Frith, who has just intervened, is being groomed to take over the leadership of the government in this place. All of this is right for the mill, and I think it is important to move this bill ahead before Senator Austin joins the cabinet and changes his mind, as Liberals frequently do.

Senator Frith: This is all according to "Prime Minister Douglas Fisher."

Senator Murray: The evil that this bill proposes to eradicate is, I believe, fairly well understood by honourable senators. The sponsor described the terrible sense of inefficacy and alienation that was felt by western Canadians on election night when they turned on their television sets and radios as the polls closed in western Canada only to find that a government had been elected and the issue had been decided even before their own votes had been counted.

There is another problem to which Senator Austin alluded, and which, I believe, is at least equally serious. It happens that broadcasting stations in the United States who, of course, are beyond the reach of the Canada Elections Act, are able to broadcast election results from eastern Canada into western Canada hours before the polls close in that part of the country.

In the last few years, I think recent Parliaments have made very good progress on some aspects of political reform and of

electoral reform. The spending limitations that have been imposed on national parties and on candidates have been good, in my opinion, and in no way impair our ability to conduct campaigns. We restrict advertising now to the final 28 days of the campaign, which can only be regarded as a godsend insofar as the long-suffering viewers and listeners in the country are concerned.

The provision of public funds to national parties and to local candidates, and the institution of a tax credit in respect of donations to political parties, have given our political parties the opportunity, if they want to take advantage of it, to make the system as a whole more democratic, and to make themselves much more effective at the constituency level if they wish that.

• (2130)

Our election law seeks to invest that final act of voting, when the citizen is alone in the privacy of the polling booth with his or her conscience, with as much dignity and, indeed, solemnity as possible, and to keep it as free of extraneous influence or pressures as possible. We black out television and radio advertising 48 hours before election day. We go so far as to forbid the use of campaign signs and party insignia near the polling stations. One of these days we may even get around to trying to deal with the activities of professional pollsters during the writ period.

So the problem that I raise, and which Senator Austin has alluded to in his speech—that of the United States broadcasting stations broadcasting election results from eastern Canada into western Canada hours before the polls close there—is, in my opinion, a real problem, and I think it is appropriate for us to take some legislative action on it. I say that without necessarily committing myself to every detail of the bill before us.

Bill S-11 provides that the polls will remain open for 11 hours on election day, as is now the case, but that the times would be different in the different time zones across the country. The result is that the polls would close in British Columbia and the Yukon one and a half hours after the polls close in Newfoundland, instead of four and a half hours, as is the case now.

Senator Austin adds a new wrinkle in his bill. He would provide that the counting of the ballots would begin no less than one hour after the closing of the polls. The effect of that, which is very relevant to the problem of the American broadcasting stations beaming results to western Canada before the polls close, is that the count would not begin anywhere until the polls had closed everywhere.

Obviously, honourable senators, no one wants to create a new evil in eliminating an old one, and if I support this bill it is because I do want to see discussion go forward on all the possible hardships and inconveniences that might be created. In particular, I think a committee of this place or the other place should hear from those most directly affected and concerned, such as the voters, the representatives of the various political parties, and the Chief Electoral Officer and his staff.

For example, no change is proposed by Senator Austin in the hours of voting in Quebec, Ontario, Manitoba and eastern Saskatchewan—that is to say, in the eastern and central time zones, where the polls would be open from 9 a.m. to 8 p.m., as they are now. In the mountain region, the polls, under Bill S-11, would be open from 8 a.m. to 7 p.m.

It seems that the greatest possibility of hardship would exist at the extremities of the country—that is to say, in the Atlantic provinces and British Columbia. For example, in Newfoundland the polls would open at 10.30 in the morning, when most Newfoundlanders, I believe, have already done half a day's work, and close at 9.30 in the evening. Newfoundlanders would then have to wait for an hour before starting the count. That would take them to 10.30 p.m. What would happen between 9.30 p.m. and 10.30 p.m. I don't know. Perhaps it could be called a happy hour, or perhaps not. One would have to give some thought to that problem. But seriously, that makes a long day for what are called DROs, Deputy Returning Officers, and scrutineers, not to mention the candidates, their supporters and the general public.

In British Columbia the polls would open at 7 o'clock in the morning, according to Senator Austin's bill. That is quite early, particularly in some of the larger ridings in that province, to ask your election personnel and staff to be on the job.

I think we all understand that the ability of the various parties to recruit partisans to do the myriad jobs that have to be done in connection with the campaign, and on election day, is a function of the enthusiasm that our supporters feel in a given election. There is a continuing problem, I think it fair to say, in recruiting people to do the jobs that have to be done under the supervision of the Returning Officer and the Deputy Returning Officer. The pay is not great, and I found in the last couple of elections that in many constituencies the Returning Officers and the Deputy Returning Officers had a difficult time recruiting people to do some of those jobs. I wonder whether the awkward hours that this bill would create in some parts of the country might make it more difficult.

There is an added problem in that the bill deals with time zones. We must observe that there are five provinces in this country in each of which more than one time zone applies. In connection with this bill, the two provinces that would be concerned would be Saskatchewan, which exists in both the central and mountain time zones, and British Columbia, where mountain and Pacific time zones apply. So, under this bill, what we would have in both of those provinces would be different opening and closing times in different parts of the provinces. I raise the question for later consideration as to how much, if any, confusion or of a problem this would create.

Honourable senators will be aware that there are other bills similar in intent although different in detail in the mill in the other place. I have one here, Bill C-626, which was given first reading in the other place on January 26, in the name of Mr. Kilgour; and another, Bill C-237, in the name of Mr. William Clarke, introduced on May 2, 1980. Both of those, of course, are private members' bills. Mr. Clarke's bill would reduce the hours available to vote from 11 to eight, and he would have the

polls open simultaneously across the country and close simultaneously. This would mean that in Newfoundland, for example, the polls would open at 12.30 noon and close at 8.30 p.m.; and in British Columbia they would open at 8 o'clock in the morning and close at 4 o'clock in the afternoon.

The argument has been made that reducing the voting hours from 11 to eight would necessitate the creation of additional polling districts, or at least polling stations, in order to relieve congestion at the polls, and that in some areas—British Columbia, for example—it would be necessary for Parliament to legislate more time for employees to leave work in order to vote. A committee of this place or the other place could hear those arguments about what I call the Austin bill, Bill S-11, as well as the alternatives.

● (2140)

I note that the government has Bill C-58, an act to amend the Canada Elections Act, now before the other place. I am disappointed that the government did not see fit either to incorporate Senator Austin's bill or to address in some other way the problem Senator Austin's bill tries to address, because I repeat, and I insist, that I believe it is a serious problem in terms of national unity, as Senator Austin has pointed out. But, more than that, it is also a serious problem in terms of the dignity, solemnity and, generally, the atmosphere we want surrounding election day in this country. I refer again to the problem of broadcasting results to western Canada long before the polls have closed there.

If the government has some objections to Bill S-11 or to this idea, we should know what those objections are. There is some cause to believe that for various reasons, perhaps for some of the reasons I have noted, the Chief Electoral Officer is cool to the idea, but, I repeat, if the government has objections, then let government spokesmen say what those objections are. If the government has a better idea, then let those spokesmen come forward with that better idea. Indeed, if any honourable senator has a better idea, let him or her give it to us in the course of this debate.

My point is that the problem the bill addresses is serious and it is appropriate for us to take legislative action on it. As I have said, without committing myself to every detail of this bill, I hope that the government and all honourable senators will approach the bill in that spirit.

Hon. W. M. Benidickson: Honourable senators, I should like to put a question to the Honourable Senator Murray. When Senator Austin introduced this bill and spoke to it on second reading, did he indicate which committee of the Senate might have this bill referred to it? Has Senator Murray himself some idea of which committee of the Senate should study the bill after it has had full debate at the second reading stage in this chamber?

Senator Murray: To the best of my recollection, Senator Austin has not suggested that the bill be sent to a committee. Nor do I have a committee in mind. I am aware that at least one other honourable senator, and perhaps two, might wish to enter this debate. Perhaps at a later stage, and after some consultation between leaders, we could agree on whether to send this bill to committee and, if so, to what committee. I did not make the suggestion myself because I somehow wondered whether it would be preferable to let a matter which, after all, has to do with elections be discussed in a committee of the other place. However, I leave that for further consideration.

Senator Frith: Honourable senators, I propose to adjourn the debate unless someone else wishes to.

Hon. John M. Macdonald: I should like to adjourn the debate.

Senator Frith: Very well. I will not adjourn the debate, but I should like to ask Senator Murray a question. If I understand the essence of his intervention on this bill, it is that he agrees that the problem addressed by the bill is serious and should be dealt with by electoral reform, and I agree with him.

He also invited any other senators who intervene in the debate to come up with a better idea, if they have one. Senator Murray is certainly one of our resident experts in the Senate on electoral reform. I do not say that with any sarcasm at all, but quite sincerely. Does Senator Murray himself have a "better" idea, as he has suggested others might have, or is he studying the matter, or is the matter something he wishes to discuss in committee? Other than the points he has made, can he give us any other direction he thinks we should be taking, other than the direction taken by Bill S-11? Does he feel that it is a matter of tinkering with these hours, or does he accept the concept of the hours, and does he have an idea as to how they might be improved?

Senator Murray: I do not see how we can deal with the problem without some kind of what has been called "universal election day clock." I would vote for this bill right away, if I could be convinced that the hardship and the inconvenience that will be caused, particularly in the Atlantic provinces and in British Columbia, will not be too great. In that respect I am encouraged by the fact that the bill was sponsored by a senator from British Columbia. However, I would want to hear from voters, representatives of political parties and the Chief Electoral Officer on that subject.

On motion of Senator Macdonald, debate adjourned.

EXCISE TAX

PRELIMINARY REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON SUBJECT MATTER OF BILL C-57—DEBATE CONCLUDED

The Senate resumed from Tuesday, May 26, 1981, the adjourned debate on the inquiry of Senator Barrow calling the attention of the Senate to the Preliminary Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-57, intituled: "An Act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas", tabled in the Senate on May 19, 1981.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I propose that this inquiry be treated as

having been debated. I do so for the following reasons: There have been only two interventions in the debate on this report. The deputy chairman of the committee, Senator Barrow, introduced the report and spoke to it. Senator Roblin then spoke to it. I have since spoken to Senator Roblin, who feels that for the moment he has said everything he wishes to say respecting the report, and he agrees that the matter should now be considered as having been debated. That is the first reason.

The second reason is that I understand there is a good chance we will receive the bill itself next week, because there has been a time allocation notice given in the other place for Bill C-57. If that proceeds in the normal course, we will probably have the bill next week, or the week after, when I expect we will have a number of bites at it.

For those reasons I suggest that this particular item on the Order Paper be considered as having been debated.

Hon. Senators: Agreed.

The Hon. the Speaker *pro tem:* As no other honourable senator rises to speak, or wishes to adjourn the debate, I declare the inquiry debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 2479*)

NORTHWEST ALASKAN PIPELINE COMPANY

May 21, 1981

Mr. Hal L. Siegele
Senior Vice President
Exxon Company, U.S.A.
800 Bell Street
Houston, Texas 77001

Mr. Frank E. Mosier
Senior Vice President
Sohio Gas Pipeline Company
1750 Midland Building
Cleveland, Ohio 44115

Mr. E. M. Benson, Jr.
Vice Chairman of the Board
Atlantic Richfield Company
515 South Flower Street
Los Angeles, California 90071

Re: Project Financing Plan—Alaskan Pipeline and Gas Conditioning Plant

Gentlemen:

Over the past several months, we have worked constructively with you to develop a mutually agreeable formulation of the concepts underlying a financing plan for the Alaska segment of the ANGTS, and the conditioning plant necessary for transport of Prudhoe Bay natural gas to the lower 48 states. In January, 1981, Exxon presented to the transmission company sponsors of the Alaska segment, on behalf of Exxon, Arco, and Sohio, a conceptual approach to financing which the producing companies could support in a joint approach to the financial community.

After extensive negotiations with you, and giving effect to our mutually held view that time is of the essence in taking a financial plan to prospective lenders and receiving their reactions, the Alaskan Northwest partners are now prepared to utilize your suggested approach as the basis for the discussion of a financing plan for the pipeline and plant with the financial community.

To insure a complete understanding concerning this approach, let me summarize the concepts which would be presented to the financial community at the earliest practicable date:

1. For purposes of financing, the "as spent" cost of the Alaskan pipeline will be $21 billion, and of the plant will be $6 billion. In addition, a pre-committed completion assurance pool of $3 billion will be formed.

2. The debt/equity ratio for all capital investment will be 75:25.

3. The investment limits of all participating companies will be defined from the outset. As a group, the transmission companies will provide equity in an amount not to exceed $5.25 billion. As a group, the producer companies will provide equity in an amount not to exceed $2.25 billion, and be further responsible for arranging for an amount of debt not to exceed $6.75 billion.

4. The Alaskan Northwest partners will own 70% of the pipeline and the plant, and the producing companies will own 30% of the pipeline and the plant. Equity commitments to the completion assurance pool will be made on the same 70:30 ratio.

5. Debt funds (pipeline and plant) will be sought on a project credit basis. The transmission group will be responsible for arranging for $15.75 billion in project debt. The producer group has accepted responsibility for arranging for $6.75 billion in additional project debt. The debt which the producers are responsible for arranging will be accorded terms and conditions equivalent to those accorded other project debt.

6. Each company's participation will be subject to satisfaction of conditions precedent, namely

—The conditioning plant will be included as part of the Alaska segment of the ANGTS.

—Each company's investment will be limited to a sum certain defined in the financing plan.

—All debt and equity participants will issue firm commitments, acceptable to all other participants, prior to construction of the pipeline or plant.

—All necessary governmental approvals and authorizations will be issued and accepted by the participants.

—All parties are assured that the project is economically viable.

—All parties are assured that the Canadian segment will be financed and completed without U.S. company involvement.

—Each financing layer will be afforded equal terms and conditions.

The Alaskan Northwest partners believe that this outline fairly summarizes the financing plan concepts, as discussed in our several meetings, and the partners hereby indicate their willingness to present the same to prospective lenders, jointly with producer representatives, as a conceptual basis for a financing decision. The partners reserve for further consideration how the conditioning plant should be included in the project, whether by integration into the ANGTS or as a certificated transportation facility necessary to the ANGTS.

We will proceed forthwith on the basis of this letter in presentations to financial advisors and institutions, and look forward to our first presentation on May 21 in New York.

Very truly yours,

John G. McMillian

THE SENATE

Wednesday, June 10, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENT TABLED

Hon. Raymond J. Perrault (Leader of the Government) tabled:

> Financial statement on the operation and maintenance of the Great Slave Lake Railway for the year ended December 31, 1980, together with a statement showing the net capital investment as at December 31, 1980, pursuant to section 9 of the *Great Slave Lake Railway Act,* Chapter 56, Statutes of Canada, 1960-61.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance, to which were referred the estimates laid before Parliament for the fiscal year ending March 31, 1982. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 2511.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

THE SENATE

STATEMENT BY SENATOR DESCHATELETS

Hon. Hartland de M. Molson: Honourable senators, before we proceed to Question Period I would like to say that certain of our colleagues have asked me to ask you, knowing your unfailing courtesy, to listen to a statement which our former Speaker and greatly respected colleague for 15 years, the Honourable Jean-Paul Deschatelets, wishes to make. It is a statement with which I personally am in complete agreement in every respect. I welcome it most heartily, and ask you to extend this privilege to our colleague.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Jean-Paul Deschatelets: Honourable senators, I am grateful to you for your courtesy which permits me to read the following statement in both English and French.

A number of senators have reached the conclusion that to serve Canada in the fullest sense, and to maintain the balance between representation by population and representation by region, they must take part in any proceedings or votes in the Senate independently and free of partisan dictates.

Those senators believe that principle to have been a fundamental tenet in the creation of a second chamber.

At Confederation, Sir John A. Macdonald said:

> It would be of no value whatever were it the mere Chamber for registering the decrees of the Lower House. It must be an independent House, having a free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch and preventing any hasty or ill considered legislation which may come from that body.

On page 95 of F. A. Kunz's *The Modern Senate of Canada,* speaking of the Right Honourable Arthur Meighen, we find this:

• (1410)

> Following in Dandurand's footsteps he developed the practice of utilizing caucuses in the Senate as little as possible. When he summed up his ideas about the Senate in an article in the *Queen's Quarterly* in 1937, it sounded exactly like Dandurand:
>
> > The Senate is worthless if it becomes merely another Commons divided upon party lines and indulging in party debates . . . Members of the Second Chamber must get away, lift their minds far from those hard-drawn lines of party, or they cannot serve their country.

This concern, honourable senators, has been growing over the last 10 years, and although the constitutional resolution now before Parliament and the courts is not the only reason for this declaration, it has brought that concern into focus.

These senators are not changing party affiliation, nor are they forming or joining a new party, but they desire their role to be in accord with the concept of the Fathers of Confederation.

They desire to be associated only in their individual freedom and individual independence with respect to the discharge of their responsibilities as members of the Senate of Canada.

They would welcome any other honourable senators of whatever party affiliation, or of no party affiliation, who would wish at any time to join in subscribing to this declaration.

I have therefore been authorized by Honourable Senators Cameron, Inman, Molson, Beaubien, Cook, Lang, Deschatelets, Thompson, Bell, Manning, Lafond, Lawson, and Bonnell, who subscribe to this declaration of independence, to request you, Mr. Speaker, to permit them to be seated together in the Senate Chamber.

[*Translation*]

Honourable senators, I want to sum up the essential points of the statement I have just read in English, on behalf of my colleagues.

We believe that over the years we have lost sight of the original role that the Fathers of Confederation expected the Upper House to play, and we believe that the time has come, for us, to serve this institution in a context where our freedom of action will be full and not subject to the discipline of a political party.

Honourable senators, may I say here, as I ask this question: Why do you think that a bill such as Bill C-60, which had to do with the reform of the Senate and gave half of the representation of the Senate to the provinces, was submitted to us? Why do you think that, in the beige paper of the Quebec Liberal leader, the Honourable Mr. Ryan, they raised the possibility of giving the entire representation of the Senate to the provinces under the name of Federal Council? And, in the same breath, I add: What was the idea of the Prime Minister, the Right Honourable Mr. Trudeau—and this has nothing to do with the quality of our work—when he said very recently in Fredericton that over the years the Senate had lost its vocation? Those are questions I leave with you for you to reflect upon.

These honourable senators who accept this philosophy, as I said a moment ago, are not changing party affiliation, nor are they forming or joining a new party; they are simply proclaiming that they desire to be associated only in their individual freedom and independence with respect to the discharge of their responsibilities as members of this House.

Needless to say, if other honourable senators would wish to join in subscribing to this declaration, we would welcome them at any time.

● (1415)

QUESTION PERIOD

[*Translation*]

THE SENATE

PROPOSED MEETING TO CONSIDER SENATOR DESCHATELETS' REQUEST

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, in view of the statement just made by Senator Deschatelets, I could perhaps ask the Leader of the Government if he would agree to discuss with His Honour the Speaker of the Senate how we could best meet the wishes of Senator Deschatelets and his group.

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the government side is always willing to discuss matters at any time.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

STRIKE BY FRANCOPHONE JOURNALISTS

Hon. Jacques Flynn (Leader of the Opposition): I see that the Leader of the Government is much less talkative than usual, because, normally, such a question would have gotten us a speech of half an hour, which would have added nothing to the answer that we got, but which would still have taken up half an hour of the time of the Senate.

My other question concerns another matter, and I can see that the Leader of the Government will be relieved that I do not continue on the same subject.

Hon. Maurice Lamontagne: Ah, ah!

Senator Flynn: Has Senator Lamontagne anything to say? He is reflecting on whether he should join this group, but as I said earlier, he will reflect for a very long time.

Senator Lamontagne: Not as long as you.

Senator Flynn: But your reflections never lead anywhere.

My question follows one which I asked the Leader of the Government approximately two weeks ago about the strike of the CBC francophone journalists. I suggested to him that he might agree to a motion which would ask the Senate Committee on Transport and Communications to look at the problem and perhaps to question the parties involved about it, to see what the trouble is and what could be done to settle a conflict which has lasted far too long.

[*English*]

Senator Perrault: Honourable senators, the proposal by the Leader of the Opposition will be given renewed consideration by the government.

Senator Flynn: Renewed? When did you stop?

PARLIAMENT BUILDINGS

TEMPORARY RELOCATION OF SENATORS IN EAST BLOCK

[*Translation*]

Hon. Martial Asselin: Honourable senators, I would like to direct a question to the government leader. I was wondering whether I should ask it during Question Period or by way of a question of privilege. In any event, I would like to submit my

case to him and, indirectly, to the Chairman of the Senate Committee on Internal Economy, Budgets and Administration, Senator Graham.

Senator Graham and his committee have asked the senators whose offices are in the East Block to move out in preparation for the economic summit—

Hon. Stanley Haidasz: For two days only.

Senator Asselin: For two days only—this, I do not know, but in any event, the senators involved met, discussed the matter and agreed to go along with the request of the chairman and members of the committee to the effect that we would move out of the East Block on June 12 so that they could organize the summit.

We had asked them whether everybody was going to have to move out, including the members of Parliament who occupy the first floor as well as the ministers. We were told that they would.

So I would like the minister to explain how come we have recently learned that senators would have to move out, but that M.P.'s could stay in the building despite the very heavy security measures that will be taken to follow the comings and goings of the heads of state? If this information is correct, why are members of the Senate treated any different from members of the other place?

● (1420)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I appreciate the fact that Senator Asselin provided at least some degree of prior notice of his question. I have been apprised of this situation only very recently by the honourable senator. If there is a difference in the manner in which members of Parliament from the Commons are treated as compared to members of Parliament from the Senate, that will be investigated immediately.

Hon. Joseph-Philippe Guay: Honourable senators, when we dealt with this matter at a meeting of the Committee on Internal Economy, Budgets and Administration, a question was asked of the honourable senator at that time as to whether everybody would have to vacate the building for that particular meeting. We were told that the matter would be looked into. At the next meeting of the committee we were told that everybody would have to vacate the building and, therefore, that we senators would receive equal treatment.

I have to agree with Senator Asselin: now it is an entirely different story. Only the second floor is being vacated, which results in a disadvantage to us. I hope that in the future, when we are told that a certain thing will take place, we will not be misled, as we have been in this instance.

Some Hon. Senators: Hear, hear.

Senator Perrault: Honourable senators, as I stated in reply to Senator Asselin, an inquiry will go forward immediately to determine whether there has been any inequality in the treatment of members of the two chambers.

[Senator Asselin.]

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE

Hon. Lowell Murray: Honourable senators, on December 11 last I moved a motion, which is now item No. 8 on our order paper, which would have had the effect of referring energy matters—the national energy policy—to a committee of this house. In taking the adjournment, the Deputy Leader of the Government indicated that the government was not opposed to doing this.

Some considerable time has now elapsed. I should like to know whether the government seriously intends to allow energy matters to be discussed by a committee of this house, and whether such a committee will have the opportunity to question representatives of the Department of Energy, Mines and Resources, the Department of Finance, representatives of the industry, of the provincial governments and so on, as was contemplated in the motion and in the speech which I made and he heard at that time.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, it is the intention of the government to allow the appropriate committees of the Senate to discuss the National Energy Program. When the honourable senator made his inquiry, we were not facing the likelihood of receiving the two major packages of legislation that reflect the National Energy Program as immediately as we now are. I had hoped that we would have received Bill C-57 and Bill C-48 before this time. However, it now appears likely that next week we will receive Bill C-57, which will be referred to the appropriate committee, and that we may receive Bill C-48 before the summer adjournment.

That is the reason I have been standing this order; not because I disagreed with the principle that the honourable senator advanced when he introduced the inquiry—in fact, I agreed with it, as he has pointed out—but because I think it is better for us to deal with the actual legislation rather than simply the principles of the program. In the event that we do not receive the actual legislation, I think we should go ahead with the inquiry.

Senator Murray: Does the government undertake, then, that when that legislation is referred to the appropriate committee, that committee will have sufficient latitude in calling witnesses from the industry and from the various departments of both the federal and provincial governments, and sufficient latitude to question them not only on the details of the tax bills—which is what they really are—but also on the national energy policy as a whole?

● (1425)

Senator Frith: Honourable senators, the government has no intention to try to restrict the activities of the committee in any abnormal way. So far as the government is concerned, the committee will have the right to make the decisions it always makes with respect to the witnesses it wants to call and the scope it wishes to give to its study of the bill.

Hon. Jacques Flynn (Leader of the Opposition): Will it do so in the normal way?

Hon. G. I. Smith: Honourable senators, as chairman of the committee I am of the impression that the committee decides what witnesses it will call and that the government does not make that decision.

Senator Frith: No, the committee makes its own decision in that respect.

Senator Smith: If that is what the honourable senator said, that is fine. I just want to make sure that is on the record. As I understood you, I thought you said the government makes the decision.

Senator Frith: I thank the Honourable Senator Smith for giving me the opportunity to clear up any misunderstanding. The question was asked as to whether the government intends to give the committee full scope in the calling of witnesses and in its inquiry. My answer was that the government has no intention of trying to restrict the committee in making those decisions. If there was any misunderstanding, that is what I meant to say.

Senator Flynn: The question that remains is whether the government, if it does not instruct the committee, will instruct committee members.

Senator Frith: That would be abnormal.

Senator Flynn: There may be a change following the decision made today by some 12 members on the other side.

Senator McElman: You counted wrong.

FOREIGN AFFAIRS

CANADIAN INVOLVEMENT IN PROPOSED CARIBBEAN ECONOMIC AID PROGRAM

Hon. Heath Macquarrie: Honourable senators, I should like to address a question to the Leader of the Government in reference to the meeting which took place between the President of Mexico and the President of the United States two days ago. Out of that meeting there emerged the suggestion that in reference to the extensive plan for the economic aid program for the Caribbean there would be some Canadian involvement, or that, indeed, that would be a desirable goal. Has the Government of Canada heard anything about that suggestion? If so, what is its response to it?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have received no advice from my cabinet colleague, the Secretary of State for External Affairs, with respect to that matter. As soon as a message is received here it will certainly be reported to the Senate.

GRAIN

CANADIAN WHEAT BOARD—ANTICIPATED ANNOUNCEMENT OF INITIAL PRICES

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I should like to address a question to the Minister of State for the Canadian Wheat Board on a matter domestic to western Canada and inquire whether he expects to make an announcement respecting the initial prices that will be offered for wheat and other grains.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am not certain that I can put a date on it at this time. The necessary action by the Governor in Council has not been taken, but the honourable senator can rest assured that it will be done in advance of the new crop year.

Senator Roblin: May I ask the Honourable Minister of State for the Canadian Wheat Board if he is proposing a change from what has usually been the case with respect to the announcement of prices? If my memory is correct, the announcement of the initial price for wheat is made at the time of seeding, or thereabouts, because some farmers use that as a market indication or a planning indication. Has there been a change of policy in this respect?

Senator Argue: Well, the change this year will speak for itself. Last year, in April, I announced the initial prices that were to prevail on August 1 of that year. Because the market conditions were not entirely clear at that time, so far in advance of the market, I had to announce a low in initial price. I was able to make a further recommendation before the beginning of the crop year that resulted in an increase in the initial price over the first announcement.

This year I decided that, if the announcement were to be made early, it would at that time—and I made that clear—have necessitated quite a large drop in the price as related to the adjusted price, and I felt that those signals which would go from that announcement might be wrongly interpreted, because I felt then, as I feel now, that the outlook for the grain market was very buoyant and that it was wise for me to recommend, as I did, an increase in spring wheat acreage and an increase in barley acreage. Those increases, or increases along those lines, have certainly taken place.

I see no reason at this time to withdraw or to amend anything I said earlier. All I can say to the honourable senator at this time is that the effective initial prices will be announced in advance of the crop year.

• (1430)

Senator Roblin: Honourable senators, if I may make a final point with my honourable friend, I would ask him if he would reconsider his decision, because it is perfectly true that he has recommended that farmers increase their wheat acreage by 10 per cent and their barley acreage by 6 per cent. Of course, the question of price is highly significant. Many of the farmers who communicate with friends of mine have indicated that it is helpful if they have some idea of what the initial price will be because it is useful as a management tool.

For years we have followed the other process whereby the farmers are given in advance a reasonable statement on what the prospects look like. Because some very large sales have already been consummated this year, we have some idea of where we stand. I would ask my honourable friend to reconsid-

er and advise him to make an early announcement on this matter.

Senator Argue: I am not sure whether the honourable senator is talking about this year or another year, but to forecast the prevailing prices of the new crop year, one would have had to make a judgment in January. I have said, and I repeat, that while there are experts and there are experts, I really do not know of any expert who would be able to say with any degree of certainty in January what will be the prevailing wheat price and, therefore, what the initial price should be in relation to those prevailing prices for the next 18 months.

I believe that the wheat prices thus far in 1981 underline my very statement. If I remember correctly, in early January the price was approximately $270 per tonne for wheat. While I have not checked today's prices, the price for No. 1 CW, 13.5 per cent protein, is around $235 to $240 per tonne. These factors and the fact that there has been a very major drop in wheat prices since the beginning of this year should be taken into account.

I do not believe that the farmers should have to depend on a politician in Ottawa to forecast what wheat prices are likely to be. All I can say is that I hope that the Canadian Wheat Board will be able to recommend prices that are a fairly high percentage of the prices that currently prevail.

Senator Roblin: My honourable friend seems to have no difficulty in recommending what volume should be sowed, and he is quite able to make a prediction about the market with respect to quantity. I think he is in a far better position than the farmers to make a prediction with respect to prices. I repeat to him that while it may be too late to make a forecast for this year, because the seeding is almost completed, I hope that he will consider doing so next year.

Senator Argue: I will be happy to consider the matter, but I believe that I have taken the right course. Of course, no one can predict the weather. Weather conditions have been generally good of late, and when weather conditions are good the Soviet Union and the United States, the two largest wheat-producing countries in the world, forecast very large crops, and that affects the market. That forecast is probably the main factor which is acting to reduce current international prices for wheat. However, the volumes are there, the sales volumes appear to be assured. I believe that long-term demand is likely to exceed long-term supply. Currently, there are prospects across the world for a much improved grain crop this year.

● (1435)

Senator Roblin: As a last effort to try to persuade my friend to take a more relaxed view of this, may I remind him that he is the one who is recommending that acreage be increased in Canada today, so he, surely, has to have price in mind.

He is the minister of the crown—the only one I am aware of at the moment—who supported the effort of the Canadian Wheat Board and others recently to have a pricing system put in place which would encourage volume. If my honourable friend wants supply and co-operation from the western farmers, price is of the essence. I appreciate that he cannot create the price, since it is created by market forces throughout the world, but I think he could assist the agricultural industry by giving as early a forecast as he possibly can concerning the initial price that is recommended to him. I believe he should take into account that an early initial price recommendation has been made for years.

Senator Argue: The Canadian Wheat Board fully supports the course I have taken and believes it is a wise one.

Senator Roblin: It had better.

Senator Argue: The Canadian Wheat Board can at times be very independent of the minister. However, this was and is their considered point of view.

Senator Roblin: You are the minister.

Senator Argue: Some farm organizations did not agree with the course I took, while other farm organizations, such as the Alberta Wheat Pool, were very supportive of the course I took.

The markets are tremendous; the price today is about $235 a tonne, which is generally quite good and which might result in a net return to the farmers of $5.50 a bushel, or better, if it continues throughout the course of the year.

The normal, accepted rule—I believe it is normal and accepted—is that the initial price should bear a reasonable relationship to the likely final price or to the likely current price, and this would be in the neighbourhood of 70 per cent. I would hope that the initial price I will be announcing before the opening of the crop year will be in tune with those principles.

EMBARGO ON SALES TO U.S.S.R.—LOSS TO FARMERS

Hon. Stanley Haidasz: Honourable senators, since we are on the subject of wheat, would the Minister of State for the Canadian Wheat Board inform this chamber of the estimated loss to Canadian grain producers as a result of Canada's support of the U.S.-led grain embargo against the U.S.S.R. following the invasion of Afghanistan?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am not in a position to make a response to my honourable friend's question that would be of particular help. I am optimistic.

Hon. Jacques Flynn (Leader of the Opposition): What do you mean by "optimistic"?

Senator Argue: I am optimistic that in due course an announcement will be made in keeping with commitments made. At that time I am sure the details will form a response to my honourable friend's question.

Senator Flynn: Are you optimistic that you will make a payment to the farmers?

Senator Argue: I have been optimistic all along.

Senator Flynn: You just recited a statement indicating that everything is going well as a result of demand. Do you think you can prove that the farmers have lost due to the embargo?

Senator Argue: I am not offering any proof.

Senator Flynn: You should know, now.

Senator Argue: Just relax! I am not offering any proof.

Senator Flynn: You have to find some.

Senator Argue: I am not offering any proof myself, but all of the studies that have been done, by persons more competent in this field than either Senator Flynn or I, indicate that a loss has been sustained.

Senator Flynn: That does not prove much.

Hon. Duff Roblin (Deputy Leader of the Opposition): I ask my honourable friend: What are you going to do about it? We have asked this question about once a month for the past six months, and he indicates he is still an optimist; but the results—zilch!

[*Translation*]

TRANSPORT

AIRLINES—SALE OF NORDAIR

Hon. Martial Asselin: For several weeks and even months now I have been asking the government leader in the Senate to report progress on the situation in the Department of Transport with regard to the sale of Nordair shares to other private regional airlines. The minister has already told us that the government could not make up its mind because of certain deadlines. Yesterday however, the President of Quebecair complained on the national television system about the fact that the government delayed in making a decision. Because the leader has some difficulty in obtaining clear and specific answers, would he accept a motion referring the entire question to our Senate Committee on Transport and Communications where we could hear witnesses, officials or the Minister of Transport himself and obtain some details which the Leader is unable to get?

● (1440)

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): The situation has been monitored on a continuning basis. The question will be taken as notice in order to determine whether or not some more factual data can be brought to the chamber tomorrow. If at some point it appears to be appropriate to have this matter referred to committee then, of course, we can discuss that initiative at that time.

THE SENATE

APPOINTMENT OF NEW MEMBERS

Hon. Lowell Murray: Honourable senators, in view of the fact that for many months now there have been eleven vacancies in the Senate, and in the light of events earlier today, will the Leader of the Government tell us when we may expect these seats to be filled, and what qualifications the government is looking for in the nominees?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the appointment of outstanding Canadians to this chamber is a priority item, but there are a number of other priority items before Parliament at this time which should be given immediate attention.

SPECIAL INVESTMENT TAX CREDIT

CONCEPT AND DESIGN OF PROGRAM—DEBATE CONCLUDED

The Senate resumed from Wednesday, February 11, 1981, the debate on the inquiry of Senator Murray calling the attention of the Senate to the government's Special Investment Tax Credit Program for areas of greatest disparity, announced in the budget address of October 28, 1980, and to inter-ministerial confusion in the concept and design of the program.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, this inquiry deals with the government's Special Investment Tax Credit Program. When it was first introduced in the Senate on February 11 it was subtitled in the *Debates of the Senate* "Concept and Design of Program." I bring that to your attention because that was really the theme of Senator Murray's speech. I propose to continue essentially with the concept and design of the program. When Senator Murray spoke to it on that date, he went into some detail, as I propose to do, but all my detail will be in the context of the design and the concept of the program.

Let me begin, honourable senators, by referring to a certain key phrase in Senator Murray's speech, because I totally agree with it. I propose to mention at the beginning the principles that Senator Murray had taken as his starting point, agree with those, and then see where differences exist between the program launched by the Honourable John Crosbie, under the auspices of the previous administration, and that introduced by the present Minister of Finance and the present Minister of Regional Economic Expansion.

Hon. G. I. Smith: What is the page number?

Senator Frith: The reference is February 11, 1981, page 1646. The basic theme that Senator Murray, I and anyone interested in and who has thought about DREE agrees with is found at the bottom of the second column of page 1646, where it states:

> Anyone who has had any acquaintance with the regional disparity problem in this country, or who is interested in it, will acknowledge at once that it is as complex as it is persistent, and all of us who are interested in this subject will welcome a better idea in this area, from whatever source it comes.

Senator Murray then went on, at the top of the next page, to say:

> Back in December 1979, when Mr. John Crosbie brought in his budget, he announced what he thought, and what many of us—

And, I take it, Senator Murray also.

> —felt was a better idea, namely, the introduction of a new concept in the form of selective tax credits for firms

locating in the Atlantic provinces and the Gaspé. This was to be a new program that would have been added to the existing regional incentives. This new initiative announced by Mr. Crosbie in his budget had been forecast by the Conservative Party in the preceding general election.

I am still in substantial agreement with Senator Murray that it was the introduction of a new concept in the form of a selective tax credit for firms locating in the Atlantic provinces and the Gaspé.

Taking as my starting point the starting point Senator Murray used—namely, the principle of complexity and persistence that characterizes the problems that are addressed by DREE—he then, as I pointed out, went on to refer to the program of the Honourable John Crosbie and compared it to the program introduced by the Honourable Allan MacEachen.

For the benefit of honourable senators, I should like to make a comparison which, only for visual purposes, I will say I have in parallel form—that is, in columnar form—and I will refer to it in that way. I should first like to refer to the comparison between the two programs, then I should like to make reference to some modifications that were put into the program by the Honourable Mr. MacEachen, and then refer to some particular comments and principles raised by Senator Murray.

To come to the first part of my intervention, I think the objective is the same. There is no question that, essentially, the objective for DREE in both programs is the same, but the question is how to address that problem. If I can take some poetic licence, what I believe we have here is what might be called a parallax phenomenon. The dictionary definition of "parallax"—so you do not have to rely on my definition—is: "The apparent displacement of an object caused by actual change of the point of observation or the angular amount of this displacement."

Wanting to solve the same problems, and wanting to start from the same point, my analysis of the comparative policy angles would be as follows. First, the program proposed by the Honourable Mr. De Bané is that it should apply to those areas in the Atlantic provinces and the Gaspé region of Quebec where the "neediest" people live. I have put in quotes the word "neediest". I think that is important to both Senator Murray and me.

The Crosbie program was that it should apply to regions of disparity, meaning the Atlantic and the Gaspé, rather than be based on a definition of areas because they contained needy people.

Now, by way of parenthesis, honourable senators, in many cases I am simply repeating what Senator Murray has already stated, but I am making some different comparisons than the comparative analysis he made.

The second feature is as follows. The De Bané approach is that the program should be available to assist small entrepreneurs who can initiate their own economic development. The Crosbie approach was that the program should be available for, or aimed at, projects of $2 million or more so that a larger economic impact could be created.

● (1450)

I will now deal with the third feature under comparative policy angles. The De Bané approach is that the program should be available to all manufacturing and processing firms in order to provide maximum potential for development. The Crosbie approach—again with a view to creating what was conceived to be a larger economic impact—was that it should be selective so it would only be available to assist significant economic projects.

I will pause at this point. I am not making any invidious comparisons. For, once starting with the policy objective of making what we might call more of a mega impact, it seems to me the Crosbie program was perfectly consistent. The difference, as we have seen and will see—continuing with the parallactic analogy—is in definition of the policy angle.

Dealing with the fourth feature, under De Bané the amount of incentive is to be as generous as possible to maximize inducement to entrepreneurs. Under the Crosbie program the tax allowance or tax credit was anticipated, and the tax allowance would have resulted in lesser inducement to firms and possibly lower cost to government than that now provided by the Special Investment Tax Credit Program.

The fifth and last feature under this heading is that under the De Bané proposal the program should apply to the establishment, expansion and modernization of all manufacturing and processing facilities. Again, and, I say, consistently, because of its policy beginnings or policy take-off point, the Crosbie program should apply to new facilities only and in selected primary and tertiary industries with a view to encouraging new projects in the region with, again, significant economic impact.

As I analyzed and understood Senator Murray's speech, I believe he pointed out—and I will simply expand on parts of it—that there was a change, to some extent, between the program advanced to Mr. MacEachen for inclusion in the budget and what actually appeared in the budget.

Hon. Lowell Murray: If I may interject, the change was between the concept as announced in the budget and a series of subsequent announcements by the Minister of Regional Economic Expansion.

Senator Frith: Let me pursue that theme from my point of view. The program advanced to Mr. MacEachen for possible inclusion in the budget, according to my research, was, first, that about 7 per cent of the "needy" population of the Atlantic and the Gaspé would be covered, based on unemployment—not family unemployment—and per capita income data. Second, there would be no minimum or maximum size for project eligibility. Third, eligibility for incentive would be a matter of right rather than discretion exercised via the tax contract proposed by Mr. Crosbie. Fourth, the incentive would take the form of a tax credit—as opposed to a tax allowance—and could be up to a nominal—that is, in name at least—100 per cent of the cost of the investment, recognizing that the real

value of the incentive to a firm would be less than the nominal amount, as the firm would be unable to take the capital cost allowances otherwise available to it. Fifth, all manufacturing and processing industries would be eligible. Sixth, the life of the program would be 10 years.

The modifications that were made to that program, as advanced, by the Minister of Finance, Mr. MacEachen, were, first, to extend the program to all provinces, so that the incentives would be available in parts of both Ontario and the west, and to limit the coverage to a maximum of 5 per cent of the population of Canada, to curtail the program cost.

The second modification was to limit the incentive to a 50 per cent tax credit and to restrict eligible industries to those defined under the Regional Development Incentives Act—that is, manufacturing and processing industries, excluding petroleum refining, newsprint and pulp mills.

The third modification was to limit the program's life to five years, for evaluation purposes and to curtail the program cost. Remember, its proposed life was 10 years, and the modification was to limit it to five years so that there could be an evaluation after five years; and, of course, by reducing the length of time that would also curtail the committed costs.

Senator Murray took the trouble to make a very careful and useful geographical analysis of the program.

I will now deal with the geographic modifications made by Mr. MacEachen. He required the introduction of criteria. The first modification was the use of family unemployment rates, rather than unemployment rates, to complement the per capita income criterion. The second modification was constraint of a maximum of 40 per cent coverage in any one province. What I think was the valid defence of that approach at that time was that to provide an incentive for all locations in a province would not result in helping the neediest people within that province. So we see this leitmotiv in one program constantly returning to the criterion of neediness.

The Crosbie program, as I understood it, did not ignore the question of neediness, but its basic approach, as I read it, was to create a very strong impact, to result in making—if it is not a misuse of the word—a mega impact to create mega results.

The third geographic modification was the factor of isolation, including native people. Otherwise, with one or two exceptions like Haliburton, no census divisions would have qualified in Ontario and the west. The defence of that modification was that the circumstances of "needy" natives and those in isolated areas are lost in the aggregate statistics for the whole of the census division in which they are located.

The fourth geographic modification was the exclusion of certain cities—Grand Prairie, Thompson, Sept-Îles, Rimouski—within the eligible census divisions, to get close to the 5 per cent limit on the total Canadian population to be eligible for coverage.

The fifth geographic modification was the exercise of very limited subjective decision-making to avoid the appearance of spot designations across Canada. For example, though the census division of Rimouski did not qualify statistically for designation, it was designated so that all census divisions in eastern Quebec qualified for the tax credit. Also, northwestern Alberta was designated instead of northeastern Alberta to give contiguity with eligible census divisions in northeastern British Columbia.

This measure of subjective choice resulted in what Senator Murray, as I understood him, felt was a rather tortured system of criteria that suffered in comparison with the Crosbie proposal because of the fact that the Crosbie proposal was much more objective as compared to this form of subjectivity, in the sense that it was a much clearer package of criteria to apply than the criteria that are applied here, and I understand that difference.

Moving to the third and penultimate branch of my intervention, honourable senators, as I mentioned there is no difference between the De Bané and Crosbie proposals in the starting point—that is, in the sense of the sincere wish to solve this persistent and complex problem of regional disparities. That principle, that objective, that ideal, is shared by many of our fellow citizens. The opportunities to share in this country's wealth and prosperity should not be limited by the mere fact of where our fellow citizens live. As residents outside the mainstream of economic development in Canada, those people are faced with the prospect of a life-style shaped by high unemployment and low income; and with the lack of economic development, the level of social amenities available to them is often lower than that which most of us take for granted. For those people, who can be found even in our richest provinces, the future may well be bleak unless something is done to help them.

• (1500)

The Government of Canada recognizes this, and we have seen it illustrated objectively by the Government of Canada led by Mr. Clark and by that led by Mr. Trudeau. Both recognized this, and both, over the years—over the months, in the case of the Clark government—launched many programs aimed specifically at reducing regional disparities in Canada. Mr. Crosbie came forward, as Senator Murray justifiably said, with a new approach to the problem.

The special investment tax credit is only one such program, and I know it was only intended by Mr. Crosbie to be one such program. However, the fact that it is only one program must be underscored. It is not, nor was it ever intended to be, a panacea for regional disparities.

I wish now to discuss in some detail the remarks made by Senator Murray. He made much of the statistical criteria used in planning this program, and, of course, as we have seen, there were such criteria; but the figures on unemployment, income and population were the starting point, not the conclusion. Using this information, DREE personnel were able to design a program that will help bring about the maximum possible benefits for those parts of Canada identified as most requiring assistance—again, the criterion of neediness.

Senator Murray: On the question of criteria, can the Deputy Leader of the Government say what the factors were that

moved the government to select 30 per cent, in the sense that in the census district the family unemployment rate had to exceed the national average by at least 30 per cent? Why not 20 per cent? Again, what is the magic, in terms of per capita income, of having a per capita income in the area that is less than 89 per cent of the national average?

Senator Frith: I cannot say what the magic is. Those criteria, in my analysis of the two programs—the criteria in this case of that one program—were based on that aspect of subjectivity which I believe was the criterion which was used to produce the result; and there was no particular magic or objective value in those criteria.

Senator Murray: I beg the deputy leader's pardon for interrupting him at this point, but if the government, for example, had decided that the family unemployment rate had to exceed the national average by at least 20 per cent, then, in that case, I expect that all of the Atlantic region, for example, would have been included in the program; whereas now chunks of the Atlantic region have been taken out and rendered ineligible in a program which purports to attack regional disparities.

Senator Frith: That point was made by the Honourable Senator Murray in his intervention, and I gave several examples, such as Rimouski, where admittedly there was an "artificial" criterion applied in order to reach a conclusion regarding the neediness for receipt of the benefits under the program. In my intervention I wanted to underline the fact that there is a great deal more subjectivity and discretion in the De Bané and MacEachen program than, as I understood it, there was in the Crosbie program.

Senator Murray claimed that if one were to adhere strictly to the criteria on unemployment and income, certain excluded areas would have been included while other included areas would have been excluded. However, it is still urged—that is, in the Conservative program—that we include the entire Atlantic and Gaspé regions, even though not all of those areas qualify against the stated criteria. So I guess it is a matter of how we want to be flexible. I admit voluntarily that the flexibility that has essentially been applied here has been a subjective flexibility to produce the results, based more on neediness than on strength or significance of impact.

The government realized that numbers alone were not sufficient to design an effective program. We knew that certain disadvantaged groups and areas, such as native peoples and those in the north, would not be eligible if we were blindly to follow the numbers game. Senator Murray has called it arbitrary and subjective. I admit that it is subjective. I would prefer not to use the word "arbitrary," and therefore will not.

Some Hon. Senators: Oh, oh.

Senator Frith: I would choose my words as he has his and say that rather than arbitrary and objective they were benevolently discretionary.

Some Hon. Senators: Oh, oh.

[Senator Murray.]

Senator Frith: It should be borne in mind that the selection of the eligible areas and industries is, however, the sole discretionary aspect of the special investment tax program which, honourable senators should remember, in context is only one DREE program and was never intended to be anything more. So the discretion really applies to the selection of the eligible areas and the industries. That is the only really discretionary aspect. Of course, Senator Murray could say that is quite a lot, and it is, in a program of this kind.

After that, the program does become an automatic one and more objective. If an individual or firm is engaged in an eligible enterprise in a selected area, the credit is available as a matter of course. There is no opportunity to make any judgment as to whether the credit should be given, provided an individual or firm is engaged in an eligible enterprise in a selected area. It is simply claimed by the individual or firm on the income tax form. However, DREE's industrial incentive under the Regional Development Incentives Program remains a matter of judgment or discretion.

Senator Murray made reference to inter-ministerial confusion over the stacking of benefits under the Special Investment Tax Credit Program with DREE's other industrial incentives. I submit that there is no confusion, that the situation is clear and has been clear. The incentives under the Regional Development Incentives Program are discretionary. Those incentives are not a matter of right. Whether an applicant will be offered an incentive, and the amount of that incentive, are decisions that must be made by the Minister of Regional Economic Expansion and his delegated officials.

Of course, the amount of an incentive is normally based on such factors as the amount of the investment and the number of jobs created; but, in the final analysis, the decision is made on the basis of the contribution a project will make to the industrial development of the region, and, of course, on that objective there is no difference between Crosbie, De Bané and MacEachen. The objective is that the project make a contribution to the industrial development of a region.

Senator Murray: Of a census district, not a region.

Senator Frith: In this case I am using "region" in that sense; that is quite right. I have dealt with that—perhaps not satisfactorily, but I have dealt with it—that is, not to the honourable senator's satisfaction or that of his colleagues. When I say that they agree, I am using "region" in the sense of "a region." In our case it was a census region. In the case of the Crosbie program it was not based on that—as Senator Murray finds it—more restricted basis.

• (1510)

It is entirely possible that it may be in the best interests of the area concerned that an entrepreneur receive both the special investment tax credit, which is non-discretionary, and an incentive under the Regional Development Incentives Program. The amount of this incentive might well be less than it would be were a special investment tax credit not in place; however, it is equally possible that a full incentive could be accorded if it were deemed necessary.

Honourable senators, I want to assure you that the officials administering this program are aware of the need for financial restraint, and therefore will be prudent in determining whether such extra inducements are truly required.

Speaking of financial restraint, while there was a need to limit costs under the Special Investment Tax Credit Program, there is no $15 million ceiling, as I understand it, as claimed by Senator Murray. That figure, according to my research, is simply an estimate of what the expenditures might be. Actual expenditures will depend entirely upon the response to this program from private industry, because, as is apparent by its title, it is an incentive program implemented through special tax credit. So I hope I can assure Senator Murray that one or two large developments will not deplete this program's finances, because it is not subject to a fixed ceiling.

Senator Murray was also concerned that the program fragments provinces because it is available only in parts of provinces and not in the entire area. Again, the program does not carve up regions and provinces, but, rather, recognizes that not all people—and again we come back to the leitmotiv; and it should be remembered that this program is concerned with people, not just places—in a province or region are equally well off. The fact that people do not have equal opportunities, even when compared to their fellow citizens within a province, let alone in the rest of the country, is, of course, the whole raison d'être of these programs. We feel that the government has an obligation to those people, and through this program we are working to meet that obligation. Again, so that there is no doubt about where there is overlap, I am not suggesting that the Crosbie program was not motivated by exactly the same sense of obligation.

Honourable senators, it was a deliberately designed feature of this Special Investment Tax Credit Program, based on the knowledge and expertise available, to focus the program on those areas most severely in need. Without doing so, the program could not be as effective as possible in attracting much needed industry. The government, however, recognizes that there is a need for broader incentives on a regional scale. This need is already met through the Regional Development Incentives Program. For instance, industrial incentives, under the Regional Development Incentives Program, are available in every part of every province in Atlantic Canada. The Special Investment Tax Credit Program simply builds upon these broad incentives, and adds an extra reason for bringing industry to those areas where industry has not, to date, gone in great numbers.

In my submission, therefore, honourable senators, far from fragmenting provinces and regions, the program builds up their weaker points and thereby helps to strengthen the economy of the province or region as a whole and unify it.

Senator Murray, in his remarks, made a point of comparing this program with a proposal that was considered by Mr. Crosbie during the period when the Conservatives were in power, and I have already referred to that. He concedes that the Crosbie plan was not perfect, as I concede that the De Bané and the MacEachen program is not perfect. I certainly do not wish to make comparisons on the basis of a scale of perfection.

By way of another parenthetical note, my father's definition of an incurable optimist was the lady in the front row of the church who put her shoes back on when the minister said, "And now, in conclusion . . ." Truly in conclusion, however, let me add, first, that the Special Investment Tax Credit Program recognizes that people want to be able to help themselves. That is why there is no minimum limit on projects eligible under this program, and no requirement for a $2 million investment, as in the Crosbie plan. Under the Special Investment Tax Credit Program, local enterpreneurs—usually people with small businesses—will be able to strengthen the economy in their area.

The Government of Canada and the previous government agree that this is important. The Government of Canada also knows that small business can and does make a valuable contribution to the growth of Canada's economy at all levels. Secondly, the Special Investment Tax Credit Program recognizes that there are people deserving of special assistance in every province and territory, and not just in the Atlantic and Gaspé regions. Of course, I do not mean to say that this program is intended to assist everyone, everywhere. As both Senator Murray and I have mentioned, we must realize that while the Special Investment Tax Credit Program will make a valuable contribution to reducing regional disparities in selected areas of the country, it is not, as I have said, a complete solution. In fact, whether regional disparities are susceptible to a complete solution is in itself debatable. It seems to me that the only thing that is not debatable is the point at which we both started, and that is that in a country such as Canada—again to quote Senator Murray in his use of the two adjectives that describe the problem, and which I use also as my starting point, namely, "complex" and "persistent"—it is a problem not unlike the common cold: it is elusive; it is difficult to define; and, in fact, we are forced to define regional disparities by indicators or symptoms rather than by true characteristics.

I do not find the continuation of the analogy, that we have to treat it symptomatically, rather than curatively, attractive, but I am afraid there is some merit in continuing the common cold analogy, in the sense that often all we can do is treat the cold symptomatically, and often that is all we can do with regard to regional disparities.

We used some of those indicators, such as unemployment rates and income levels, in designing the Special Investment Tax Credit Program; however, it has also been necessary to use what we hope is common sense and what we see as good judgment. I hope we are closer to finding a solution to regional disparities than medical science is to finding a cure for the common cold. The fact that a complete, simple answer eludes us does not prevent us—and did not prevent Mr. Crosbie—from taking bold initiatives such as in this case we believe we have done in the form of the Special Investment Tax Credit Program.

Hon. Richard A. Donahoe: Try offshore resources.

Senator Frith: "Try offshore resources"? I fully intend to, as soon as Senator Marshall is through with the intervention on Senator Cook's inquiry. I hope to come back to that favourite theme.

As I was saying, the fact that a complete, simple answer eludes us does not prevent the present government—as it did not prevent the previous government—from taking what it conceives to be bold initiatives to solve the problem. In our opinion, such an initiative is the Special Investment Tax Credit Program that is the subject of this inquiry.

We hope, and we feel sure, that the program will do much to attract industry to those specially identified areas of Canada which we all agree sorely need economic development and any benefit that programs of this kind can bring to them.

The Hon. the Speaker: Honourable senators, as no other senator wishes to speak, this inquiry is considered as having been debated.

• (1520)

ENERGY

GOVERNMENT POLICY—MOTION TO REFER SUBJECT MATTER OF INQUIRY TO BANKING, TRADE AND COMMERCE COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Murray, seconded by the Honourable Senator Flynn, P.C.:
>
> That the subject-matter of the inquiry of the Honourable Senator Argue, P.C., which appeared on the Orders of the Day on November 20, 1980, be referred to the Standing Senate Committee on Banking, Trade and Commerce.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, in view of the question asked by Senator Murray during Question Period, perhaps I can be permitted to make a comment about this inquiry.

I am quite prepared to yield or to offer the adjournment of this inquiry to any other senator. However, to repeat what I said earlier today in explanation of my not dealing with it, I intend, as long as it is in my name, to stand it at least until I am satisfied that we are not going to receive the principal legislative packages on the National Energy Program, namely, Bills C-48 and C-57. If another senator wishes to speak on the subject matter of the NEP and therefore wishes to take the adjournment, I freely offer that opportunity.

I repeat, because I do not want to mislead, that I intend to continue standing this order for at least another week, and perhaps two weeks, until I get the impression that we shall not be getting that legislation. If we do not get a substantial piece of legislation on the same subject, then I think we should look at it again.

Hon. Lowell Murray: Honourable senators, in reponse to that, I simply want to say that, while we will be receiving from the other place Bill C-57 and Bill C-48 in due course, and while these bills do have something to do with the National Energy Program, my purpose in putting down a motion to refer the National Energy Program to a committee was to enable senators to examine such matters as the supply and demand forecasts that have been presented by the government in its National Energy Program, the conflicting forecasts that have been made by the industry in the producing provinces, and a variety of other matters that are certainly not likely to be resolved in the debates on Bills C-48 and C-57 when they come to this house.

Arguably, we can get at those matters when Bills C-48 and C-57 go to committee. However, at that time the committee will be under the gun from the government to get those particular pieces of legislation through. My concern is with the medium and longer term problem of the validity and the wisdom of the National Energy Program. There are enough people in the Senate who have experience in and knowledge of this matter who I think could make a considerable contribution to a longer investigation of those questions.

However, I will leave it at that for the moment. If the government is prepared to give us sufficient latitude, and if Bills C-57 and C-48 are referred to committee, all well and good. If not, I am going to try again and again to get the National Energy Program, in general, and the bases of that policy studied by a committee of the Senate.

The Hon. the Speaker: What is your wish, honourable senator?

Senator Frith: Honourable senators, I ask that the order stand.

Hon. G. I. Smith: Just for convenience, I wonder whether the honourable senator has before him the page reference of *Hansard* which will indicate when this matter was last debated.

Senator Frith: That is with regard to item No. 8 on the Order Paper?

Senator Smith: Yes.

Senator Frith: No, I do not, but it has been a matter of months. I believe that I took the adjournment, did I not, Senator Murray?

Senator Murray: Yes.

Senator Frith: Therefore, only Senator Murray has spoken on this matter.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 2500*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON THE ESTIMATES LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1982

June 10, 1981

The Standing Senate Committee on National Finance to which the estimates laid before Parliament for the fiscal year ending March 31, 1982, were referred has in obedience to the order of reference of Monday, March 2, 1981, examined the said estimates, and reports as follows:

The Committee was authorized by the Senate, as recorded in the *Minutes of the Proceedings of the Senate* of March 2, 1981, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1982."

The Committee made a general examination of the estimates as tabled, and heard evidence from the following witnesses:

Treasury Board
- The Honourable D. J. Johnston, President
- Mr. J. L. Manion, Secretary
- Mr. L. J. O'Toole, Assistant Secretary Program Branch
- Mr. E. R. Stimpson, Director General Budget Co-ordination Group

Department of Finance
- Dr. I. A. Stewart, Deputy Minister

Bank of Canada
- Mr. G. K. Bouey, Governor

Economic Council of Canada
- Dr. D. W. Slater, Chairman
- Dr. P. M. Cornell, Senior Policy Advisor
- Dr. R. S. Preston, Director, Economic Performance and Outlook Group

THE ECONOMIC ENVIRONMENT

As an integral part of our examination of the main estimates, we have again considered the economic environment in which the expenditures will be made. In its report to this House on the Main Estimates for 1980-81, this Committee expressed its concern regarding a number of factors and problems. We were then concerned with the unsettled energy situation, accelerating rates of inflation, continuing government deficits, and feeble productivity performance. Disappointingly, we must report that little has occurred which would cause us to alter significantly our concerns of last year. Productivity has remained moribund. The energy situation is as yet unsettled. And inflation has accelerated, as yet unhindered by record high interest rates.

It is not our intention in this report to detail all aspects of the medium term future which we discussed with our witnesses. The proceedings are of course available to anyone so interested. However, one topic so dominated our discussions that we believe it merits inclusion in our report. The topic is inflation.

All of our witnesses stressed the importance of bringing inflation under control, not just as an end in itself but, they argued, because the control of inflation will establish the groundwork for a stronger, more equitable, and manageable economy in the future. In Mr. Bouey's words, "failure to face up to the problem of inflation will compound an economic problem, and increase the economic pain involved in resolving them."

A. Sources of Inflation

The difficulties we face in controlling our present inflation, according to the witnesses, are numerous. While inflation has been symbolized by some as a serpentine spiral, their testimony suggested that a multi-headed hydra might be a more apt symbol in present circumstances.

Demand

According to the Economic Council's analysis, based on medium term considerations the economy is not operating at or even near its potential level, and shortages of certain key materials such as concrete and steel do not seem imminent. However, both Mr. Bouey and Dr. Stewart argued that demand conditions in the Canadian economy are contributing to current inflation.

Dr. Stewart pointed to the strong economic growth in the third and fourth quarters of last year and in the first quarter of this year as evidence of the high level of demand in the economy. The growth, he suggested, was due to the sizeable merchandise trade balance of late last year, and he highlighted extremely tight markets in Western Canada. This Western Canada situation was described as, in part, due to the fact that the present Canadian exchange rate may be inappropriately low compared to the Western Canada competitive position. Dr. Stewart also claimed that the resulting high price and wage increases which have their origin in Western Canada are being translated into inflationary price and wage demands in the rest of the country. This, he suggested, reflects defects in

the structure of Canadian markets, compared to the operation of standard classical economic models.

Mr. Bouey also suggested that strong demand conditions, especially in Western Canada, were contributing to inflation. He noted Canada's world leading employment growth record over the past decade and continuing tight labour markets, especially for skilled workers.

Productivity

All three witnesses agreed that the weak productivity performance of the post-OPEC period may have also contributed to inflation. They pointed out that improved productivity growth could ease inflationary pressures in two ways; first it could directly reduce the actual costs of production, and second it could increase the available supply of goods and services thus reducing demand pressures. While the causes of the past weak productivity growth remain somewhat of a mystery to economists, Mr. Bouey did suggest that the energy price shocks of the past decade may have effectively rendered some portion of the capital stock obsolete for efficient production. Dr. Slater pointed out that while the economy has invested heavily over the past decade, much of the investment went into large scale projects with long term payoffs, and into environmental improvement efforts with little impact on measured rates of productivity. He emphasized that the economy still faces "an investment decade or unprecedented proportions" and thus it is imperative that Canadian savings rates not be diminished, and that government usage of savings should be curtailed.

Expectations

The witnesses were also unanimous in pointing to entrenched expectations as contributing to current levels of inflation. Mr. Bouey suggested that only through a prolonged period of lower inflation could these expectations be reduced. In his words, "It took 15 or 20 years to build them (expectations) up, and it is going to take a while to get them turned around." Dr. Stewart suggested that these expectations were now part of the structure of the economy, "there is no quick and easy remedy."

Energy Prices

Aside from their possible impacts on productivity, the energy price increases were suggested to have contributed directly to inflation. In particular, in late 1978 and early 1979, the international oil price soared 150%. This engendered inflationary pressures throughout the western world according to Dr. Stewart. In Canada, this has meant that the economy has had to absorb even larger and more rapid energy and import price increases.

Monetary Policy

Despite the Bank of Canada's avowed efforts to combat inflation, it may be that monetary policy is not itself entirely blameless for the current inflationary dilemma. The Governor of the Bank told the Committee that the decision to allow Canadian exchange rates to decline over the last 4-5 years vis-à-vis the U.S. dollar has contributed to inflation by way of demand pressures from export markets, and through increased prices of imported goods. The Governor admitted that last year's decision to allow Canadian interest rates to decline in line with U.S. rates may have been "a mistake". "The monetary policy probably should have been tougher right through last year". With regard to the policy of the Bank over the past few years, Mr. Bouey said that the Bank's targeted reductions in the money supply may have been "too gradual": "We have met our money supply targets every year, which is a bit of an embarrassment when you consider that things did not work out."

B. Policy Prescriptions

The witnesses showed remarkable unity in their suggestions of policies which might be deployed to reduce inflation. In particular, all three favoured a gradualist approach. Speaking for the Economic Council, Dr. Slater stated: "We believe that a balanced approach and a balanced policy, with monetary restraint and fiscal restraint and some other policies would be the appropriate way to go at it". Mr. Bouey suggested that fiscal and "a host of more specific policies affecting the way that individuals, businesses, trade unions and others operate in the market place" might be used in conjunction with an appropriate monetary policy to influence inflation. And Dr. Stewart, in more general terms suggested the need "to use every instrument of the traditional kind available to us—monetary policy, fiscal policy, et cetera" to "get out of this mess with the least cost in the real loss of income and jobs possible, consistent with the gradual elimination of inflation."

The Fiscal Attack

The budget of last October projected a budget deficit of some $10.3 billion dollars. The witnesses suggested that a reduced deficit might contribute to the fight against inflation. First, as excess demand in the economy appears to be creating inflationary price pressures, a reduced deficit would lower demand and thus ease inflationary pressures. Dr. Stewart for example, pointed to the boom conditions in Western Canada and in certain export sectors which translate into inflation in other sectors. Fiscal policies which reduce demand in these sectors, either through expenditure cuts or tax increases, might help. Our witnesses stressed that appropriately applied fiscal policies might be more equitable, and specific than monetary policies in the anti-inflationary battle, and this in itself may represent an important policy consideration.

With regard to federal spending, Dr. Stewart restated the government's policy that expenditure growth should be restrained to the rate of growth of G.N.P. or less. This policy, he noted, has resulted in a reduction of new program spending to roughly 1½% of the previous year's total expenditures. However, significant expenditure cuts, we were told, may be very difficult. According to Dr. Stewart, when increased public debt charges and energy costs are taken into consideration, "there may be virtually no room for net new programs." Mr.

Johnston estimated public debt charges for 1981-82 to be $12.3 billion, increasing to $16.2 billion in 1983-84. He indicated that efforts will be made to reduce expenditures through re-negotiation of the fiscal arrangements with the provincial governments. However, Dr. Slater suggested that the deficit would not be affected significantly on the expenditure side: "I think much of the action lies on the tax front rather than on the expenditure-cutting front. The biggest block of government expenditure goes on health, education, welfare and those types of things."

Despite this, Dr. Stewart claimed, perhaps optimistically: "There is no automatic tendency for the deficit to continue to widen. On the contrary, the automatic tendency is for the deficit to remain roughly constant in absolute dollar terms and to decline as a percentage of G.N.P. as G.N.P. rises." In discussing possible means of increasing tax revenues, Dr. Stewart suggested that partial rather than complete de-indexation of the personal tax system might be considered: "The issue, I believe, is full indexing versus some modification system and not indexing versus no indexing. This continues to be a lively issue. I believe the arguments against a full indexing system have a good deal of validity."

The Monetary Attack

Dr. Stewart agreed with Mr. Bouey and Dr. Slater that monetary policy alone could, or should not be relied upon to combat inflation, particularly as the impact is uneven across society. He suggested that "too much reliance seems to be being placed on monetary policy" at present. He also pointed to an apparent flaw in controlling inflation by controlling the money supply in reference to "the inventiveness of credit institutions to increase the velocity of money." In light of this inventiveness, it may be necessary for the Bank of Canada's monetary target program to extend beyond M1 to include other levels of monetary aggregates. However despite the inequities and apparent lack of success to date, all witnesses did support continued monetary restraint of a gradual nature. Mr. Bouey affirmed his position this way:

> —you always have to look at this in terms of, "What are the alternatives?" If the results are not as good as one would like to see, what should we do: Give up, or print a lot more money? Are those alternatives going to help the situation any? I suggest we have to press on until we lick this thing. . . . When I say, "press on", I mean continue to control the money supply and interest rates will have to be whatever is necessary.

Controls

Dr. Stewart very succinctly summarized his views on the psychological aspect of any attack on inflation: "We are living in a climate in which people are not willing to restrain themselves unless they are assured that everyone else is restrained." All the witnesses supported the idea that a strong anti-inflationary stance on the part of the government was necessary at least to hold expectations in line. Dr. Stewart, in line with the comment above argued that the weapons used to combat inflation directly must not only be equitable, but must also appear to be equitable. He suggested that in principle, the Minister of Finance has rejected controls as a "frightful political interference". However, the Minister, in a speech given recently in Quebec City, indicated that he is continuing to search for a TIP (tax based incomes policy) that would be equitable, fair, effective and administratively possible. This Committee urged in 1971 that no substantial or long-term reliance should be placed on an incomes control policy. Governor Bouey apparently agrees: "Controls can sometimes be useful in circumstances where events have go out of hand but they are not a substitute for sound financial policies."

Energy Agreement

Our witnesses all stressed the value to the economy, and to the value of the Canadian dollar, of obtaining an energy accord in Canada. (Dr. Slater pointed out that an examination by the Economic Council of Canada of the National Energy Program showed that the impact on the economy would result in the short term in a period of slower growth. He also noted with respect to the conservation of oil that " . . . even if we take a fairly optimistic view of the effect that higher energy prices will have on the use of energy, it will take a very large accomplishment indeed by the supplementary programs of encouraging conversions and other things like that, to produce the (reduced oil usage) results of the National Energy Program". Dr. Slater believes that: "There have been some lost opportunities as a result of the continued indecision over energy policy. Nevertheless the main effect has been to delay improvement in economic performance to later in the decade and early in the 1990s". Dr. Stewart reviewed the impact of increased energy costs over a short term, on other Western economies; the overall impression is that their inflation rate did not increase noticeably faster than Canada's did under an energy cost subsidy policy. Whether or not the increase in energy costs, resulting from an agreement between Canada and Alberta will result in a short-term or long-term shock to the economy, the witnesses felt that the level of stability and confidence in the economy will rise with the establishment of an oil price and revenue accord.

Supply Side

In the United States, so-called supply side nostrums are being touted as short term cures for the entire economy. However, the testimony of our witnesses emphasized the medium term need for improved efforts to make markets work more efficiently, and effectively. Mr. Bouey stated his position most concisely and directly: "I think the broad public interest lies in taking a skeptical view of the value of restraints on the functioning of markets and on the rate of supply of particular goods and services." Government regulations are clearly part of the system of constraints on efficient markets, and in this regard, Mr. Johnston indicated that the government is anticipating the final report of the Economic Council of Canada on regulatory reform. This report will be released in June.

In respect to investment, Dr. Slater stated that: "All the evidence now at hand leads me to believe that Canada faces an investment decade of unprecedented size." Energy, capital accumulation and innovation will require greatly increased levels of investment. Therefore, he argues that more emphasis should be put on decreasing deficits and increasing Canadian savings and investment. "We cannot both expand our consumption rapidly and expand the investment rapidly." This investment may be crucial to increasing Canadian productivity, and meeting Canada's energy challenges and opportunities. More specifically, Dr. Slater recommended:

> There is a lot to be said for us to look at our business taxation to see if we could not have a less gimmicky kind of arrangement, something that would be a better encouragement to investment, which . . . is a significant factor in improving our growth in the medium term.

TAX EXPENDITURES

Honourable senators should be aware that under the new expenditure management system, tax expenditures, which do not appear in the Main Estimates, are accounted for as expenditures within the envelopes. Policy committees may make the choice between funding programs in the normal fashion or allowing delivery under the tax system; however, the total expenditure limits, including tax and cash expenditures, on the envelopes will still apply.

In this regard we must emphasize the need for government to define clearly the term "tax expenditure" in order to avoid confusion with measures that are really tax incentives, tax allowances or subsidies. We believe that further study in this regard is necessary. In addition, we recommend that where envelope levels are affected by the use of the tax system to deliver programs, some reference to this should be included in the estimates presented to Parliament.

OIL IMPORT COMPENSATION FUND ACCOUNTING

We would like to draw to the attention of this House a change in accounting practices as a result of a new subsidy program for imported oil. In 1980, the Petroleum Compensation Program was created to replace the Oil Import Compensation Program and the Petroleum Compensation Revolving Fund. In conjunction with the blended oil pricing system which the government adopted, the new program allows for levies against all refiners to be used to offset the subsidies paid by government on imported oil and domestically-produced synthetic oil. Only the difference between the levies and the subsidies is included in the cash outlays. This change, we were told, results in a decrease of $2.5 billion in the estimates as compared to 1980-81.

EXPENDITURE PLAN

The Committee wishes to bring to the attention of our colleagues the expenditure levels and growth rates proposed by the government for 1981-82. For convenience, we have set out the amounts by policy committee and by envelope:

Policy Committee	Envelope				Growth		
($millions)		1979-80	1980-81	1981-82	Rate %	1982-83	1983-84
Economic	(Energy	2,362	3,717	3,231	−13	3,514	4,103
Development	(Economic Development	5,371	5,727	6,873	+20	7,879	8,732
Social	(Social affairs	22,690	24,825	27,545	+10.9	29,435	31,556
Development	(Justice and legal	1,037	1,225	1,399	+14.2	1,469	1,620
Foreign and	(External affairs	1,404	1,519	1,723	+13.4	2,048	2,376
Defence Policy	(Defence	4,389	5,068	5,907	+16.5	6,652	7,445
Government	(Parliament	99	119	140	+17.6	153	166
Operations	(Services to govt.	3,451	4,020	4,651	+15.6	4,967	5,399
Priorities and	(Public debt	8,524	10,400	12,350	+18.7	14,375	16,200
Planning	(Fiscal arrangements	3,635	3,802	4,010	+ .05	4,473	4,937
Total envelopes		52,962	60,422	67,829	+12.2	74,965	82,534
Plus: Reserves for adjustments to statutory programs		N/A	474	860		960	1,070
Less: Lapse		N/A	−946	−1,064		−1,200	−1,329
Total outlays		52,962	59,950	67,625	+12.8	74,725	82,275
Total outlays excluding public debt		44,438	49,550	55,275	+11.5	60,350	66,075

Source: 1981-82 Estimates, Part I: The Government Expenditure Plan, p. 8

NEW ESTIMATES PRESENTATION

We would like to compliment the President of the Treasury Board and his colleagues on the new look of the Main Estimates. The purpose of the expenditures and the policy objectives are clearly set out in the Expenditure Plan, and the projected four-year plans should assist the public and private sectors alike. We consider the President's statement of February 1981, as well as the background notes on the proposed revisions, to be a succinct and informative description of the three parts to the new presentation; therefore, we have appended the statement and notes to our report.

In November 1980, this Committee recommended the inclusion of brief, summary analyses indicating the relative, region-

al impacts of federal spending initiatives. While we are pleased with the changes made thus far, we continue to recommend that aggregate information on a regional and sectoral basis be included in the tables and text of future versions of the Main Estimates. We feel that such information is necessary in order to understand and evaluate the government's policy objectives and impacts.

The President of the Treasury Board underlined the fact that if the information contained in the Main Estimates is not fully and efficiently utilized by Parliament, then much of the purpose of the revision will have been lost.

THE IMPACT OF REVENUE DEPENDENCY

As a result of this Committee's recommendations, the government has adopted a revenue dependency policy with regard to the accommodation of departments (through the Accommodation Program of the Department of Public Works). This new policy will be reflected in future Main Estimates, and we anticipate that a clearer picture of the cost of the accommodation program will result.

GRANTS AND CONTRIBUTIONS

In order to make the estimates as clear as possible to Parliamentarians and other laymen, we recommend that the use of the terms "grants" and "contributions" be reconsidered and if possible other, more appropriate, terms be used. At present, a "contribution" is subject to audit and voted, whereas a legislated "grant" is not subject to audit. This can result in unnecessary confusion, particularly for those not well versed in the use of the estimates.

PROGRAM TRANSFERS

We would like to note that a major policy change has been reflected in the transfer of virtually all the key cultural agencies from the Department of the Secretary of State to the Department of Communications. We recommend that such revisions, which greatly affect the estimates, be noted more explicitly and visually in future presentations.

POST OFFICE

The Committee was informed that the estimates presentation will be revised when the Post Office is turned into a crown corporation. The expenditures of the government will then include only the amounts required to cover any deficit incurred by the Post Office, rather than its full expenditures. As the new crown corporation is intended to operate without subsidies from the government, it is possible that no Post Office estimate will be included in the Main Estimates at some time in the future.

Respectfully submitted,

D. D. EVERETT,
Chairman

(APPENDIX TO REPORT)

PRESIDENT OF THE TREASURY BOARD OF CANADA

February 4, 1981

To: *All Senators and Members of Parliament*

REFORM OF THE ESTIMATES

Today I tabled in the House of Commons material relating to the Government's proposal to initiate, over the next four years, significant revisions in the structure and the nature of information made available in the Estimates in support of the Government's expenditure requests. These proposals include a description of a three-part presentation of Estimates information and illustrative models of program expenditure plans for the Correctional Service of Canada and Supply Program of the Department of Supply and Services.

As part of these reforms, I will be tabling a new volume with the 1981-82 Estimates which explains the Government's expenditure proposals in summary.

The proposed reforms represent a major first step in enhancing the Government's accountability to Parliament by improving the information available in the Estimates. The reform of the Estimates is closely related to major initiatives under way to develop better information in departments, and to improve the Government's resource allocation decisions through implementation of the Policy and Expenditure Management System. These proposals represent a comprehensive response to the criticism of the present Estimates made by the Auditor General, the Public Accounts Committee and the Royal Commission on Financial Management and Accountability.

The Correctional Service and the Supply program expenditure plans which accompany this letter illustrate the structure and content of information to support and explain planned program expenditures. The information is based on last year's (1980-81) data and does not reflect the upcoming requests for funds for 1981-82. The purpose of the illustrative models is to obtain parliamentary input on the adequacy and usefulness of the information before finalizing the form of these new departmental volumes and extending them to other departments.

I believe it essential that the changes be made on a progressive basis in consultation with Parliament to ensure that the final result is a practical and durable product which fully meets the needs of users. Therefore, our current plans envisage a gradual implementation of the proposed Estimates revisions over four years so that further improvements and changes can take place as we learn to use these new Estimates documents and as the underlying information improves. Thus, even after this round of consultation, improvements and changes will still be possible.

I am asking all Members and Senators, and in particular those who serve on the Public Accounts and the Standing Committees, to provide advice on the extent to which these proposals meet their ongoing needs for Estimates' purposes. I am confident that these proposals will provide an improved basis for the accountability of Government to Parliament, and will provide all users with a greater understanding of the Government's policies and programs.

DONALD J. JOHNSTON

BACKGROUND NOTES ON THE STRUCTURE OF THE PROPOSED REVISIONS TO THE ESTIMATES

February 1981

INTRODUCTION

This paper sets out briefly the government's proposals for revisions to the Estimates and describes the overall framework for the presentation of information.

The purpose of the Estimates is to communicate to Parliament the level and nature of the federal government's spending plans and support the request to Parliament for the spending authority required for the operation of government programs.

The Estimates represent a summary-level description of more detailed information available in departments. The government is implementing major changes to the management practices and control systems throughout departments and agencies. The recent introduction of the Policy and Expenditure Management System, directed at establishing a closer relationship between policy and program decisions and resource allocation decisions, represents a major step in this process. As these systems mature, the quality of the information in support of the Estimates will improve.

Over the past several years, a number of changes to the Estimates have been recommended. The Public Accounts Committee, the Auditor General and the Royal Commission on Financial Management and Accountability have all stressed the need for more information aimed at relating resources to the achievement of results, thereby providing a higher level of accountability by the government and its ministers. The Estimates proposals respond to these recommendations.

It is intended that the revisions to the Estimates will be implemented progressively and after consultation over a four-year period, to ensure that the revisions are both feasible and durable and fully meet the needs of Parliament. This implementation period will also allow the time required to improve the basic systems and processes upon which the Estimates are based.

THE REVISED ESTIMATES DOCUMENTS

The revised Estimates will be presented in three parts:

Part I —The Government Expenditure Plan
Part II —Estimates
Part III—Program Expenditure Plans

Following the implementation of the revisions to the Estimates, a separate Guide to the Estimates will be developed that will explain the basic structure and accounting conventions, and provide other information to assist readers in readily locating the Estimates data of interest to them.

Part I—The Government Expenditure Plan

Part I provides an overview of total government expenditure plans. It expands on the expenditure portion of the government's multi-year fiscal plan, concentrating on the broad policy areas to which resources are allocated. It will therefore provide a context within which the more detailed Estimates of individual ministries and departments can be examined.

The Government Expenditure Plan is directed to all Senators and Members of Parliament to support their consideration of the government's overall spending plans. Although the primary audience is Parliament, this document will also be of interest to others, including those members of the general public who wish to obtain an overview of government expenditures.

The Government Expenditure Plan will include:

- the government's multi-year expenditure plan in total and according to particular policy areas;
- a discussion of objectives and initiatives over the planning period within each policy area;
- a summary of the Estimates including a discussion of the major types of expenditures and programs included in the Estimates; and
- supplementary analyses on a government-wide basis relating to selected aspects of the Estimates.

Part II—Estimates

Part II supports the government's request to Parliament for spending authority which is granted through the passage of an Appropriation Act. This year the present Estimates, the "Blue Book", will constitute Part II. In subsequent years the document will change as revisions to other Parts of the Estimates are more fully implemented. Part II will expand on the information contained in Part I by providing information on each ministry and program. This document will establish the framework within which further detail will be provided in the Program Expenditure Plans (Part III).

Part II of the Estimates forms the basis upon which Parliament grants spending authority to the government and as such it must set the framework for the government's ultimate accountability to Parliament. It will include:

- information by ministry on the programs of the departments and agencies for which the Minister is responsible;
- government-wide financial summaries similar to those contained in the front of the present Blue Book; and
- a draft of the proposed schedule to the Appropriation Bill, including the vote wording the forecast spending for all items that have not yet received parliamentary approval.

Part III—Program Expenditure Plans

Program Expenditure Plans are intended to provide further details of the departmental programs and activities presented in Part II. The information contained in these Plans will indicate how the program contributes to the objectives of the government, and will provide explanations of what the program expects to achieve with the resources requested. In addition, each Program Expenditure Plan will include a description of the organization responsible for achieving the intended program results.

Each plan will highlight significant issues affecting the program and will present a breakdown of the program into its component activities and their associated financial requirements. Also discussed will be the mandate, major initiatives and goals, efficiency and effectiveness measures, analyses of resource requirements, and resource justifications. The final section will provide supplementary information on selected aspects of the program.

These documents will be available to all Members. However, because of the level of detail provided, it is expected that the specific audience would be the members of the standing committee to which a department's Estimates are referred.

Ultimately, it is intended that these individual program plans would be combined together by department to form a single document.

THE SENATE

Thursday, June 11, 1981

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

PRIVILEGE

STATEMENT BY SENATOR DESCHATELETS

Hon. Jean-Paul Deschatelets: Honourable senators, I rise on a question of personal privilege.

This morning my attention was drawn to an article published in the newspaper *The Citizen*, under the byline of columnist Richard Gwyn, in which it is alleged that, on Wednesday morning, June 10, I was pressured by the Speaker of the Senate, the Honourable Jean Marchand. I insist on denying that allegation which is altogether contrary to the facts.

It is obvious, of course, and for reasons which everybody will understand, that the content of the statement I read yesterday, as well as the date and the hour when it was to be made, had to be kept secret, except from our Speaker.

As a former Speaker, I knew from experience that before he can draft his Orders of the day the Speaker must be made aware in advance of the date, the hour and the procedure for an event of that type.

I must say here that it is quite normal that a senator who may have any kind of procedural problem should consult the Speaker about it.

Therefore I met the Speaker, not Wednesday but Tuesday afternoon around four o'clock, and I must thank him for his kindness in granting me this friendly appointment from which I derived much benefit.

I firmly deny the allegation made in that article and, honourable senators—and I do think and I hope that you know me for being straightforward—if I had a complaint to make about our Speaker it is this: when I was the occupant of the Chair and had a visit from a colleague I would normally offer him an orange juice, an apple juice or a soft drink, unfortunately, the Speaker forgot to do so this time!

The Hon. the Speaker: Honourable senators and dear colleagues, I thank the Honourable Senator Deschatelets and I confirm every point of his statement.

As to the apple juice and the orange juice, all I had was scotch and I did not want to be accused of attempted bribery!

• (1410)

[*English*]

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS AN APPENDIX

Hon. Douglas D. Everett: Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1982. I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, p. 2531.*)

The Hon. the Speaker: I notice from yesterday's *Debates of the Senate* that there was no French translation of the report of the National Finance Committee presented. I know there have been some problems in that connection, and, therefore, I would ask Honourable Senator Everett if the report he has now presented is in both languages.

Hon. Douglas D. Everett: There was no French translation of yesterday's report when I presented it. However, I was informed that the translation was in the process of preparation and would be available for incorporation in the *Minutes of the Proceedings of the Senate*. Perhaps I should have left the presentation of that report until today because it is my intention now not to speak to it until Tuesday evening. If I have inconvenienced the house, then I apologize for doing so.

I do not have the French translation of today's report with me, but I am sure it will be available soon.

The translations department does as well as it can, but when we were preparing the report on the main estimates, which we had hoped to present on Tuesday evening, we were told the translation could not be available until Thursday morning.

I have to admit that a committee chairman should not present a report without having it in both languages. It was my hope that the translation process would be speeded up. In any event, I apologize if I have inconvenienced this house and those senators who speak French.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Everett: Honourable senators, I move that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, there are two points arising out of the intervention by Senator Everett. First, it is hoped the committee's report on the main estimates and its report on supplementary estimates (A) will appear together on the order paper and will be spoken to on Tuesday.

Senator Flynn: I expect they will be in *Hansard* today.

Senator Frith: Yes. The next point is that that means we should have both the French and English versions of the reports on the main estimates and supplementary estimates (A) printed for consideration next Tuesday when Senator Everett, the chairman of the National Finance Committee, speaks to them. Am I correct in that assumption?

Hon. Douglas D. Everett: Honourable senators, that is correct. I will also seek permission of the house when the first report, which I expect to be that on supplementary estimates (A), is called to speak to both at the same time.

Senator Frith: Honourable senators, you will recall that Senator Everett gave us informal notice that he would be asking me to seek permission for the Standing Senate Committee on National Finance to sit while the Senate is sitting on Wednesday next, June 17, 1981. He and I discussed that and, as I understand it, the hour of 3.30 in the afternoon seems to be satisfactory. While we do not need to have the hour of 3.30 p.m. included in the motion, it can be noted as a part of the request made on his behalf.

● (1415)

If any explanation is necessary about allowing the committee to sit while the Senate is sitting next Wednesday, June 17, I will ask Senator Everett to give it.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting on Wednesday next, June 17, 1981, and that rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today it do stand adjourn until next Tuesday, June 16, 1981, at 8 o'clock in the evening.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Jacques Flynn (Leader of the Opposition): Before the motion is put, the Deputy Leader of the Government could perhaps tell us first what are the immediate plans for next week. As I understand it, we are to expect normal sittings on Tuesday, Wednesday and Thursday, barring exceptional circumstances. However, the following week might cause a problem since I understand that there is no way for the Senate to sit on St. Jean Baptiste day, June 24, which is a Wednesday. What type of program does the Deputy Leader have in mind for that week? I think that if he could tell us what are his intentions it would help honourable senators to make their own plans.

Senator Frith: Honourable senators, with regard to the first suggestion or the first point raised by the honourable Leader of the Opposition, I can tell him that it is indeed our intention to have normal sittings next week, that is Tuesday evening at 8 o'clock and Wednesday and Thursday afternoon at 2 o'clock, as usual.

As for the two following weeks, we have a double problem, that is we have the same problem for both weeks. As mentioned by the honourable Leader of the Opposition, Wednesday two weeks from now is St. Jean Baptiste day. I understand that it is not because of an order of the Senate that we shall not be sitting, but because of an order of the other place. Normally, we respect the custom of not sitting on St. Jean Baptiste day.

The following week, there is another holiday in the middle of the week on July 1. With the agreement of the leadership of this House and that of the other place, we do have a plan or at least a suggestion. During those two weeks, we could sit on Monday—

Senator Flynn: At what time?

Senator Frith: On Monday, June 22, at 8 o'clock; on Tuesday, June 23, at 2 in the afternoon, and if necessary at 8 o'clock. We would not be sitting on Wednesday, Thursday or Friday. We could follow this plan unless something important occurs, such as a ruling of the Supreme Court or referral of other legislation which would require our attention here on the other two days. We must be ready to alter our plans.

However, as a tentative plan and one that we shall probably be able to follow, we could sit during the two weeks, that beginning on June 22 and that beginning on June 29, Monday at 8 o'clock and Tuesday at 2 in the afternoon, and if required

in the evening, but not on Wednesday, Thursday and Friday, and this for both weeks.

If I may repeat briefly in English—

Hon. Keith Davey: Dispense.

Senator Frith: Thank you.

I hope that everyone has noticed that Senator Davey was the only one to suggest that we dispense with the English version!

Senator Flynn: In fact, this is the only thing that reassures us; if Senator Davey has understood, so has everyone else! However, since the deputy leader has talked about those two weeks, can he give us some indication concerning the summer adjournment?

• (1420)

[*English*]

Senator Frith: The major items of legislation that we should be concerned about fall into three groups. The first is the judgment of the Supreme Court of Canada regarding the Constitution. That would trigger the order concerning the naming of a day. The order provides that two days for debate are to be named by the Leader of the Government in the Senate. It is our understanding that he will do this in consultation with the Leader of the Opposition.

The second group relates to legislation implementing the National Energy Program. It is almost certain that next Tuesday evening Bill C-57 will come before us. In my judgment, there is a remote possibility that Bill C-48 will also come before us for consideration, and that also forms a large part of the National Energy Program.

The third group is a cluster of essentially non-controversial legislation, in contrast to that dealing with the National Energy Program, which we should study.

Senator Asselin: What about salaries and pensions?

Senator Frith: I am encouraged to learn that that is being described, by Senator Asselin, as "non-controversial." By Friday we may have received any part of this cluster of legislation from the other place.

Those are the three groups of legislation that we might anticipate and hold ourselves ready for.

Therefore, next week we shall sit on the three regular sitting days—that is, on Tuesday evening, Wednesday afternoon and Thursday afternoon. The following week we shall sit on Monday at 8 o'clock in the evening, and on Tuesday at 2 o'clock in the afternoon, and at 8 o'clock in the evening, if necessary. Unless any of these other emergencies arise, there will be no sitting on St. Jean Baptiste Day and no sitting on Thursday or Friday. The following week we shall sit on the same days—that is, on Monday evening at 8 o'clock and on Tuesday at 2 o'clock in the afternoon, and again at 8 o'clock in the evening, if necessary. There will be no sitting on July 1. I know that this is a long way around the question asked, but I think it is necessary background.

So there is hope that, because of the Summit, we will not have to sit on Thursday or Friday for a further reason, namely, that we may have adjourned.

[Senator Frith.]

Senator Asselin: Is there any French translation?

The Hon. the Speaker: I understand that honourable senators agree to dispense with the translation from English to French.

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*Translation*]

QUEBEC

MICMAC RESERVE, RESTIGOUCHE—RUMOURED OCCUPATION BY PROVINCIAL POLICE

Hon. Jacques Flynn (Leader of the Opposition): I have a question for the Leader of the Government. Is he aware of what is going on in Restigouche, in Quebec, where it would seem that 200 QPP officers have been occupying the Micmac reserve since last night?

[*English*]

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I do not have any information on that subject. The question will be taken as notice.

ENERGY

NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND GOVERNMENT OF ALBERTA

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, is the Leader of the Government able to give us a report on yesterday's negotiations in Banff with respect to the energy question?

Hon. Raymond J. Perrault (Leader of the Government): All I can say is that I met with my cabinet colleague, the Honourable Marc Lalonde, this morning and his face was wreathed in smiles.

• (1425)

Senator Roblin: Is it correct to say that he is so encouraged by what he has heard, or by what he has been doing, that he is going to meet again with the representative of the Province of Alberta by the end of June?

Senator Perrault: Honourable senators, I understand that is the hope. Certainly, the minister is quite optimistic about the negotiations which have taken place.

Senator Roblin: Does that intention to meet at the end of June have anything to do with the fact that the Cold Lake project is to come up for decision at that time?

Senator Perrault: Honourable senators, I am unable to divulge further information on the subject. The question will be taken as notice. I have not had an opportunity to discuss that specific consideration with the minister.

Senator Roblin: May I ask the minister to find out at the same time whether there has been any request of the government for an additional gift to Imperial Oil Company Limited, that is, in addition to the $40 million which was given to it some time ago to keep the Cold Lake project on top of the stove?

Senator Perrault: The question will be taken as notice.

Senator Roblin: Will the minister also find out whether there is any possibility of recouping that $40 million which was given to the Imperial Oil Company Limited, if they proceed at the end of June with that project?

Senator Perrault: That additional inquiry will go forward. Certainly, the answer may indicate whether the Cold Lake project is heating up.

Hon. Jacques Flynn (Leader of the Opposition): Could I ask the Leader of the Government whether the smile of the Minister of Energy, Mines and Resources resembled at all the smile of the Mona Lisa?

FINANCE

ALLEGED STATEMENT BY MINISTER TO CANADIAN NUCLEAR ASSOCIATION

Hon. C. William Doody: Honourable senators, I have a question for the Leader of the Government in the Senate. It relates to a speech reportedly made by the Minister of Finance to the Canadian Nuclear Association. The Minister of Finance was reported to have said that the government is unwilling to keep pouring millions of dollars into industries which are of benefit to only a few provinces. Would the Leader of the Government give us a definition of the government's policy on aid to industries that are in difficulty, or, at least, a clear indication of the policy?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I would be pleased to do so. Certainly, the minister's office will be contacted and, hopefully, a clarifying statement can be made here.

THE CONSTITUTION

STATEMENTS BY MINISTER OF PUBLIC WORKS AND MINISTER OF STATE (MINES)

Hon. Lowell Murray: Honourable senators, I have a question for the Leader of the Government in the Senate. Was the Minister of Public Works speaking for the government yesterday when he advocated that municipalities be given recognition in the Canadian Constitution? I quote the minister:

> Municipal government deserves and warrants a secure place in the constitution and a better share of tax resources to carry out its responsibilities.

My particular interest is in the constitutional regulation of municipalities and whether the minister was speaking for the government in that respect.

Hon. Raymond J. Perrault (Leader of the Government): Certainly, honourable senators, in this particular instance, the Honourable Paul Cosgrove was speaking on his own behalf. However, there is the theory held by many Canadians that municipalities are entities of emerging importance in this country and that they should be accorded a greater role. That view is held by many people across a number of party lines.

The point which should be made clear is that after the Constitution is Canadianized or brought home from Great Britain, before us will lie many further opportunities to change and amend the Constitution and other matters in this country. Indeed, this intent has been expressed by the Right Honourable the Prime Minister and many spokesmen for the government on many occasions. Certainly, a consideration of the increasing importance of municipalities is one of the questions which should be reviewed by those in public life when they come to deal with future constitutional changes.

Senator Murray: If the Minister of Public Works was not speaking for the government, as the leader has just indicated, was the Minister of State (Mines) speaking for the government when she said the following:

> I don't think it is nesessary to have municipalities formally recognized.

Senator Perrault: Honourable senators, one point that should be made abundantly clear is that there has always been a great degree of freedom of speech and action in the Liberal caucus, whether it be in this chamber or in the other place. It may surprise members of the official opposition that Liberal ministers from time to time both explore and discuss publicly some of their views about the future of various institutions and programs in the country. That is not an unusual or extraordinary process, certainly as far as supporters of the government are concerned. The widest possible latitude is offered to members of our party, and that shall continue to be the case.

• (1430)

Senator Murray: Honourable senators, the doctrines of cabinet solidarity and collective responsibility exist precisely so that the Canadian people can know what the policy of the government is and can understand that, when a minister speaks, the minister is speaking not for himself or herself and giving a personal, off-the-cuff opinion but is speaking for the government.

I ask the minister how Canadians are to know when a minister is giving a personal opinion on a matter of public policy and when that minister is speaking for the government.

Senator Perrault: May I remind Senator Murray, who was one of the architects of policy for the previous government, that the then Secretary of State for External Affairs went to an international meeting and stated that there must be an enormous improvement in the degree and quantity of aid to the underprivileged nations of the world, and did so at precisely the same time as the Minister of Finance, a cabinet colleague of the Secretary of State for External Affairs, was calling for cutbacks in foreign aid? Surely the senator is not

suggesting that that was an example of Conservative cabinet solidarity?

However, in the case which he has cited here this afternoon—

Senator Murray: "Cases."

Senator Perrault: In the cases he has cited here this afternoon, the matters discussed by the minister have not been fully developed and finalized by cabinet. In the meantime, individual members of cabinet are surely at liberty, and should be at liberty, to discuss with their constituents and other Canadians their views with respect to those policies, pending a time when a cabinet decision is taken. Their freedom in that regard has always existed.

Hon. Martial Asselin: No, no.

Senator Perrault: And, may I say, this freedom seems to be in remarkable contrast to the actions which I cited earlier, the contradictory statements by the two former Conservative ministers. During the same week they made contradictory statements about a policy which surely had been adopted in cabinet.

Senator Asselin: Name them.

Senator Murray: Honourable senators, I don't want to debate—

Hon. Jacques Flynn (Leader of the Opposition): —the irrelevancies.

Senator Murray: I do not want to debate the constitutional practice, but the reason why there is cabinet secrecy, again, is so that ministers can debate in private their differences on matters of public policy; then later, when ministers go public, it is assumed that those differences have been resolved in the secrecy of the cabinet chamber and that the Canadian people are, therefore, in a position to know that when a minister speaks on a matter of public policy that minister is speaking for the government.

Finally, without prolonging this unduly, let me ask the minister whether his colleague, the Minister of State (Mines), the Honourable Judy Erola, is speaking for the government when she says in an interview that opinion is divided among federal cabinet members on what status should be accorded municipal government. Is that the fact?

Senator Perrault: Well, honourable senators, the matter has yet to be resolved in cabinet. The other day, for example—

Senator Flynn: Why don't you say "yes"?

Senator Perrault: The other day in Ottawa, for example—and this is worthy of some consideration—the minister responsible for housing in this country, the Honourable Paul Cosgrove, convened a meeting of certain regional parliamentarians, Conservatives, Liberals, members of the NDP and others to discuss with them the future of housing policy in the country. Senators were included in these consultations. During the course of that meeting the minister suggested initiatives that he, personally, thought might be helpful. It remains to be seen whether all of the initiatives which he espouses personally will ultimately be supported by his cabinet colleagues. But this process of dialogue is surely a useful one. There is a continuing dialogue involving ministers and other members of Parliament with groups, organizations and individuals. Following adoption, of a policy in cabinet, certainly the doctrine of cabinet solidarity is in effect—as the Honourable the Leader of the Opposition indicates by nodding his head in agreement.

• (1435)

Senator Flynn: Yes.

Senator Perrault: But surely it is useful for ministers to attempt to set forth some of their personal views as a prelude to that cabinet decision-making process.

Senator Flynn: May I suggest to the Leader of the Government that he look at the question which was put to him and compare his reply with an alternative, which would have been, very simply, to say "Yes"?

Hon. G. I. Smith: He is too defensive about it.

CANADIAN WHEAT BOARD

REVENUE GAINS AND LOSSES CAUSED BY FOREIGN EXCHANGE FLUCTUATIONS

Hon. Duff Roblin (Deputy Leader of the Opposition): May I address a question to the Minister of State for the Canadian Wheat Board? I do not know whether he was watching television last night, but a number of us were, when the Canadian Wheat Board came under some scrutiny in the program presented by the Canadian Broadcasting Corporation. It raises a couple of matters on which we perhaps need further information.

One of the points made was that in the middle 1970s there was a loss incurred in foreign exchange transactions in connection with sales of wheat to China on the sterling basis. The sum mentioned was approximately $80 million. I suppose that from time to time the Wheat Board does have problems with foreign exchange, and I am wondering whether the minister can make available to us their record of gains and losses on foreign exchange—for any period he likes, but let us say for the last 10 years. That information would, I think, be pertinent in view of what was said.

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): Honourable senators, I am quite happy to ask the Wheat Board to supply whatever information it feels is desirable and pertinent on that question. There has been a good deal of information provided on that point. I believe the controversy is at least a couple of years old. I will be happy to have the records checked to see what information I may be able to provide for the honourable senator.

I too saw the program, and it was obviously a biased, one-sided, prejudiced attack on the Canadian Wheat Board.

Some Hon. Senators: Oh, oh.

Senator Argue: Conservative members can laugh and giggle if they wish. Leading that attack were the Minister of Agriculture for Alberta, the Honourable Dallas Schmidt, the Minister

of Agriculture for Manitoba, the Honourable James Downey, and the man in charge of the marketing commission in Alberta. The proportion of people on that program levelling an attack against the Wheat Board would probably outnumber the comments in favour and support of the Wheat Board three or four to one. Only one representative of the farm organizations, and the general grain trade, was there to defend the Canadian Wheat Board. There were no other representatives of the farm organizations.

I will have further comments to make on this matter as time goes on. In my opinion, the Canadian Wheat Board has done, and is doing, an absolutely tremendous job.

Some Hon. Senators: Hear, hear.

Senator Argue: I believe the CBC's attack on this public institution—and this is not the first attack that the CBC has launched on similar organizations—is completely and absolutely misleading.

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Argue: The Canadian Wheat Board is doing a tremendous job, if only to mention the completion of that huge sale, that huge agreement, with the Soviet Union, involving no commission whatsoever.

Some Hon. Senators: Hear, hear.

Senator Argue: If the private grain trade had been in there, whether it had taken one per cent, 2 per cent, or whatever, it would have cost the farmers tens of millions of dollars.

Hon. Martial Asselin: Another speech.

• (1440)

Senator Argue: I think it is very regrettable that members of the party opposite—not members in this chamber, but members, very, very important members, in the west—should be taking that kind of posture.

I want to say that I think the attack by the Conservative Party and the Conservative government in Alberta against the Canadian Wheat Board is being softened. They may be having second thoughts. I met with them on another matter some days ago, and I noticed that they were not nearly as aggressive as I thought they might be.

There was an editorial in the Edmonton *Journal* of May 27 about the agreement with the Soviet Union—

Senator Asselin: This has nothing to do with the question.

Senator Argue: This is part of the answer.

Senator Asselin: You are making a speech.

Senator Argue: I am defending the Canadian Wheat Board, and I think that is my responsibility. That was a virulent, prejudiced and unprincipled attack that was levied by the CBC in this program, that was basically destitute of facts, destitute of arguments that would carry much weight—

Senator Asselin: We are not quarrelling with you.

Senator Argue: —and destitute of voices from the large majority of farmers who support the Canadian Wheat Board.

Anyway, this editorial is about the agreement, and it concludes as follows:

> In fairness however, the provinces now should drop their errant criticisms of Canadian Wheat Board marketing. Premier Lougheed was particularly critical of the Wheat Board's sales effort after his visit to the Soviet Union in 1977. Events have proven him wrong. The Wheat Board is an effective agency in the federal government's pursuit of international trade.

Senator Roblin: Honourable senators, I am relieved that Senator Olson is not here, because he would undoubtedly have felt impelled to remonstrate with his colleague for the type of reply he has given. I am thinking of framing that reply so that it will be available for Senator Olson's perusal. I hope also that the minister will take advantage of the opportunity to send a copy of today's *Hansard* to the people at the CBC who wrote the program—

Senator Argue: I certainly will.

Senator Roblin: —because I think members opposite should take note that I have not taken a position with respect to that broadcast as to whether it is right or wrong. I have taken a position asking for clarification of the facts; because, if the facts were wrong in that program, then they should be put right. I have asked the minister to give us the information about those facts. He takes advantage of this opportunity to say what he has said, and I do not complain about that, though I am sure the Leader of the Government would if he followed his usual tactic in this matter.

I would like to ask my honourable friend to give me some more information. Has it been the policy of the Canadian Wheat Board to inform the farmers whose money it is as to what the result of their foreign exchange trading, gains or losses, has been? The reason I ask the question is that in almost all commercial corporations that I know of, if they have a foreign exchange loss or gain in their transactions they report it in their annual statements. I have looked through the annual statement of the Canadian Wheat Board for 1980—I have not had a chance to look at any others—and though I may have missed it, and I would like to be corrected if I have, I can find nothing in it that really bears on this point. It seems to me that we should know whether this sort of information about foreign exchange transactions—particularly when the amounts involved are quite substantial—is made known to the farmers who comprise the Canadian Wheat Board's clientele.

Senator Argue: I shall be very happy to take that question as notice and make the necessary inquiries. I think I know part of the answer, but I want to get a full answer, so I am happy to do that as a result of the question asked by Senator Roblin.

Senator Roblin: I am much relieved by the tenor of the minister's answer, because after his first reply I was a little concerned about his blood pressure, and I would have felt

guilty indeed if he had been carried away in the paroxysm of interest that he displayed in connection with this matter.

Senator Argue: Don't get too personal.

AGRICULTURE

EXCESS SUMMER FALLOW—EFFECT ON SOIL FERTILITY

Hon. Duff Roblin (Deputy Leader of the Opposition): I should like to ask the Minister of State for the Canadian Wheat Board another question arising out of the television broadcast I have already referred to, which I think is of considerable importance.

We have heard testimony—and the minister will probably recall this—about the effect of summer fallow on the fertility of the soil in the Standing Senate Committee on Agriculture, if I am not mistaken, in which we were given certain warnings about that policy. In this broadcast last night—this is a very serious point, and I know the minister appreciates it—the allegation was made that the quota system, which, in effect, bonuses, or is alleged to bonus, farmers who have summer fallow, is part of the problem in the sense that some farmers are continuing to follow the practice of summer fallowing in spite of the fact that it might be dangerous. What I want to know from the minister—and he may not be able to answer me now—is what the official position of the scientists of the government is with respect to the effect of excess summer fallow on the fertility of the soil?

Hon. Hazen Argue (Minister of State for the Canadian Wheat Board): I think I should endeavour to answer the honourable senator's question by saying that the whole matter of quotas, and how they are applied in this system, has been under review for some time, and the Canadian Wheat Board has sought advice from many areas. One of the very important organizations or bodies to whom they have looked for advice is their own advisory committee, which is composed of farmers themselves. I have been part of this discussion. There are arguments which say that the quota system should have some relation to productivity itself, while there are others who feel that the quota system as presently established is generally rather good, and improvements, or changes, should be carried out with great care and caution.

The question of summer fallow is an important one for every producer, and it is fair to say, and correct to say, that over the years in western Canada, especially in recent years, there has been a general reduction in summer fallow acreage. This has taken place, in general, in those areas of the prairies where moisture conditions are not usually a particularly difficult factor. In other words, there is less summer fallow in the areas where there is greater moisture and in the areas where there is a lower temperature—the north and northeast—and perhaps even a lower rate of wind, or lower drying factor.

If you farmed in southern Saskatchewan, southwestern Saskatchewan and southeastern Alberta, and were to follow the learned advice of Professor Rennie to remove your summer fallow and engage in continuous cropping, or close to it, you would soon be bankrupt. I am certain, as a farmer, that those people who undertook to follow his advice would go broke very quickly, because the people in those areas, who have as much as half a million dollars or more invested in their farms, many of whom have had a university education themselves and are probably as well trained as Dr. Rennie, believe that Dr. Rennie's advice does not fit their area.

The research station at Swift Current, which is in the middle of this area, where there is almost 50 per cent summer fallow, say—and they have made this very, very clear—that they think Dr. Rennie is very much mistaken as far as that area is concerned. I suppose, therefore, with respect to this advice—as is often the case with advice—that there are places where it fits and others where it does not fit.

Dr. Rennie, however, has done very commendable work in pointing out—and he makes this qualification, with which I certainly agree—that in areas where there is usually ample moisture the amount of summer fallow can be very materially reduced. As a practising farmer in that area, I know that the farmers there, and those to the south and west, who have done well over the years have consistently followed the practice of almost 50 per cent summer fallow.

• (1450)

Senator Roblin: I believe the minister is aware of the Dobson-Lee report of the early 1970's on this subject.

Senator Argue: On quota?

Senator Roblin: Yes, on quotas and on the summer fallow problem involved in the way that quotas are defined these days.

The minister is right with respect to the difficulties he has mentioned, but the problem is, if some scientists are correct, that the fertility of the soil is being damaged in a way that is almost irreparable. It may take decades to bring it back into full production again.

If there is a question in dispute among the scientists, will the minister undertake to have this matter investigated in an authoritative way so that we can be sure of the facts.

Senator Argue: I am not sure that I am going to have anything more done on this matter than is now being done.

Senator Roblin: What is that?

Senator Argue: The Swift Current experimental station is dealing with the question of summer fallow all the time, and Dr. Rennie is dealing with the question of summer fallow all the time. There may be a need for the two to get together, but that is all.

I have practised farming in that area, and although I have not had as much experience as some others my impression is that if the soil is handled with modern methods of tillage—surface tillage rather than deep tillage—and if there is maintenance of trash cover, and the use of fertilizer in years when there is moisture, then that area will be much more productive than it was 20, 30 or 40 years ago. With nitrogen-fixing properties within summer fallow, I feel that—and I give you my own personal judgment because I am not a professional—the practices in that area have not led to a substantial deterio-

ration in the productivity of the land. It may well be that the soil is, in fact, more productive.

Senator Roblin: I am not going to ask any more questions on this subject because there is other more important business to be transacted this afternoon. I merely refer the minister to the record of wheat production in western Canada. I am not asking him to reply, because he will take all day to do it, but he could look at those figures in connection with his fertility argument.

Senator Argue: I have looked at those figures and have found them very favourable.

I want to add something more on the quota systems. The quota system as a marketing tool is necessary in order to have some equity in the system. The quota systems today are in no way a detriment to the marketing of grain, because by the end of the crop year, whether by means of taking them all off—which may not be the means—or some other method of adjusting them, the farmers will be able to market all of the crops that they produce.

Senator Roblin: That is not the point.

Hon. Royce Frith (Deputy Leader of the Government): What is the point?

Senator Roblin: The point is fertility.

AIR CANADA

FLIGHT ATTENDANTS—APPLICATIONS FOR POSITIONS—QUALIFICATIONS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have an answer to a question asked by Senator Marshall on May 28.

The management of Air Canada has confirmed that it does not keep a record of applications for flight attendants by province of origin. The figures provided to the honourable senator in 1978 reflected the numbers of applicants received for interviews in various Canadian cities with Air Canada bases. Air Canada has been able to provide these figures once more for the year 1980, but warns that they should be interpreted cautiously because they do not give a true picture of applications by province of origin. For example, applicants from Hull would be included in the Ottawa total; a student from St. John's attending a university in Hamilton would be interviewed in Toronto.

The figures are as follows:

British Columbia	2,066
Alberta	1,273
Saskatchewan	205
Manitoba	1,317
Ontario	6,498
Quebec	10,315
New Brunswick	225
Prince Edward Island	41
Nova Scotia	571
Newfoundland	104
TOTAL	22,615

There were also 5,000 applications received for summer employment, but these have not been broken down by province. This then brings the total to 27,615 applications.

TRANSPORT

VANCOUVER—BOUNDARY BAY AIRPORT—RE-OPENING FOR LIGHT AIRCRAFT

Hon. Raymond J. Perrault (Leader of the Government): I have an answer to a question asked by Senator Austin on May 28.

It is difficult to forecast a precise date when the Boundary Bay aerodrome will be reopened. At present, Transport Canada is waiting for the B.C. Agricultural Land Commission to withdraw 120 hectares of aerodrome land from the Agricultural Land Reserve. If this land is made available, Transport Canada will seek a private sector developer for the aerodrome, or, failing that, develop the aerodrome on its own.

FOREIGN AFFAIRS

ISRAELI ATTACK ON NUCLEAR REACTOR IN IRAQ

Hon. Raymond J. Perrault (Leader of the Government): I have an answer to a question asked on June 9 by the Honourable Senator Macquarrie regarding the Israeli attack on the Iraqi nuclear installations.

On June 9 the Israeli ambassador was informed that Canada strongly condemned the Israeli attack, viewing it as extremely harmful to the cause of peace in the Middle East.

The United Nations Security Council will soon meet in emergency session to consider the Israeli action, probably on June 12.

The government has as yet made no decision concerning what if any further action it might take beyond its condemnation of June 9. This will be done only after the Security Council meets.

NORTH ATLANTIC ASSEMBLY

TWENTY-SIXTH ANNUAL SESSION, BRUSSELS, BELGIUM—DEBATE CONCLUDED

On the Order:

Resuming the debate on the Inquiry of the Honourable Senator Bonnell calling the attention of the Senate to the Twenty-Sixth Annual Session of the North Atlantic Assembly, held in Brussels, Belgium, from 14th to 23rd November, 1980, and in particular to the discussions and proceedings of the Session and the participation therein of the delegation from Canada.—(*Honourable Senator Hastings*).

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have been advised that Senator Hastings does not wish to speak to this matter. Senator Lafond

had indicated he would speak to it, but now I believe he has informed Senator Hastings that he will not do so.

I believe I am safe in saying that this item should be considered as having been debated and removed from the order paper.

The Hon. the Speaker: As no other honourable senator wishes to speak, this inquiry is considered as having been debated.

EL SALVADOR

POLITICAL, MILITARY AND SOCIAL SITUATION—DEBATE ADJOURNED

Hon. Heath Macquarrie rose, pursuant to notice of Wednesday, March 4, 1981:

That he will call the attention of the Senate to:

(1) the increasingly dangerous political, military and social situation in El Salvador;

(2) the compelling hazards of third party interventions and the possibility of the escalation of hostile actions within El Salvador;

(3) the further compelling importance of the resolution of the conflict by means of a political settlement rather than through recourse to sustained and bloody armed conflict; and

(4) the value of Canadian encouragement and support of the efforts of those individuals and groups seeking mediation of the conflict in El Salvador.

He said: Honourable senators, I have great regard for this particular procedure. It is one of the virtues of the Senate that we have this procedure whereby we may give the benefit of our mature wisdom, as a chamber of second thought, to issues which are contemporary, and these may be in the international scene as well as in the national scene. It is important that we have this flexibility, because it is indeed trite to say that it is a rapidly changing canvas which covers the international scene today. I sometimes feel that we lose a bit of spontaneity by the long lapse between putting down the inquiry and dealing with it. Mine was put down on March 4, and much has happened since then.

Another thing which has caused me some concern is that quite often an inquiry prompts remarks from the person who inspired it but no one else. It may very well appear to be some little exercise in particular reasoning that he may have—hobby-horsing, if I were so slangy as to use that expression. I should like to see more of these inquiries carried through with more discussion representing a variety of thought in the Senate. I invite other participation in this matter. Regrettably, the El Salvador situation will not be going away. I think we should give some thought to a better mechanism of having the Senate, or a committee thereof, seized with some of the very important foreign policy issues, because our standing committee is engaged in very useful long-range studies. The committee has built up great expertise and facility in dealing with such subjects.

• (1500)

Since the introduction of my inquiry in March, distressing events in the Middle East and elsewhere have caught the attention of the world, so that there is now diminished media attention for El Salvador. I wish that the dangers had diminished as did the attention given to it by television, radio and the press.

As a serious deliberative body, the Senate is ideally suited to seek beyond today's headlines. For that reason, I am somewhat pleased it is not one of the racy news items of today. In the "electric age," as MacLuhan called it, the devices of our technology make possible a broader public involvement. He used to say that every school child would weep at the assassination of President Kennedy because they knew about it instantly and, therefore, were affected. It contributes, I fear, also to a shortened memory span. The citizenry deluged with data, impressions and action shots becomes a sated, saturated audience all too ready to forget or, at least, to ask for a change of emphasis or perhaps a change of locale. It seems like yesterday, in my mature accumulation of years, that the howling mobs of Tehran, and the grim, glum countenance of the Ayatollah Khomeini dominated the livingrooms everywhere, every day and every night. But little is heard of Iran today, yet the problems, the anxieties and the dangers are still there.

Do we ever hear about Afghanistan today? How often is Afghanistan featured on television in our country? How much space is given to the terrible situation in Somalia? There is danger, suffering, bitterness, conflict and tragedy existing all over the world, but it seems that in our age we have to have periodic fascination. In our age the latest thing is the only thing, otherwise it is no good, and that is a terrible thing if it prevails even in reference to human suffering. Unless you are constantly the recipient of the attention of the television camera, you will not be given consideration. Whether an item is newsworthy on the comparative and recent scale or not, the situations are there and thoughtful people must think about them.

So it is with El Salvador—that sad little country. With problems so immense, with suffering so vast, our first consideration should be—and it is not always given this priority—in human terms. The statistics are imprecise. One thing we do know is that there is a devastating assault upon human life every day in that country. For far, far too many of those poor people, Thomas Hobbes' description is all too true that life is nasty, brutish and short—tragically short for many.

In recent weeks I have been reading what I can from serious and casual articles, and one of the finest articles I read was from the *Washington Post*, written by Loren Jenkins. He writes about Chalatenango, a small city in the north where, he says:

> It is a dead body by the roadside that first announces the city limits of this somnolent provincial capital in northern El Salvador.

> Seemingly dressed in his Sunday best—a still-clean white Guayabera shirt, dark slacks—the man lies flat on his back on the gravel shoulder of the two-lane black top from San Salvador, 60 miles southwest of here.
>
> The dead man's shoes are missing and his stocking feet look somehow incongruous. Someone has placed a small tree branch on his face to keep the buzzing flies at bay but it does not hide the ugly black bullet hole in his forehead.

He goes on to say:

> A little farther into town, there is the sound of scraping in a cemetery of shoulder-high white tombs. Three men are wordlessly digging a grave.
>
> In El Salvador, where death has become a way of life—

That is a splendid phrase. A fine reporter this man must be. He continues:

> —it is a scene that with only slight variations of setting is seen every day, everywhere.
>
> No one really knows just how many people have been killed or have disappeared since the old military government of General Carlos Humberto Romero was overthrown 18 months ago by a group of colonels promising reform. The conservative count is 10,000 dead; that of the now underground human rights commission, 16,000.

So we are not sure whether it is 10,000 or 16,000, but we know there are thousands. The article continues:

> Whatever the precise numbers, they are almost beyond belief, certainly beyond comprehension.

Then he writes about how they go into that unhappy state, and he says:

> Some no doubt were killed by rightist death squads that roam the streets after dark seeking out suspected leftists. Others no doubt were themselves rightists, or *orejas* (ears), the name given to collaborators of the army, who had been slain by leftists. Others might be women raped by soldiers, then disposed of by a bullet to the head, or simply the victims of personal feuds.

That is not a horror story, but careful reporting of what is far, far too prevalent.

The danger of further breakdown in a social situation like that is clear, present and cannot be overemphasized. There are ingredients that make it as nasty and evil as it is dangerous.

A Toronto newsman said that the Salvadorean military makes the Shah's Savak look like a ballet troupe, and they move, apparently, unchecked by the civilian government, because the civilian government does not have the power to check them. The political structure, which never functioned well—no one ever looked to El Salvador as a great, functioning democracy—is more precarious than ever before. Naturally, against such a social background, the economy is in an intolerable state. An American scholar has described five serious socio-economic factors that made this country a likely field for the kind of extreme degradation and deprivation which we see. Little El Salvador has one of the highest population increases in the world and a very high population density. It is a country which has absolutely no frontiers—no more room for further expansion.

This next point frightens me, coming from Prince Edward Island, because it has replaced individual agriculture by commercial agriculture. The independent farmer, on the way out in many places, is out in that country. He also talks about the emphasis upon capital-intensive rather than labour-intensive industries which, in his opinion, is a combination of five bad socio-economic ingredients. Whether he is right or not, what was brewed out of those ingredients certainly is bad enough.

You could not look at an institution in that little country which is not under enormous strain. One of the strongest is the church, and it is obvious it is under great strain, although it is probably, in my judgment, giving the best leadership in these troubled times of any institution there.

• (1510)

If we were talking about the north-south dialogue today, I could say everything that I have said about this country in Central America, because here is a prime example of the sort of social problems with which the north-south dialogue must deal. These are the kinds of social problems which could be the forerunners of a terrible breakdown in our world. One of the unfortunate things is that we cannot finish our discussion and invoke only the north-south axis. All of the ingredients are there: the grinding poverty; the illiteracy; the exploitation of limited resources by a tiny group of people; the military control; the blighting of opportunity. It is the sad, old, familiar tale. What has happened is that, instead of this being dealt with in north-south terms, there has been a superimposition of the east-west. As if this little polity could stand any more, it has come into the forefront of conflict and competition between the east and the west.

We look at the United States today with all of the understanding that we try to bring to the country which is our closest ally and our closest neighbour. As one of my friends in the House of Commons said years ago, the United States is our best friend, whether we like it or not. However, we see things that should make thoughtful people sad. I am convinced that the domino theory has been restored. The flavour of the fifties is being tasted again, and that is not a very good thing. It is sad if one remembers the domino theory of the fifties but forgets what came out of it in the sixties; that is, the tragedy of Vietnam which arose because not everything could be related to east-west terms, everything could not be reduced to simple black and white—or perhaps, one might say, red and white.

The Green Berets are there; the helicopters are there; $25 million in military expenditure is on tap and ready. One reads the headlines which say, "We will not become militarily involved in El Salvador." If one kept a scrapbook, one could find 100 quotations from President Johnson and others to the effect that "We will not be militarily involved in Vietnam."

Hon. Royce Frith (Deputy Leader of the Government): From whom and others?

Senator Macquarrie: From President Johnson.

Hon. Duff Roblin (Deputy Leader of the Opposition): President Kennedy, too, for that matter.

Senator Macquarrie: And President Kennedy, of course. Thank you, Senator Roblin.

We were assured that only "experts" were involved. We believed that as long as we could, because we wanted to believe it. I can well recall being in the House of Commons from the very beginning of the war in Vietnam. Most of us there were totally reluctant to criticize the United States. It was a very tense time when the then Prime Minister, Mr. Pearson, voiced his criticisms of the United States. After his "conversation", shall we say, with President Johnson, he came back and said, "I have been to Berchtesgaden." His criticism was not well received.

However, we found that the United States was suffering more from that situation than anyone else. The assault upon American society was grievous. Now we have it again. We asked this question: How many years, how many lives, how much social turmoil, how much destruction is necessary to bring about the full unfolding of what was a tragic blunder? Some voices are raised in the United States today, warning that the same thing may happen again.

When I seek the point of view of people who are possessed of knowledge and experience, I try to avoid the extremists. Those who lash out in a denunciation of the President or of the American regime do not come to my mind as people I care to quote or to believe. I have been impressed, in all of this, by the opinions of Robert White, the former United States ambassador to El Salvador, who courageously jeopardized and perhaps terminated a brilliant career in American diplomacy. He has come back from El Salvador and has made some very candid statements, but he has not at any time gone into free-wheeling denunciations of his own country or the government from which he resigned. He feels, however, that the biggest danger in the United States' involvement is that it will drive the populace of El Salvador leftward. That would not be the first time such a thing had happened.

No one can rewrite history and say, "Had this not happened, this would not have followed." However, most thoughtful observers believe—certainly, many people in both countries concerned profoundly believe—that the support of the United States for that dreadful man Batista had much to do with the success of Castro; that the Bay of Pigs invasion had a great deal to do with the sustaining of that man in office. That is another example.

It is always sad if any regime is run by Bourbons, of whom it was said that they learn nothing and forget nothing. If you remember John Foster Dulles, it is too bad that you forget the Bay of Pigs or Vietnam; but if you have that tragic combination, there is danger.

Robert White said:

> The Reagan Administration . . . tends to ignore the fact that in El Salvador there is an authentic revolution which would exist whether or not the Soviet Union existed.

[Senator Macquarrie.]

He said that the engagement of the United States in a military way is sending the wrong signals to Latin America. The United States is a great country. I would have no problem deciding whether I would prefer the country of Thomas Jefferson to the country of Lenin. However, the United States does not have a great record in Latin America. It would only be the most myopic chauvinist who would say any such thing. The United States has a bad record there. It is always wise, I think, to listen to those who have a broad range of knowledge and a deep perception as well, and I think that Robert White has both of those qualities.

I am not a member of the United States Congress; I would far sooner be here. My major interest is in what this country should do. What should be the attitude of this country? Should we say that it is an American concern and not ours? Of course, we cannot say that. The country that produced Sir Robert Borden, the first international statesmen of the land, and Lester Pearson could not think of that kind of foolish detachment which would be worthy of Mackenzie King.

• (1520)

We must try to find our role. Is our role to be totally supportive? Is our role to say that that which emanates from Washington is the voice of Canada too? If honourable senators think that I am trying to be dramatic for some effect and filling the air of this quiet Thursday afternoon with vain imaginings, I assure you that such is not the case. I have been doing my research, and what I am paraphrasing are the remarks of the Secretary of State for External Affairs.

I have not spent much of my time in public life in criticism of people, even those in the opposite party, and it is certainly not my practice to look upon foreign policy as a great field for partisan controversy. I am, nevertheless, disturbed when I see a significant and revealed alteration in the Canadian attitude on one of the important issues facing the world today, and I think it behooves us in this illustrious senior chamber to give some thought to it.

Not long ago, the Secretary of State of the United States and his counterpart in this country met, and followed with a statement that the attitude of Canada toward the military assistance of the United States was "quiet acquiescence." Later it was stated that that was a mistake; that what was really said was that it was "quiet quiescence." The difference between "acquiescence" and "quiescence" is not in the range of a wide gulf fixed by any means. As a man who has acquiesced a great deal for the last 60 years, I am pretty familiar with the meaning of the words. They mean: to raise no objection; to accept arrangements or conclusions. I am sorry to be pedantic, but I suppose one cannot shake these bad habits. "Acquiescence," I would say, is a better word than "quiescence." "Acquiescence" is moving towards a state of quietude; and "quiescence" indicates that you are already there. When you put before that the word, "quiet," it is really being terribly mum—

Senator Frith: What was that word?

Senator Macquarrie: "Mum." Pardon the slang; I should be ashamed of myself. It means total and complete silence; total satisfaction. I do not think that is our role; we who have knowledge.

Accompanying this was a statement from the minister, in answer to a question in the other place, that Canada has no embassy in San Salvador. Of course, we do not; we do not have embassies in every single Central American state. Whethe · we should is someting we could discuss at another time, but we have one not many miles away which covers that area. We do have some knowledge of the Central American area. We do have a century and a half of close and valued contact with the Caribbean area.

If we do not know that area well, surely we should know the United States better than any other country in the world. We cannot wash our hands and draw around us the mantle of detachment. We cannot put on the cloak of isolation and say that it is not within our field of interest. It is terribly and tremendously within our field of interest. Human suffering; the danger of an east-west conflict in that small country; what could be more important to a respected and valued member of the international community?

I am concerned about our integrity in international matters. I am concerned about our independence of judgment and utterance. Oh, not independence for its own sake; that is nonsense. Not disagreeing with the United States just for the sake of that; that is silly and unbecoming a mature country. We did that in our adolescence. We all do silly things when we are adolescents, and then we get too old to enjoy them, but that is the way with life.

However, in the life of a nation, we must take our place as a mature member of the international community. We do have a stake; we do have information; we must have concern. Quiet quiescence is not enough. It is worthy of "Conscription, if necessary, but not necessarily conscription"—and that never was good enough.

I have some words for some of my colleagues who, with more kindness than candor, said they wanted to hear my speech, and then with more candor than kindness told me when they had to catch their planes. I am now announcing that, as in the old Presbyterian sermon, I am at "Fifthly", and that is "Lastly", because you are not supposed to go beyond five substantial segments.

What has interested me and brought mixed emotions—although I am not a churchman but a politician, but I have been impressed—is that in the last few months, in both Canada and the United States, the quality of the leadership from the church people has been magnificent. There are times when people of conviction, of faith, of fine attunement to the social problems in our own land and in the broader world do perform great things and, in a favourite scriptural expression, "move mountains."

I was impressed that on Good Friday last the Protestant churches of the United States went to Washington to conduct a sublime service. The statement made on behalf of all of them was, of itself, moving and sublime. It was as follows:

> We have come here on this Good Friday to witness to the sufferings of Christ in the sufferings of the people of El Salvador. We remember our brother and father in God, Archbishop Oscar Romero—

This is a statement by Protestants.

> —who during last year's Lenten season was martyred for his ministry to the people of El Salvador. In the midst of these memories, and in the face of violent death rampaging across El Salvador, we are drawn together in the communion of Christ's suffering. We gather to pray to God and to petition the government.
>
> We make these prayers and petitions on behalf of the people of El Salvador who are now under the Cross. Daily they are beaten and wounded and driven like sheep to the slaughter.
>
> We have gathered in support of the thousands of our fellow Americans who have preceded us in protest. We wish particularly to support our sisters and brothers in the Roman Catholic Church. For months they have prayed and petitioned and kept vigil in order to stop the repression.

• (1530)

> We protest the policy of seeking military solutions to human problems. We join hands with those who oppose military aid. We would project the vision of a negotiated peace grounded in justice.
>
> Above all else we would—if we could—stay the continuing crucifixion of the Salvadoran people. Neither ideological triumph over communism nor political advantage over the Soviet Union, nor renewed national self-confidence, nor any other cause can justify our government's support of the systematic slaughter of the Salvadoran people.

Those are words of beauty, courage and challenge. However, the American Protestants are not the only group. I have an item here, datelined "London", which states:

> Christian churches will continue sending aid to El Salvador despite U.S. pressure to stop European emergency relief to the troubled Central American country, the director of Christian Aid said here yesterday. Speaking on his return from a visit to Central America and Brazil, Kenneth Slack said: "I did not meet a single Christian who was not deeply critical of the line being taken by the Reagan Administration."

Nor are Canadians in the churches remiss. I was very pleased and encouraged to read what the churchman who is just a few miles away, Bishop Adolphe Proulx of Hull, Quebec, Vice-Chairperson of the ICCHRLA, which is a human rights group concerned with Latin America, said:

> I see no reason why the Church in Canada—and the Catholic Church in the United States, because we are not alone—should not bring pressure on their governments to

> stop sending arms to a junta that has been murdering people for many years, particularly last year.

He went on to say:

> The Canadian Churches, through the Inter-Church Committee on Human Rights in Latin America, and many local and regional formations, will continue to seek the fullest possible information on the situation of the Salvadoran people, to seek ways of offering them support and to seek a forthright and strong Canadian foreign policy.

That is a fine statement. I think that the way of the military is not the way, or that submerging the entire matter in east-west conflict is not the way. If there is an opportunity for negotiating a settlement, then that is part of the way. If there is an avenue in some organization, be it one based in this hemisphere, the continent or the U.N., then that is part of the way. The emphasis on the humanitarian considerations is part of the way, and in each and all of these ways there must be some way for the Canadian government and the Canadian people to make a contribution. We cannot be comfortable in the presence of such overwhelming suffering. We cannot be calm and relaxed in the face of such great danger, nor can we fail to speak with candor and with concern to any country, however friendly or however strong, if we believe that out of our experience they may be in danger of adopting a course that will lead, not to those things which are good and acceptable but to those things which are dangerous and inconceivable.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Deputy Leader of the Government): Honourable senators, I have a question for the Honourable Senator Macquarrie. If I understood him correctly, he feels we should not take a hands-off or uninvolved approach to this situation but that we should do something. The senator has suggested that one of the things we should do is speak out. Can the senator suggest forms of action we can take, other than speaking out with candor to the United States about our value judgments and our value system?

Senator Macquarrie: Honourable senators, I thank the Honourable Senator Frith for his question. I do not pretend that I have a pat formula or pat formulae. There is always value in broadening the base for compromise and for action, whether this be done, as I have mentioned, in a hemispheric sense, a continental sense—in this case in terms of South America—or through an appropriate agency of the United Nations. I believe that quite often what the United States might need and what it might even value in such situations is hearty involvement by its allies. I think that in many matters the Europeans have a great accumulation of wisdom and insight, and I do not think it is being used.

I would look first at some kind of international conclave. I do not believe that it is a comfortable view to have the entire country looked upon as a sort of sacred preserve for the United States into which there might be incursions by Cuba or Nicaragua, because that theory in itself allows for a lot of trouble. There are inventive ways. I think that the Mexicans could be very helpful. Perhaps a committee of four countries could be set up. Canada, if we are asked, could be on it, but both Cuba and the United States would be excluded. All these avenues offer hope and aspiration. As honourable senators know, I am an eclectic pragmatist. I try to find different ways of doing things, and I do not set up any pet theses. That is the avenue I would follow.

Senator Frith: I have a second question. Does the Honourable Senator Macquarrie want to adjourn the debate in his own name, to perhaps give us the benefit of his judgment on the recent Canadian involvement that arose through Mr. Broadbent's trip to El Salvador, on whether the visit was a good thing and on whether we can expect good results from it?

Senator Macquarrie: Honourable senators, I would be delighted if Senator Frith would adjourn the debate, which would have the effect of keeping the issue open for matters which I mentioned and others.

Senator Frith: Therefore, I compliment Senator Macquarrie on a very sincere and conscience-stimulating intervention, and I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, June 16, 1981, at 8 p.m.

APPENDIX

(*See p. 2518*)

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

REPORT ON SUPPLEMENTARY ESTIMATES (A) LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1982

June 11, 1981

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1982, were referred, has in obedience to the order of reference of Tuesday, June 9, 1981, examined the said Supplementary Estimates (A) and reports as follows:

The Committee was authorized by the Senate as recorded in the *Minutes of the Proceedings of the Senate* of June 9, 1981 to examine and report upon the expenditures proposed by the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1982.

In obedience to the foregoing, your Committee examined the Supplementary Estimates (A) and heard evidence from the following: From Energy, Mines and Resources Canada, Petroleum Prices and Compensation Branch: Mr. A. Digby Hunt, Assistant Deputy Minister; Dr. T. S. Tuschak, Director General, Operations; Mr. A. J. Kealey, Acting Director, Petroleum Compensation; and from Treasury Board: Mr. E. R. Stimpson, Director General, Budget Co-ordination Group.

The Supplementary Estimates (A) contain only one item, an increase in the 'Payments to refiners of crude oil and petroleum products for the purposes of Part IV of the Petroleum Administration Act'. This increase is in the amount of 2.1433 billion dollars, and raises the total estimates for this purpose to $5.1587 billion. Honourable Senators may be aware that the total increase will be paid for by increases in the Petroleum and Special Compensation Charges.

The witnesses suggested that a number of factors have necessitated the presentation of this Supplementary Estimate. By far the most important of these is the cutback in the production of crude oil in Alberta. To date, two of these cutbacks have taken place, in the amount of 60,000 barrels per day, and a third is expected to occur in September. According to our witnesses, these three cutbacks will increase the amount of compensation paid in respect of imported oil by some $1.5 billion. In addition, due to differences between the average quality of the oil cutback by Alberta and the oil being imported, (the Alberta cutbacks are, we were told, concentrated in the lighter, less sulphorous grades of oil), an additional $.27 billion is required, raising the total costs of the cutbacks to roughly $1.77 billion.

Our witnesses also told us that the previous estimates were based on an average Canadian dollar value of approximately 87-88 cents U.S. Their new estimates are based on an exchange rate of 83-84 cents, necessitating increased subsidies of $.3 billion. This will be partially offset by savings due to lower than expected world crude oil prices in the amount of $.1 billion. In addition, a change in the procedures used to collect subsidies relating to export sales of marine and aviation bunker fuels will increase this account by $.15 billion. This change is, however, strictly an accounting matter, and does not require additional outlays. Miscellaneous adjustments constitute some $20 million in the revision. For convenience, we attach as an appendix to this report a summary of all the pertinent changes.

We would like to add and stress two additional points raised during our examination. First, the demand projections for oil products which underlie this supplementary do not incorporate significant continued reductions in line with the 6.8% reduction we were told occurred in the first quarter. Second, the estimates are based on neither increased nor decreased future prices for crude oil on international markets. The witnesses stressed that international price movements were very difficult to project.

We would also like to stress in this report that accounting changes are planned which will directly alter the manner in which Oil Import Compensation payments will be reported in the estimates. In future estimates, it is intended that only the difference between the amounts paid in compensation and the amounts collected through the Petroleum and Special Compensation Charges will be reported in the estimates. The magnitude of this change is significant. If for example, this procedure had been applied to the Main Estimates for 1981-82, the total of the Main Estimates would have been reduced by over $2.5 billion dollars. If it had been applied to the Main Estimates and these Supplementary Estimates, the total of these two estimates would have been reduced by over $4.81 billion.

Respectfully submitted,

D. D. EVERETT,
Chairman

(APPENDIX TO REPORT)

SUMMARY OF FACTORS UNDERLYING SUPPLEMENTARY ESTIMATES "A", 1981-82

The following factors account for the revised estimate for the payments to refineries of crude oil and petroleum products

for the purpose of Part IV of the Petroleum Administration Act.

	Billions of $
1. It has been assumed that the Alberta production cutbacks will persist at least until April, 1982. The cutbacks will increase payments for imported crude by approximately $1.5 billion.	1.5
2. An accounting methodology change in treating marine and aviation fuels involving collection of export charges by the NEB and full compensation payment to importers will result in a $150 million expenditure increase to the compensation account while the revenue collection will accrue to a different account. Therefore, this expenditure will not increase total government outlays.	.15
3. The previous estimates had assumed that international prices would increase on July 1. In the current projection prices are assumed to remain stable for the balance of 1981. The difference should result in a net reduction in projected requirements of $100 million.	(.10)
4. The previous estimate was based on a forecast value of the Canadian dollar of approximately 87-88 cents U.S. The revised estimate is based on a more realistic value of 83-84 cents. The difference in currency values costs the fund about $2 per barrel, and increases expenditures by $300 million.	.300
5. Additional crude oil imports are now projected to be required during this fiscal year. (This would be in addition to imports noted in 1, above.)	.270
6. Miscellaneous adjustments.	.02
Total:	2.14